

COUNTY OF RUSSELL, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

COUNTY OF RUSSELL, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials	1

FINANCIAL SECTION

Independent Auditors' Report	2-5
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	6-7
Statement of Activities	2	8
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	12
Statement of Net Position - Proprietary Funds	7	13
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	14
Statement of Cash Flows - Proprietary Funds	9	15
Statement of Fiduciary Net Position - Fiduciary Funds	10	16
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	17
Notes to the Financial Statements		18-96

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	12	97
Special Revenue Fund - Coal Road Fund	13	98
Special Revenue Fund - ARPA Fund	14	99
Schedule of Employer's Proportionate Share of Net Pension Liability	15	100
Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board (nonprofessional)	16	101
Schedule of Employer Contributions - Pension Plans	17	102
Notes to Required Supplementary Information - Pension Plans	18	103
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Primary Government	19	104

COUNTY OF RUSSELL, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Notes to Required Supplementary Information - County OPEB	20	105
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios -		
Component Unit School Board	21	106
Notes to Required Supplementary Information - School OPEB	22	107
Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance Plan	23	108
Schedule of Employer Contributions - Group Life Insurance Plan	24	109
Notes to Required Supplementary Information - Group Life Insurance Plan	25	110
Schedule of Changes in Employer's Net OPEB Liability and Related Ratios -		
Primary Government - Health Insurance Credit Plan	26	111
Schedule of Changes in Employer's Net OPEB Liability and Related Ratios -		
Component Unit School Board (nonprofessional) - Health Insurance Credit Plan	27	112
Schedule of Employer Contributions - Health Insurance Credit Plan	28	113
Notes to Required Supplementary Information - Health Insurance Credit Plan	29	114
Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health		
Insurance Credit Plan	30	115
Schedule of Employer Contributions - Teacher Employee Health Insurance Credit Plan	31	116
Notes to Required Supplementary Information - Teacher Employee Health		
Insurance Credit Plan	32	117
Schedule of Employer's Share of Net LODA OPEB Liability	33	118
Schedule of Employer Contribution - LODA	34	119
Notes to Required Supplementary Information - LODA.....	35	120
Other Supplementary Information:		
Combining Statement of Fiduciary Net Position - Custodial Funds.....	36	121
Combining Statement of Changes in Assets and Liabilities - Custodial Funds	37	122
Discretely Presented Component Unit - School Board:		
Balance Sheet - Governmental Funds.....	38	123
Statement of Revenues, Expenditures, and Changes in Fund Balances --		
Governmental Funds	39	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual	40	125
Supporting Schedules:	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues - Budget and Actual - Governmental Funds	1	126-130
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	121-134

COUNTY OF RUSSELL, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Other Statistical Information:

	<u>Table</u>	<u>Page</u>
Government-wide Information:		
Government-Wide Expenses by Function	1	135
Government-Wide Revenues	2	136
Fund Information:		
General Governmental Expenditures by Function	3	137
General Governmental Revenues by Source	4	138
Property Tax Levies and Collections	5	139
Assessed Value of Taxable Property	6	140
Property Tax Rates	7	141
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	142
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	143

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	144-145
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	147-148
Schedule of Expenditures of Federal Awards	149-150
Schedule of Findings and Questioned Costs	151-152
Summary Schedule of Prior Audit Findings	153

INTRODUCTORY SECTION

COUNTY OF RUSSELL, VIRGINIA

BOARD OF SUPERVISORS

Lou Wallace, Chairman	
Oris Christian, Vice Chairman	Rebecca Dye
David Eaton	Steve Breeding
Carl Rhea	Tim Lovelace

COUNTY SCHOOL BOARD

Cynthia Compton, Chairman	
Kip Parsons, Vice Chairman	Tim Ball
Wayne Bostic	Linda Garrett
Bob Gibson	Alex Zachwieja, Jr.

