

**RUSSELL COUNTY**  
**BOARD OF SUPERVISOR’S MEETING**  
**AGENDA – JUNE 17, 2020**

---

**Board Room**

**Reconvened Meeting**

**5:00 PM**

---

**Russell County Governmental Center**  
**Lebanon, Virginia 24266**



---

**The Russell County Board of Supervisors Meetings will be held pursuant to the Russell County Emergency Ordinance of April 6, 2020 to allow for the Continuity of Government Operations During the Pandemic, including Altering the Process for Conducting Public Meetings; Restricting the Use of Public Buildings or Facilities; Providing Additional Powers to the Director of Emergency Management to Incur Costs, Waive Procedures, and Take Other Temporary Actions; and Suspending Deadlines and Procedures.**

---

**CALL TO ORDER – Clerk of the Board**

**ROLL CALL – Clerk of the Board**

**EXECUTIVE SESSION (CLOSED) – Legal Matters**

**(SCHEDULED ONE HOUR BEFORE REGULAR BOS MEETING - - REGULAR BOS MEETING BEGINS AT 6 P.M.)**

**INVOCATION – Chairperson**

**PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA**

**APPROVAL OF AGENDA**

**PUBLIC HEARING**

- 1. Russell County Fiscal-Year 2020/2021 Budget Public Hearing**

**NEW BUSINESS**

- 1. Russell County Emergency Operation Plan.....A-1**

**CITIZEN’S COMMENT PERIOD**

- Board of Supervisor’s Lobby.

Due to Coronavirus (COVID-19) - Citizen Comment Period will be guided by Executive Order Fifty-Three Restrictions issued on March 23, 2020 concerning community spread and person-to-person interactions will be limited to the Ten (10) Person Only Ban though Video/Audio/ Electronic Methods and limited to 3 minutes per person.

**CONSTITUTIONAL OFFICER REPORTS AND REQUESTS**

**COUNTY ATTORNEY REPORTS AND REQUESTS**

1. CPWMA User Agreement.....B-1

**COUNTY ADMINISTRATOR REPORTS AND REQUESTS**

**REPORTS**

1. Honaker & Castlewood Canneries.....C-1

**REQUESTS**

2. CDBG Planning Grant Agreement – Cleveland Sewer Treatment Plant.....C-2
3. Russell County’s Fiscal Year 2020/2021 Audit Engagement Letter.....C-3

**MATTERS PRESENTED BY THE BOARD**

**ADJOURNMENT**

**CLOSED SESSION**

Motion made by \_\_\_\_\_, second by \_\_\_\_\_ and duly approved by the Board of Supervisors enter into closed session to discuss Legal Matters pursuant to Section 2.2-3711(A) (1), (7), (8).

The vote was:

Aye: \_\_\_\_\_

Nay: \_\_\_\_\_

**CERTIFICATION OF CLOSED SESSION**

Pursuant to §2.2-3712 (D) of the Code of Virginia 1950, as amended, each member of the Board of Supervisors upon the Roll Call certifies that to the best of their knowledge (i) only public business matters lawfully exempted from the open meeting requirements under the Virginia Freedom of Information Act and (ii) only such public business matters that were identified in the motion(s) by which the closed meeting was convened were heard, discussed or considered in the meeting by the Board of Supervisors.

Any member of the Board of Supervisors who believes that there was a departure from the requirements of clauses (i) and (ii) above shall so state prior to the vote, indicating the substance of the departure that, in his or her judgment, has taken place.

Are there any Supervisors who believe a departure has taken place?

Seeing none, if you agree that the matters heard, discussed or considered during the closed meeting were pursuant only to the motion(s) by which the closed meeting was convened, please signify by saying aye or yes.

Tim Lovelace -

Lou Ann Wallace -

Carl Rhea -

Steve Breeding -

David Eaton -

Rebecca Dye -

Oris Christian -

**APPROVAL TO RETURN TO REGULAR SESSION**

Motion made by \_\_\_\_\_, second by \_\_\_\_\_ and duly approved by the Board of Supervisors to return to regular session.

The vote was:

Aye: \_\_\_\_\_

Nay: \_\_\_\_\_

# Russell County Virginia

“The Heart of Southwest Virginia”

Oris Christian  
At-Large

Tim Lovelace  
District 1

Lou Ann Wallace  
District 2

Rebecca Dye, Chairperson  
District 6

Steve Breeding, Vice-Chairman  
District 5

Carl Rhea  
District 3

David Eaton  
District 4

Lonzo Lester  
County Administrator

---

**The Russell County Board of Supervisors Meetings will be held pursuant to the Russell County Emergency Ordinance of April 6, 2020 to allow for the Continuity of Government Operations During the Pandemic, including Altering the Process for Conducting Public Meetings; Restricting the Use of Public Buildings or Facilities; Providing Additional Powers to the Director of Emergency Management to Incur Costs, Waive Procedures, and Take Other Temporary Actions; and Suspending Deadlines and Procedures.**

---

## **PUBLIC HEARING NOTICE**

Notice is hereby given that a Public Hearing on the Proposed FY 2020/2021 County Budget, School Board Budget, and the proposed CY 2020 Tax Levies and Tax Dates required to fund the Budgets will be held on June 17, 2020, in the Russell County Governmental Center, Board of Supervisors Meeting Room, 133 Highlands Drive, Lebanon, Virginia, beginning at 6 p.m.