SOCIAL SERVICES BOARD

Brain Ferguson, Chairman	
Sharon Owens, Vice Chairman	Rebecca Dye
Lynn Ramsey	Cathy Gent

OTHER OFFICIALS

Clerk of the Circuit Court.....	Ann S. McReynolds
Commonwealth's Attorney	Zack A. Stoots
Commissioner of the Revenue.....	Randy N. Williams
Treasurer	Alicia McGlothlin
Sheriff.....	Steve Dye
Superintendent of Schools	Dr. Kim Hooker
Director of Social Services	Patrick Bruntly
County Administrator.....	Lonzo Lester
County Attorney	M. Katherine Patton

FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Russell, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Russell, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Russell, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Russell County Public Service Authority (PSA), which represent 30% percent, 135% percent, and 6% percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the PSA are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Russell, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Russell, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Russell, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Russell, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental

Required Supplementary Information (Continued)

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. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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 budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Russell, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, on our consideration of County of Russell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Russell, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Russell, Virginia's internal control over financial reporting and compliance.

Holmes, Fawer, Lop Associates

Blacksburg, Virginia
May 7, 2024

Basic Financial Statements

County of Russell, Virginia
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,771,897	\$ 4,131	\$ 16,776,028
Cash in custody of others	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	7,429,664	-	7,429,664
Accounts receivable	2,199,903	11,235	2,211,138
Grants receivable	-	-	-
Interest receivable	-	96	96
Notes receivable	-	-	-
Lease receivable	-	-	-
Lease-purchase receivable	-	-	-
Due from component unit	1,170,791	-	1,170,791
Due from other governmental units	3,217,362	-	3,217,362
Internal balances	(18,692)	18,692	-
Inventories	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	4,992,460	49,575	5,042,035
Investments	1,582	-	1,582
Noncurrent assets:			
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation/amortization):			
Capital assets, not being depreciated/amortized	15,087,412	-	15,087,412
Capital assets, net of accumulated depreciation/amortization	12,157,977	1,944,439	14,102,416
Total assets	\$ 63,010,356	\$ 2,028,168	\$ 65,038,524
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 1,516,421	\$ -	\$ 1,516,421
OPEB related items	1,101,257	-	1,101,257
Total deferred outflows of resources	\$ 2,617,678	\$ -	\$ 2,617,678
LIABILITIES			
Accounts payable	\$ 1,628,922	\$ 17,659	\$ 1,646,581
Construction payables	1,633,796	-	1,633,796
Accrued liabilities	-	-	-
Customer deposits	-	-	-
Unearned revenue	3,508,033	-	3,508,033
Accrued interest payable	216,739	-	216,739
Due to primary government	-	-	-
Deposit - land option	-	-	-
Long-term liabilities:			
Due within one year	2,154,417	28,675	2,183,092
Due in more than one year	35,315,195	448,771	35,763,966
Total liabilities	\$ 44,457,102	\$ 495,105	\$ 44,952,207
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,293,925	\$ -	\$ 4,293,925
Pension related items	1,325,096	2,615	1,327,711
OPEB related items	1,165,928	-	1,165,928
Lease receivable related items	-	-	-
Total deferred inflows of resources	\$ 6,784,949	\$ 2,615	\$ 6,787,564
NET POSITION			
Net investment in capital assets	\$ 4,337,114	\$ 1,466,993	\$ 5,804,107
Restricted:			
Coal Road	1,100,904	-	1,100,904
Asset forfeiture funds	135,010	-	135,010
Energy Lease Project	1,582	-	1,582
Debt service and bond covenants	-	49,575	49,575
ARPA	43,600	-	43,600
Opioid settlement	1,300,803	-	1,300,803
Unrestricted (deficit)	7,466,970	13,880	7,480,850
Total net position (deficit)	\$ 14,385,983	\$ 1,530,448	\$ 15,916,431