A copy of the proposed budget is available for public review in the Board of Supervisors' Office, 137 Highlands Drive, during normal business hours Monday through Friday. In addition, the FY 2020/2021 County Budget is posted on the County's Website at <http://www.russellcountyva.us/154/Budget-Finance> and RussellCountyVA App on Google Play Store.

Individuals with disabilities who require special assistance to attend and participate in this meeting should contact Lonzo Lester at (276) 889-8000 by 4:30 P.M., June 17, 2020 so arrangements can be made.

**BY ORDER OF THE  
RUSSELL COUNTY BOARD OF SUPERVISORS**



Ralph S. Northam  
Governor

R. Brian Ball  
Secretary of  
Commerce and Trade

# COMMONWEALTH of VIRGINIA

Erik C. Johnston  
Director

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

June 1, 2020

The Honorable Rebecca Dye  
Chairwoman  
Russell County Board of Supervisors  
137 Highland Drive  
Lebanon, Virginia 24266

RE: Planning Grant #19-PG-34  
Cleveland Regional Sewer System Planning Grant  
Contract Execution

Dear Chairwoman Dye:

The Virginia Department of Housing and Community Development (DHCD) congratulates you on receiving the above-referenced award.

Enclosed is Russell County's Planning Grant agreement. Please sign on the signature page and at the end of the Assurances. You will observe a notary public must acknowledge your signature. Please return the signed agreement to me at the DHCD Richmond Office. Upon receipt of the agreement, Mr. Jay Grant, Deputy Director, will sign it. DHCD will then upload the executed contract into the Centralized Application and Management System (CAMS) and you can download a copy for your records.

Thank you for your cooperation, and we look forward to working with you during the implementation of this project.

Sincerely,

Amanda Healy  
Associate Director

Enclosures

c: Lonzo Lester, Russell County  
Jim Baldwin, Cumberland Plateau PDC  
Joe Blevins, DHCD

Partners for Better Communities



[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)

CONTRACT #: **19-PG-34**  
GRANTEE: Russell County  
CFDA #:14.228

## PLANNING GRANT AGREEMENT

This AGREEMENT, entered into as of this **2<sup>nd</sup> day of June, 2020**, by and between the **Virginia Department of Housing and Community Development** hereinafter referred to as "DHCD" and **Russell County, Virginia** hereinafter referred to as "GRANTEE."

### WITNESSETH

WHEREAS, the Commonwealth of Virginia has been authorized to distribute and administer Community Development Block Grant (CDBG) funds pursuant to the Housing and Community Development Act of 1974, as amended, and

WHEREAS, DHCD has been authorized by the Governor of the Commonwealth of Virginia to distribute and administer CDBG funds in the form of Planning Grants according to the CDBG Program Design, and

WHEREAS, the PROJECT as described in the Planning Grant Application as submitted by the GRANTEE has achieved a sufficiently high ranking through a competitive application selection system to qualify for Planning Grant funding on the basis of the CDBG Program Design,

Now THEREFORE, the above-mentioned parties hereto do mutually agree as follows:

1. DHCD agrees to award the GRANTEE a Planning Grant in an amount of the total allowable eligible costs in carrying out the activities included in the scope of work herein described. The initial award is up to three thousand dollars (\$3,000; additional funding up to a combined maximum total of **sixty thousand dollars (\$60,000)** is available on a performance basis (see SPECIAL CONDITIONS).
2. DHCD agrees to provide the GRANTEE with technical assistance in setting up and carrying out the administration of its Planning Grant.
3. The GRANTEE will commence, carry out and complete the following scope of work (more thoroughly described in the GRANTEE'S Planning Grant Application).

PROJECT TITLE: Cleveland Regional Sewer System Planning Grant

OUTCOME: To develop a Preliminary Engineering Study for the Town of Cleveland's failed sewer plant and town-wide system needs assessment to strategically address needed utility improvements.

ACTIVITIES:

**a. Project Mobilization:** Create a Management Team comprised of key community stakeholders and leaders from both Russell County and the Town of Cleveland; complete project management plan; complete request for proposal (RFP) for consultant(s).

**b. Preliminary Engineering Report (PER):** Complete a preliminary engineering report (PER) to assess the Town of Cleveland Sewer Treatment Plant and a town-wide assessment of water and sewer infrastructure needs. The PER should prioritize needs and potential project areas and it should include data to determine low-to-moderate income (LMI) status.

**c. Prioritized Improvement Plan:** Based on the results of the PER, develop a plan for addressing infrastructure deficiencies including specific actions to be taken, construction and operation and maintenance costs of recommended improvements, scenarios for restructuring the ownership and maintenance of the new facilities, sources of financing to address proposed improvements, and mapping that denotes existing conditions and proposed improvements.

**d. CDBG Pre-Contract Activities:** Completion of all CDBG pre-contract activities as noted in Special Condition #3 below.

4. The aforementioned ACTIVITIES shall be carried out, and grant payments made in strict conformance with the CONTRACT DOCUMENTS.
5. The GRANTEE will initiate work on the ACTIVITIES required by the CONTRACT DOCUMENTS beginning **June 2, 2020** unless Planning Grant special condition(s) require additional action on specified ACTIVITIES before proceeding with that activity(s). In such instances, the GRANTEE will initiate action to remove the SPECIAL CONDITION(S) beginning with the execution of this agreement.
6. The GRANTEE shall complete the work as described in the CONTRACT DOCUMENTS within on or before **June 1, 2021**. If the ACTIVITIES are not completed by that date all CDBG funding and this AGREEMENT shall be terminated and the Grantee shall return all unexpended funds, unless an amendment to the CONTRACT DOCUMENTS provide otherwise.
7. The GRANTEE shall complete the work as described in the CONTRACT DOCUMENTS by the dates identified in the SPECIAL CONDITIONS. If the ACTIVITIES are not completed by that date, all Planning Grant funding and this AGREEMENT may be terminated and the GRANTEE shall return all unexpended funds, unless an amendment to the CONTRACT DOCUMENTS provide otherwise.
8. The term CONTRACT DOCUMENTS means the following documents which are part of this Agreement, and are incorporated by reference herein as if set out in full:
  - A. GRANTEE'S PLANNING GRANT APPLICATION (including revisions);
  - B. PLANNING GRANT AGREEMENT;
  - C. SPECIAL CONDITIONS;
  - D. GENERAL CONDITIONS;
  - E. ASSURANCES;
  - F. AMENDMENTS;
  - G. FACILITATED PLANNING SESSION; and
  - H. CDBG PROGRAM DESIGN.





## SPECIAL CONDITIONS

1. DHCD will release up to \$3,000 (based on a negotiated performance budget) to the GRANTEE upon the successful completion of the identified Initial Activities and a Facilitated Planning Session (FPS) and the submission of an acceptable Project Management Plan and project budget within seven (7) days after the FPS. Subsequent payments will be released based solely on completion and delivery of agreed-upon ACTIVITIES. Note that PLANNING GRANT funds may NOT be used to fund the development of a CDBG application.
2. A 2020 CDBG application shall be prepared and submitted by the deadline published in the 2020 Program Design. If the GRANTEE is successful in receiving a CDBG award, the GRANTEE will ensure that the appropriate staff attends all mandatory DHCD training between CDBG contract award and CDBG contract execution.
3. The following Pre-contract requirements necessary for a CDBG project shall be *completed* by **June 1, 2021**:
  - A. Draft of the Environmental Review and Request for Release of Funds, including all applicable publications;
  - B. Adoption of a Section 3 business and employment plan;
  - C. Adoption of a local nondiscrimination policy;
  - D. Draft of a display advertisement soliciting the participation of local (Section 3) businesses and employees; and draft of a legal notice soliciting the participation of minority- and female-owned businesses;
  - E. Completion of a Self-Evaluation Site Accessibility checklist; adoption of a “504 Self-Assessment and Policy Plan”; and draft of a display advertisement of HUD Handicapped Regulations;
  - F. Adoption of a local anti-displacement plan;
  - G. Certification of intent to take a yearly action to affirmatively further fair housing;
  - H. Documentation of the minutes and sign-in sheets of the two required public hearings;
  - I. Draft of a display advertisement and the Request for Proposals of the procurement of an engineer, rehab specialist, or grant manager, as applicable;
  - J. Completion of a *draft* program design, as applicable; and
  - K. Completion of utility user agreements, as applicable.

The assigned Community Development Specialist **must** be consulted as you move forward with completion of these items.