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Net Position
June 30, 2023

	Component Units		
	School Board	Industrial Development Authority	Russell County Public Service Authority
ASSETS			
Cash and cash equivalents	\$ 4,240,817	\$ 516,545	\$ 29,776
Cash in custody of others	868,960	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	-	-	-
Accounts receivable	239,154	1,000	807,995
Grants receivable	-	-	118,600
Interest receivable	-	-	-
Notes receivable	-	59,279	-
Lease receivable	-	4,997,450	-
Lease-purchase receivable	-	1,473,523	-
Due from primary government	-	-	-
Due from other governmental units	2,060,441	-	-
Internal balances	-	-	-
Inventories	-	-	192,247
Prepaid items	457,241	-	-
Restricted assets:			
Cash and cash equivalents	-	-	610,307
Investments	-	-	-
Noncurrent assets:			
Net pension asset	-	-	65,035
Capital assets (net of accumulated depreciation/amortization):			
Capital assets, not being depreciated/amortized	5,695,506	12,128,146	2,377,542
Capital assets, net of accumulated depreciation/amortization	24,156,678	13,884,691	26,451,256
Total assets	\$ 37,718,797	\$ 33,060,634	\$ 30,652,758
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 6,326,269	\$ -	\$ 206,404
OPEB related items	2,312,431	-	21,750
Total deferred outflows of resources	\$ 8,638,700	\$ -	\$ 228,154
LIABILITIES			
Accounts payable	\$ 339,156	\$ 19,920	\$ 622,890
Construction payables	-	-	-
Accrued liabilities	1,091,514	4,652	23,932
Customer deposits	-	-	109,051
Unearned revenue	-	-	-
Accrued interest payable	-	362,305	61,570
Due to primary government	970,791	200,000	-
Deposit - land option	-	35,000	-
Long-term liabilities:			
Due within one year	925,461	2,018,316	820,955
Due in more than one year	44,120,536	21,330,742	14,377,578
Total liabilities	\$ 47,447,458	\$ 23,970,935	\$ 16,015,976
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ -	\$ -	\$ -
Pension related items	5,817,808	-	81,369
OPEB related items	1,268,613	-	23,607
Lease receivable related items	-	4,729,003	-
Total deferred inflows of resources	\$ 7,086,421	\$ 4,729,003	\$ 104,976
NET POSITION			
Net investment in capital assets	\$ 29,585,524	\$ 4,137,302	\$ 13,761,621
Restricted:			
Coal Road	-	-	-
Asset forfeiture funds	-	-	-
Energy Lease Project	-	-	-
Debt service and bond covenants	-	-	555,285
ARPA	-	-	-
Opioid settlement	-	-	-
Unrestricted (deficit)	(37,761,906)	223,394	388,032
Total net position (deficit)	\$ (8,176,382)	\$ 4,360,696	\$ 14,759,960

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Activities
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>				<u>Component Units</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Russell County Public Service Authority</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>				
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 1,908,544	\$ -	\$ 512,316	\$ -	\$ (1,396,228)	\$ -	\$ (1,396,228)			
Judicial administration	3,325,062	24,096	894,895	-	(2,406,071)	-	(2,406,071)			
Public safety	7,608,138	80,699	3,048,596	-	(4,478,843)	-	(4,478,843)			
Public works	3,330,576	233,351	55,713	-	(3,041,512)	-	(3,041,512)			
Health and welfare	8,017,297	-	7,425,550	-	(591,747)	-	(591,747)			
Education	9,080,743	-	-	-	(9,080,743)	-	(9,080,743)			
Parks, recreation, and cultural	721,027	4,491	151,773	-	(564,763)	-	(564,763)			
Community development	1,256,041	11,135	234,921	166,194	(843,791)	-	(843,791)			
Interest on long-term debt	763,406	-	-	-	(763,406)	-	(763,406)			
Total governmental activities	\$ 36,010,834	\$ 353,772	\$ 12,323,764	\$ 166,194	\$ (23,167,104)	\$ -	\$ (23,167,104)			
Business-type activities:										
Dante Sewer	\$ 363,062	\$ 137,455	\$ -	\$ -	\$ (225,607)	\$ -	\$ (225,607)			
Total primary government	\$ 36,373,896	\$ 491,227	\$ 12,323,764	\$ 166,194	\$ (23,167,104)	\$ (225,607)	\$ (23,392,711)			
COMPONENT UNITS:										
School Board	\$ 51,182,142	\$ 2,497,242	\$ 46,746,645	\$ -			\$ (1,938,255)	\$ -	\$ -	\$ -
Industrial Development Authority	6,192,503	-	-	-			-		(6,192,503)	-
Russell County Public Service Authority	4,242,786	3,616,189	-	131,982			-	-	-	(494,615)
Total component units	\$ 61,617,431	\$ 6,113,431	\$ 46,746,645	\$ 131,982			\$ (1,938,255)	\$ (6,192,503)	\$ (494,615)	
General revenues:										
General property taxes			\$ 17,408,682	\$ -	\$ 17,408,682	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes			2,365,212	-	2,365,212	-	-	-	-	-
Coal road and severance taxes			996,262	-	996,262	-	-	-	-	-
Consumers' utility taxes			524,331	-	524,331	-	-	-	-	-
Consumption taxes			69,829	-	69,829	-	-	-	-	-
Grantee tax			80,254	-	80,254	-	-	-	-	-
Other local taxes			346,182	-	346,182	-	-	-	-	-
Unrestricted revenues from use of money and property			540,298	-	540,298	5,525	1,651,373	2,541		
Miscellaneous			239,966	-	239,966	499,765	7,395			
Payments from the County of Russell, Virginia			-	-	-	9,363,110				362,185
Grants and contributions not restricted to specific programs			2,908,374	-	2,908,374	-	627,010			
Gain on sale of capital assets			-	-	-	-	74,574			
Transfers			(142,476)	142,476	-	-	-	-	-	-
Total general revenues and transfers	\$ 25,336,914	\$ 142,476	\$ 25,479,390	\$ 9,868,400	\$ 2,360,352	\$ 364,726				
Change in net position	\$ 2,169,810	\$ (83,131)	\$ 2,086,679	\$ 7,930,145	\$ (3,832,151)	\$ (129,889)				
Net position (deficit) - beginning	12,216,173	1,613,579	13,829,752	(16,106,527)	8,192,847	14,889,849				
Net position (deficit) - ending	\$ 14,385,983	\$ 1,530,448	\$ 15,916,431	\$ (8,176,382)	\$ 4,360,696	\$ 14,759,960				