4. Ten percent (10%) of the total grant shall not be reimbursed unless and until **all** activities, including the CDBG application submission and the completion of the CDBG pre-contract requirements, have been completed and satisfactorily reviewed by the deadlines outlined in 7 above, *regardless of whether the CDBG application is funded*. Please note that this 10% is NOT meant to pay for these activities. Rather, it is contract retainage. Neither PLANNING GRANT nor CDBG funds pay for development and submission of a CDBG application. Reasonable expenses involved in the completion of pre-contract requirements

may be reimbursed out of a CDBG project (if the applicant is successful), and with a formally executed approval of those prior-authorized expenses

5. There are no leverage funds committed to this project by the GRANTEE.
6. It must be documented that project area stakeholders are involved in all planning activities and phases of project development.
7. All grant-related work shall occur using a management team concept and representing all stakeholders, including but not limited to neighborhood residents (sparkplugs), the engineer and/or architect, the rehab specialist, the housing program administrator, the grant administrator, the Chief Executive, the Director of Public Works, and the local Planner, as appropriate.
8. No PLANNING GRANT funds shall be obligated until a revised PROJECT BUDGET is received and approved if applicable.
9. DHCD expects remittance requests for *each* CDBG-funded budget activity to be submitted *at least quarterly*. All remittance requests must be submitted via CAMS and shall be accompanied at least by a cover memorandum and copies of relevant invoices and checks. Remittances for administration expenses will be accepted and processed **only** on a pay-for-performance basis. The benchmarks to be used in determining eligibility for payment will be negotiated between the GRANTEE and the assigned Community Development Specialist. The benchmarks, compensation, and their schedule shall be considered as an ATTACHMENT to this CONTRACT. The GRANTEE must include a comparable compensation process for making payments to contractual service providers, and that process with benchmarks and a compensation schedule must be included in contracts with service providers.
10. DHCD reserves the right to end funding at any point beyond the initial investment outlined in number 1 above. DHCD may exercise this right at any time beyond the initial investment should the project prove not to be viable and to be a poor investment of CDBG resources.
11. Throughout the life of the project, the GRANTEE will ensure that the appropriate staff attends all required DHCD training, including the annual Grant Management Workshop. Depending upon the training being offered, the individuals who must attend may include the grant manager, the rehabilitation specialist, the federal labor standards contract compliance officer and/or the financial manager.
12. As the Centralized Application and Management System (CAMS) is implemented, at a minimum, the following must be observed:
  - A. The original executed GRANT AGREEMENT, Certification of Signatures and Address and Project Management Plan must be mailed to DHCD. Copies must also be uploaded into “Reports and Communication” in CAMS as a contract document.
  - B. All ACTIVITIES required by this contract must be uploaded into “Reports and Communication” in CAMS.

- C. All remittance requests must be submitted through “Remittance” in CAMS.
- D. If ACTIVITIES are submitted at the same time as a draw down request, the explanation text box at the bottom of the Remittances screen must note this fact.
- E. The following pre-contract activity documents must be uploaded into “Reports and Communication” in CAMS: draft program designs and other required plans, Fair Housing Certification, draft NOI-FONSI advertisement, and draft Request for Release of Funds and Certification.
- F. The original executed Final Financial Report must be mailed to DHCD. A copy must also be uploaded into “Reports and Communication” in CAMS as a contract document.
- G. All annual financial audit reports as required by this contract shall be submitted through CAMS.

## **GENERAL CONDITIONS**

1. **DEFINITIONS** - Whenever used in the CONTRACT DOCUMENTS the following terms when written in all capital letters shall have the meanings indicated and shall be applicable to both the singular and plural thereof:
  - A. **ACTIVITY** - A Project ACTIVITY constitutes a specific portion of the project, and as such is covered by its own budget account.
  - B. **AMENDMENT** - A formal addition or modification to the CONTRACT DOCUMENTS which has been approved by both parties, and which affects the scope, objectives or completion date of the PROJECT, or which affects the manner in which the PROJECT is to be carried out. AMENDMENTS are to be submitted and approved as indicated in item 12 of these GENERAL CONDITIONS.
  - C. **APPLICANT** - The entity which made the application for PLANNING GRANT funding and accepted responsibility for assuring compliance and performance of all conditions.
  - D. **ASSURANCES** - The Assurances which are attached to this document.
  - E. **PLANNING GRANT** - The funds, the project and activities to be funded, and all conditions, laws and regulations affecting administration of funds currently in effect or as subsequently amended, and provided by DHCD to GRANTEES from Community Development Block Grant (CDBG )funds allocated by the U.S. Department of Housing and Urban Development.
  - F. **CONTRACT DOCUMENTS** - The legal agreement between DHCD and the GRANTEE including the Agreement, and all documents referenced in paragraph 8 thereof.
  - G. **GRANTEE** - The entity which is the recipient of PLANNING GRANT funds and as such must comply with CONTRACT Documents.
  - H. **PROJECT** - The physical activities undertaken to meet the overall stated outcome for which PLANNING GRANT funding is utilized.
  - I. **WRITTEN NOTICE** - Any notice from one party to the AGREEMENT to the other signed by an authorized official which transmits binding statements of fact or condition and shall be considered transmitted when delivered in person, uploaded into CAMS or through the United States mail.
  - J. **MANUAL** - The Grant Management Manual, which contains the required procedures and best practices for the management of a CDBG project.