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Coal Road</u>	<u>ARPA</u>	<u>Other Governmental Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 6,126,538	\$ -	\$ 3,551,633	\$ 10,904	\$ 9,689,075
Receivables (net of allowance for uncollectibles):					
Taxes receivable	7,429,664	\$ -	\$ -	\$ -	7,429,664
Accounts receivable	1,438,848	11,275	\$ -	\$ -	1,450,123
Due from other funds	86,164	\$ -	\$ -	\$ -	86,164
Due from component unit	1,170,791	\$ -	\$ -	\$ -	1,170,791
Due from other governmental units	3,217,362	\$ -	\$ -	\$ -	3,217,362
Restricted assets:					
Cash and cash equivalents	3,897,980	1,094,480	\$ -	\$ -	4,992,460
Investments	1,582	\$ -	\$ -	\$ -	1,582
Total assets	<u>\$ 23,368,929</u>	<u>\$ 1,105,755</u>	<u>\$ 3,551,633</u>	<u>\$ 10,904</u>	<u>\$ 28,037,221</u>
LIABILITIES					
Accounts payable	\$ 774,924	\$ 4,851	\$ -	\$ -	\$ 779,775
Construction payables	1,633,796	\$ -	\$ -	\$ -	1,633,796
Reconciled overdraft	\$ -	\$ -	\$ -	12,673	12,673
Unearned revenue	\$ -	\$ -	3,508,033	\$ -	3,508,033
Due to other funds	18,692	\$ -	\$ -	86,164	104,856
Total liabilities	<u>\$ 2,427,412</u>	<u>\$ 4,851</u>	<u>\$ 3,508,033</u>	<u>\$ 98,837</u>	<u>\$ 6,039,133</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 7,438,083	\$ -	\$ -	\$ -	\$ 7,438,083
Unavailable revenue - opioid settlement	983,640	\$ -	\$ -	\$ -	983,640
Total deferred inflows of resources	<u>\$ 8,421,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,421,723</u>
FUND BALANCES					
Restricted:					
Coal Road	\$ -	\$ 1,100,904	\$ -	\$ -	\$ 1,100,904
Courthouse construction	2,190,190	\$ -	\$ -	\$ -	2,190,190
Asset forfeiture funds	135,010	\$ -	\$ -	\$ -	135,010
Energy Lease Project	1,582	\$ -	\$ -	\$ -	1,582
Grant funds	\$ -	\$ -	43,600	\$ -	43,600
Opioid Settlement	317,163	\$ -	\$ -	\$ -	317,163
Assigned:					
Sheriff Funds	47,446	\$ -	\$ -	\$ -	47,446
Library Donations	57,063	\$ -	\$ -	\$ -	57,063
Road Improvements	95,305	\$ -	\$ -	\$ -	95,305
Law Library	63,115	\$ -	\$ -	\$ -	63,115
Commonwealth Attorney	500	\$ -	\$ -	\$ -	500
Housing	12,124	\$ -	\$ -	\$ -	12,124
Health and Fitness	8,246	\$ -	\$ -	\$ -	8,246
Other purposes	25,696	\$ -	\$ -	\$ -	25,696
Unassigned					
Total fund balances	<u>\$ 12,519,794</u>	<u>\$ 1,100,904</u>	<u>\$ 43,600</u>	<u>\$ (87,933)</u>	<u>\$ 13,576,365</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,368,929</u>	<u>\$ 1,105,755</u>	<u>\$ 3,551,633</u>	<u>\$ 10,904</u>	<u>\$ 28,037,221</u>