2. **ADMINISTRATIVE PROCEDURES** - The GRANTEE shall deliver all contracted ACTIVITIES and administer all grant funds and activities in conformance with the general terms and special conditions set forth where required in DHCD's MANUAL and any WRITTEN NOTICES from DHCD.
3. **ACCOUNTING RECORDS** - The GRANTEE shall establish and maintain separate accounts within its existing accounting system or set up accounts independently which are in conformity with the requirements of 24 CFR Part 85, the MANUAL requirements, and any written instructions from DHCD. The GRANTEE shall record in its accounting system all Grant payments received by it pursuant to this Grant and all other funds provided for, accruing to, or otherwise received on account of the Grant.

All costs, including paid services contributed by the GRANTEE or others, charged to the Grant shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to the PLANNING GRANT shall be clearly identified, readily accessible, and separate and distinct from all other such documents. Such documents shall reside at the offices of the GRANTEE.

4. **COSTS INCURRED PRIOR TO GRANT AGREEMENT EXECUTION** - No costs incurred prior to the execution of the AGREEMENT shall be eligible for reimbursement with Grant funds, unless such incurred costs are authorized in writing by DHCD.
5. **GRANT BUDGET** - The GRANTEE shall carry out activities and incur costs only in conformance with the latest approved budget for the PLANNING GRANT and subject to the provisions of these CONTRACT DOCUMENTS. The budget may be revised through Administrative Procedures detailed in the MANUAL, but not such budget or revision shall be effective unless and until the Department shall have approved the same in writing or as indicated in item 12 of these General Conditions.
6. **RECORDS** - The GRANTEE shall maintain accurate, complete and orderly documentation of CDBG-funded activities, including, general program files, legal files, financial records, project/case files with respect to specific individual beneficiaries, property owners and/or properties, and all other records pertinent to this AGREEMENT during the period of this AGREEMENT and for a period of not less than five (5) years after the fiscal year of the AGREEMENT or three (3) years after the conditional closeout of the grant, whichever is longer.

The Public Body, DHCD, the U.S. Department of Housing and Urban Development, the U.S. Department of Labor, the Inspector General, and the General Accounting Office, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the GRANTEE which are directly pertinent to this AGREEMENT for the purpose of making audit, examination, excerpts, and transcriptions.

7. **REPORTS** - The GRANTEE shall furnish, regularly and in such form as DHCD may require, reports concerning the status of project activities and grant funds.

All reports shall be completed in full and submitted at the time prescribed by DHCD. Reports shall contain accurate information and shall detail any problems, delays or adverse conditions experienced.

8. **QUALITY CONTROL** - The GRANTEE accepts the responsibility to assure that all grant funded activities shall be implemented with the highest possible degree of competence, workmanship, quality and cost effectiveness. To this end the GRANTEE shall provide a system of quality control to include all aspects of grant administration and project implementation.

9. **COMMUNICATIONS - WRITTEN NOTICES** shall constitute the only means of binding statements of fact or condition between the parties of this agreement. All required reports and requests to be issued by the GRANTEE must be made by way of a WRITTEN NOTICE unless other means are specified in the CONTRACT DOCUMENTS. Please note that project-specific technical assistance provided via email does NOT have the weight of official WRITTEN NOTICE. Rather, it is comparable to oral technical assistance discussions. All directives, findings and other formal issuance by DHCD must be transmitted through a WRITTEN NOTICE unless otherwise specified in the CONTRACT DOCUMENTS.

WRITTEN NOTICES shall be signed by and addressed to the appropriate authorized official and shall be considered transmitted when delivered in person, uploaded into CAMS or through the United States mail.

The GRANTEE shall act upon and respond to WRITTEN NOTICES promptly as directed.

10. **EXCESS GRANTS FUNDS** - At the completion of all Grant activities DHCD shall have the right to recapture any excess grant funds, provided that the GRANTEE has not had DHCD approval on any amendments or reprogramming of the funds.

11. **METHOD OF PAYMENT** - DHCD agrees to pay to the Grantee the amounts specified in paragraph 1 of the Agreement, which shall constitute full and complete funding for the GRANTEE'S work and activities set forth in the application. Remittances against this contract will be accepted and processed **only** on a pay-for-performance basis. The benchmarks to be used in determining eligibility for payment will be negotiated between the GRANTEE and the assigned Community Development Specialist. The benchmarks, compensation, and their schedule shall be considered as an ATTACHMENT to this CONTRACT. All remittance requests must be submitted in the manner proscribed by DHCD, including a cover memorandum and copies of relevant invoices and checks.

12. **BUDGET REVISIONS/AMENDMENTS** - The GRANTEE shall not obligate, encumber, spend or otherwise utilize PLANNING GRANT funds for any activity or purpose not included or not in conformance with the budget as apportioned and as submitted to DHCD unless:

- A. The GRANTEE has received explicit approval by WRITTEN NOTICE from DHCD via CAMS to undertake such actions; or
  - B. The activity or purpose is consistent with the objectives and scope of the approved PROJECT and does not entail a budget change between ACTIVITIES or between line items within ACTIVITIES exceeding 5% of the total Grant amount cumulatively, including all previous budget changes.
13. **CHANGE ORDERS** – DHCD must approve all change orders on contracts. Any change order, regardless of cost or funding source, which results in a change of project scope will be a disallowed cost.

14. **TERMINATION, SUSPENSION, CONDITIONS -**

- A. For cause - If through any cause, the GRANTEE or DHCD fails to comply with the terms, conditions or requirements of the CONTRACT DOCUMENTS the other party may terminate or suspend this AGREEMENT by giving WRITTEN NOTICE of the same and specifying the effective date of termination or suspension at least five (5) days prior to such action.

If, after the effective date of any suspension of this AGREEMENT, it is mutually agreeable to DHCD and the GRANTEE upon remedy of any contract violation by the GRANTEE or DHCD, the suspension may be lifted and the agreement shall be in full force and effect at a specified date after the parties have exchanged WRITTEN NOTICES stating a mutual understanding that the cause for suspension has been identified, agreed to and remedied.

In the case of contract violations by the GRANTEE, DHCD may impose conditions other than termination or suspension which are appropriate to ensure proper grant and project administration and adherence to the terms of the CONTRACT DOCUMENTS. Such conditions must be imposed through WRITTEN NOTICE.

- B. For convenience - DHCD may terminate this AGREEMENT for convenience in the event that DHCD is no longer authorized as an agency to administer the CDBG program or if the federal funds allocated are no longer available.

The GRANTEE may terminate this AGREEMENT for convenience at any time provided that all of the following conditions are met:

- (1) The GRANTEE gives DHCD ten (10) days WRITTEN NOTICE; and
- (2) The activities which have been initiated either have been completed and may be utilized in their stage of completion in a manner consistent with the objectives in the GRANTEE'S Planning Grant Application, or will be completed by the GRANTEE through its own or other resources; and



(3) The GRANTEE had honored or will honor all contractual obligations to third parties affected by the PROJECT; and

(4) DHCD agrees to the termination.

A GRANTEE'S valid termination for convenience in accordance with these CONTRACT DOCUMENTS shall not affect nor prejudice the GRANTEE'S future relationship with DHCD nor its future consideration as a CDBG recipient.

15. **SUBSEQUENT CONTRACTS** - The GRANTEE shall remain fully obligated under the provisions of the CONTRACT DOCUMENTS notwithstanding its designation of any subsequent or third parties for the undertaking of all or part of the activities for which the grant assistance is being provided to the GRANTEE.

Any GRANTEE or CONTRACTOR or SUBCONTRACTOR which is not the APPLICANT shall comply with all the lawful requirements of the APPLICANT necessary to insure that the PROJECT for which this assistance is being provided under this AGREEMENT is carried out in accordance with the APPLICANT's Assurances and Certifications.

16. **POLITICAL ACTIVITY PROHIBITED** - None of the funds, materials, property or services contributed by the DHCD or the GRANTEE, under this AGREEMENT, shall be used in the performance of this AGREEMENT for any partisan political activity, or to further the election or defeat of any candidate for public office.

17. **INTEREST OF MEMBER OF AGENCY AND OTHERS** - No officer, member, or employee of the GRANTEE and no member of its governing body, and no other public official of the governing body of the locality or localities in which the project is situated or being carried out, who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this AGREEMENT which affects his personal interest or have any personal or pecuniary interest, direct or indirect, in this AGREEMENT or the proceeds thereof.

18. **OFFICIALS NOT TO BENEFIT** - No member of or delegate to the Congress of the United States of America and no Resident Commissioner shall be admitted to any share or part hereof or to any benefit to arise herefrom.

19. **CERTIFICATIONS**- The GRANTEE certifies that it will comply with the following: a) Freedom of Information Act; b) Virginia Conflict of Interest Act; c) Virginia Fair Employment Contracting Act; and d) Virginia Public Procurement Act.