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 13,576,365

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated/amortized	\$ 15,087,412	
Capital assets, being depreciated/amortized	26,238,791	
Accumulated depreciation/amortization	<u>(14,080,814)</u>	27,245,389

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	\$ 3,144,158	
Unavailable revenue - opioid settlement	<u>983,640</u>	4,127,798

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 1,516,421	
OPEB related items	<u>1,101,257</u>	2,617,678

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. \$ 6,996,128

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and literary loans	\$ (21,082,365)	
Lease liabilities	(2,641,232)	
Finance purchases	(4,357,157)	
Unamortized premium	(98,471)	
Accrued interest payable	(216,739)	
Landfill accrued closure and postclosure liability	(338,410)	
Net OPEB liabilities	(2,991,809)	
Compensated absences	(586,039)	
Net pension liability	<u>(5,374,129)</u>	(37,686,351)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (1,325,096)	
OPEB related items	<u>(1,165,928)</u>	(2,491,024)

Net position of governmental activities \$ 14,385,983

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Coal Road</u>	<u>ARPA</u>	<u>Other Government Fund</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 17,486,031	\$ -	\$ -	\$ -	\$ 17,486,031
Other local taxes	3,883,939	498,131	-	-	4,382,070
Permits, privilege fees, and regulatory licenses	39,584	-	-	-	39,584
Fines and forfeitures	3,893	-	-	-	3,893
Revenue from the use of money and property	486,519	40,728	-	-	527,247
Charges for services	310,295	-	-	-	310,295
Miscellaneous	458,649	-	-	-	458,649
Recovered costs	1,915,332	-	-	-	1,915,332
Intergovernmental:					
Commonwealth	10,733,388	-	-	-	10,733,388
Federal	3,681,326	-	983,618	-	4,664,944
Total revenues	<u>\$ 38,998,956</u>	<u>\$ 538,859</u>	<u>\$ 983,618</u>	<u>\$ -</u>	<u>\$ 40,521,433</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,172,315	\$ -	\$ 65,253	\$ -	\$ 2,237,568
Judicial administration	3,164,553	-	-	-	3,164,553
Public safety	7,592,476	-	803,330	-	8,395,806
Public works	2,693,281	274,378	36,257	-	3,003,916
Health and welfare	8,837,644	-	-	-	8,837,644
Education	6,640,312	-	-	-	6,640,312
Parks, recreation, and cultural	657,696	-	-	-	657,696
Community development	739,180	-	-	-	739,180
Nondepartmental	322,190	-	-	-	322,190
Capital projects	9,244,984	-	-	-	9,244,984
Debt service:					
Principal retirement	2,192,241	-	-	-	2,192,241
Interest and other fiscal charges	691,405	-	-	-	691,405
Total expenditures	<u>\$ 44,948,277</u>	<u>\$ 274,378</u>	<u>\$ 904,840</u>	<u>\$ -</u>	<u>\$ 46,127,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,949,321)</u>	<u>\$ 264,481</u>	<u>\$ 78,778</u>	<u>\$ -</u>	<u>\$ (5,606,062)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (148,743)	\$ -	\$ (41,445)	\$ -	\$ (190,188)
Transfers in	41,445	-	6,267	-	47,712
Proceeds from lease	181,819	-	-	-	181,819
Total other financing sources (uses)	<u>\$ 74,521</u>	<u>\$ -</u>	<u>\$ (35,178)</u>	<u>\$ -</u>	<u>\$ 39,343</u>
Net change in fund balances	\$ (5,874,800)	\$ 264,481	\$ 43,600	\$ -	\$ (5,566,719)
Fund balances - beginning	18,394,594	836,423	-	(87,933)	19,143,084
Fund balances - ending	<u>\$ 12,519,794</u>	<u>\$ 1,100,904</u>	<u>\$ 43,600</u>	<u>\$ (87,933)</u>	<u>\$ 13,576,365</u>