20. **BENEFICIARIES**- There are no third party beneficiaries of this contract. The provisions contained in these CONTRACT DOCUMENTS represent the entire agreement between DHCD and the GRANTEE. The provisions are designed to assist in meeting the community needs of the GRANTEE identified in the GRANTEE'S Planning Grant Application, but are not designed to accrue to the specific benefit of any individual person or entity residing or located in the GRANTEE'S community or elsewhere. Consequently, the terms of these

CONTRACT DOCUMENTS may be enforced by DHCD or the GRANTEE exclusively and not by any individual person or entity residing or located in the GRANTEE'S community or elsewhere as a third-party beneficiary of this contract.

21. **AUDITS** - All GRANTEES that receive funding during a program year and/or have projects in progress are required to submit financial statements to DHCD. Required statements are as follows: Financial Statement\*\*, Reviewed Financial Statement prepared by an independent Certified Public Accountant (CPA), Financial Statements that have been audited by an independent CPA or an audit required by the Code of Federal Regulations (CFR), (2 CFR 200 Subpart F), audited by an independent CPA. Please see the table below to determine which document your organization is required to submit.

The threshold requirements outlined below are the *minimal* standards required by DHCD. We strongly encourage all organizations receiving funds from DHCD to undertake the highest level of financial management review to ensure practices and procedures are fully examined and evaluated.

<b>Threshold Requirement</b>	<b>Document</b>
Total annual expenditures $\leq$ \$100,000 (Regardless of source)	Financial Statement(s) prepared by organizations**
Total annual expenditure between \$100,001 and \$300,000 (Regardless of source)	Reviewed Financial Statement(s) prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures $>$ \$300,000 (Regardless of source)	Financial Statement(s) that have been audited by an Independent CPA
Federal expenditures $\geq$ \$750,000	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

\*\*Does not require preparation by a CPA

Required financial statements must be submitted yearly, within nine (9) months after the end of your fiscal year or 30 (thirty) days after it has been accepted (reviewed financial Statement(s), audited financial statement(s), and 2 CFR 200 Subpart F audit only) - whichever comes first.

Entities must electronically submit their financial statement(s), reviewed financial statement(s), audit financial statement(s), 2 CFR 200 Subpart F audit in DHCD's Centralized Application and Management System (CAMS,) which requires the organization to register in CAMS at <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>. Entities are required to have a DHCD reviewed and approved current audit or financial statement(s) in order to submit a remittance request.

Additional reporting requirement (for local governments and non-profit organizations)

In accordance with the Code of Federal Regulations, Title 2 CFR Part 200 Subpart F, non-Federal entities that expend \$750,000 or more in federal awards within the entity's fiscal year are required to complete a "Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profile Organizations" (see Appendix A for sample form), upload your audit to CAMS and submit a copy of your Audited Financial Statement to the Federal Audit Clearinghouse at:

<https://harvester.census.gov/facweb/files/2013%20Form%20SF-SAC.pdf>.

The full DHCD Audit Policy, including an explanation of the specific document requirements, can be found online at:

<https://www.dhcd.virginia.gov/sites/default/files/Docx/audit-policy/dhcd-audit-policy.pdf>.

## ASSURANCES

The Grantee hereby assures and certifies that:

1. It possesses legal authority to execute the project.
2. Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the filing of the Planning Grant Application including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the grantee to act in connection with the Planning Grant Application and to provide such additional information as may be required.
3. Its chief executive officer or other officer of grantee approved by the Virginia Department of Housing and Community Development:
  - A. Consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of Federal law, as specified at 24 CFR 58.5(a) through (h) which further the purposes of NEPA insofar as the provisions of such Federal law apply to this Grant;
  - B. Is authorized and consents on behalf of the grantee and himself to accept the jurisdiction of the Federal and Commonwealth of Virginia courts for the purpose of enforcement of his responsibilities as such an official.
4. It will comply with the regulations, policies, guidelines and requirements of the Code of Federal Regulations (CFR) 2 CFR 200, as amended or replaced from time to time, as they relate to the PROJECT, acceptance, and use of Federal funds under this Grant; and, as applicable, all State laws and administrative requirements which may supersede them (by virtue of being more stringent).
5. It will comply with:
  - A. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance.
  - B. Section 906 of Public Law 100-625 (Cranston-Gonzalez National Affordable Housing Act) which prohibits discrimination on the basis of religion or religious affiliation. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds on the basis of his or her religion or religious affiliation.
  - C. Executive Order 11246, as amended (Contracts/subcontracts above \$10,000)

During the performance of this contract, the GRANTEE agrees as follows:

- (1) The GRANTEE will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The GRANTEE will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The GRANTEE agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- (2) The GRANTEE will, in all solicitations or advertisements for employees placed by or on behalf of the GRANTEE, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
- (3) The GRANTEE will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the GRANTEE's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The GRANTEE will comply with all provisions of Executive Order 11246, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The GRANTEE will furnish all information and reports required by Executive Order 11246, as amended, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the GRANTEE's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the GRANTEE may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- (7) The GRANTEE will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246, as amended, so that such provisions will be binding upon each subcontractor or vendor. The GRANTEE will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a GRANTEE becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency the GRANTEE may request the United States to enter into such litigation to protect the interests of the United States.

#### D. Subcontracts

Each contractor or subcontractor shall include the equal opportunity clause in each of its subcontracts.

6. All parties to this contract hereby agree to comply with the provisions of Title VI of the *Civil Rights Act of 1964* (Public Law 88-352) which provides: that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance of any dollar amount – no minimum threshold.
7. All parties to this contract hereby agree to comply with the provisions of Section 109 of the *Housing and Community Development Act or 1974*, as amended which provides: No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the *Rehabilitation Act of 1973* shall also apply to any such program or activity of any dollar amount – no minimum threshold.
8. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
9. It will comply with the provisions of the Hatch Act, which limits the political activity of employees.

10. It will require buildings or facilities designed with funds provided under this Grant to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1980, in accordance with the Virginia Uniform Statewide Building Code. The Grantee will be responsible for conducting inspections to insure compliance with these specifications by the contractor.
11. It will comply with Section 3 of the *Housing and Urban Development Act of 1968*, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project.
12. It will comply with the provisions of Executive Order 11988, relating to evaluation of flood hazards and Executive Order 12088 relating to the prevention, control, and abatement of water pollution.
13. It will comply with Section 104 (1) of the *Housing and Community Development Act of 1974*, as amended, in that: it has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations and a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is subject of such nonviolent civil rights demonstration within its jurisdiction.

---

The Honorable Rebecca Dye, Chair

---

Date



ROBINSON, FARMER, COX ASSOCIATES, PLLC  
*Certified Public Accountants*

June 9, 2020

Russell County, Virginia  
Attn: Mr. Lonzo Lester, County Administrator  
P.O. Box 1208  
Lebanon, VA 24266

Dear Mr. Lester:

Herewith, please find an engagement letter for the County's fiscal year 2020 audit. If it is agreed upon that the letter accurately sets forth the terms of the engagement, please have the letter signed by you and by the Chair of the Board and return it to me. A copy of this letter should be provided to the remaining Members of the Board of Supervisors to serve as our communication to those charged with governance at the beginning of the engagement.

Thank you for your attention to this matter and we look forward to working with you on the fiscal year 2020 audit.

Very truly yours,

Gordon B. Jones  
Certified Public Accountant  
Member

**BLACKSBURG OFFICE:**  
108 South Park Drive  
Blacksburg, Virginia 24060  
(540) 552-7322

**CONTACT:**  
Gordon B. Jones, CPA  
Member  
gjones@rfca.com





ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

June 9, 2020

County of Russell, Virginia  
Attention: Mr. Lonzo Lester, County Administrator  
and Members of the Board  
P.O. Box 1208  
Lebanon, Virginia 24266

Dear Mr. Lester and Members of the Board of Supervisors:

We are pleased to confirm our understanding of the services we are to provide County of Russell, Virginia for the year ended June 30, 2020. We will audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit School Board, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of County of Russell, Virginia as of and for the year ended June 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement County of Russell, Virginia's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to County of Russell, Virginia's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedules related to Pension and OPEB Funding Progress

The budgetary comparison information, presented as RSI, will be subjected to the auditing procedures applied in the audit of the basic financial statements and we will provide an opinion on it in relation to the financial statements, as a whole.

We have also been engaged to report on supplementary information other than RSI that accompanies County of Russell, Virginia's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards.
- 2) Other Supplementary Information

**BLACKSBURG OFFICE:**  
108 South Park Drive  
Blacksburg, Virginia 24060  
(540) 552-7322

**CONTACT:**  
Gordon B. Jones, CPA  
Member  
gjones@rfca.com

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Other Statistical Information

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *the Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to management and the Board of Supervisors of County of Russell, Virginia. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of County of Russell, Virginia's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of County of Russell, Virginia's major programs. For federal programs that are included in the 2019 Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the 2019 Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on County of Russell, Virginia's compliance with

requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of County of Russell, Virginia in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the time of final fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including

notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Robinson, Farmer, Cox Associates and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Auditor of Public Accounts of the Commonwealth of Virginia or its designee, a federal agency providing direct or indirect funding, or

the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Robinson, Farmer, Cox Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Auditor of Public Accounts of the Commonwealth of Virginia. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

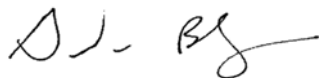
We expect to begin our audit on approximately June 22, 2020 and to issue our reports no later than November 30, 2020. Gordon B. Jones, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be in accordance with our contract (\$56,200). The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to County of Russell, Virginia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Robinson, Farmer, Cox Associates



RESPONSE:

This letter correctly sets forth the understanding of County of Russell, Virginia.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_