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (5,566,719)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:

Capital outlay	\$ 9,526,822
Reversion of assets back to the School Board (net)	(2,388,737)
Depreciation/amortization expense	<u>(1,729,925)</u>
	5,408,160

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ (77,349)
Opioid stellment funds	<u>(218,683)</u>
	(296,032)

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when obligations is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Issuance of long-term obligations:	\$ (181,819)
Lease liabilities	1,065,713
Principal Payments:	745,228
Bonds, literary loans, and notes	381,300
Lease liabilities	Decrease (increase) in estimated liability:
Finance purchases	(22,434)
Landfill closure and postclosure liability	1,987,988

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$ (38,975)
(Increase) decrease in accrued interest payable	(88,805)
Change in OPEB related items	(219,677)
Amortization of bond premiums	16,804
Change in pension related items	<u>292,887</u>
	(37,766)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

674,179

Change in net position of governmental activities	<u>\$ 2,169,810</u>
---	---------------------

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Fund	Internal Service Fund
	Dante Fund	Self Health Insurance
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,131	\$ 7,095,495
Interest receivable	96	-
Accounts receivable, net of allowance for uncollectibles	11,235	749,780
Due from other funds	18,692	-
Total current assets	<u>\$ 34,154</u>	<u>\$ 7,845,275</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents (in custody of others)	<u>\$ 49,575</u>	<u>\$ -</u>
Capital assets:		
Capital assets, net of accumulated depreciation	<u>\$ 1,944,439</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 1,994,014</u>	<u>\$ -</u>
Total assets	<u>\$ 2,028,168</u>	<u>\$ 7,845,275</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 17,659	\$ 849,147
Accrued interest payable	-	-
Revenue bonds - current portion	28,675	-
Total current liabilities	<u>\$ 46,334</u>	<u>\$ 849,147</u>
Noncurrent liabilities:		
Revenue bonds - net of current portion	<u>\$ 448,771</u>	<u>\$ -</u>
Total noncurrent liabilities	<u>\$ 448,771</u>	<u>\$ -</u>
Total liabilities	<u>\$ 495,105</u>	<u>\$ 849,147</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	<u>\$ 2,615</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 1,466,993	\$ -
Restricted for debt service and bond covenants	49,575	-
Unrestricted	13,880	6,996,128
Total net position	<u>\$ 1,530,448</u>	<u>\$ 6,996,128</u>

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Fund	Internal Service Fund
	Dante Fund	Self Health Insurance
OPERATING REVENUES		
Charges for services:		
Sewer revenues	\$ 137,455	\$ -
Insurance premiums	- -	7,957,650
Total operating revenues	<u>\$ 137,455</u>	<u>\$ 7,957,650</u>
OPERATING EXPENSES		
Professional services	\$ 34,762	\$ -
Materials and supplies	46,708	- -
Office expenses	7,309	- -
Repairs and maintenance	92,308	- -
Insurance claims and expenses	- -	7,296,522
Depreciation	131,017	- -
Total operating expenses	<u>\$ 312,104</u>	<u>\$ 7,296,522</u>
Operating income (loss)	<u>\$ (174,649)</u>	<u>\$ 661,128</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ - -	13,051
Contribution to Castlewood PSA	(28,800)	- -
Interest expense	(22,158)	- -
Total nonoperating revenues (expenses)	<u>\$ (50,958)</u>	<u>\$ 13,051</u>
Income (loss) before transfers	<u>\$ (225,607)</u>	<u>\$ 674,179</u>
Transfers in	<u>\$ 142,476</u>	<u>\$ - -</u>
Change in net position	<u>\$ (83,131)</u>	<u>\$ 674,179</u>
Total net position - beginning	1,613,579	6,321,949
Total net position - ending	<u>\$ 1,530,448</u>	<u>\$ 6,996,128</u>

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Fund	Internal Service Fund
	Dante Fund	Self Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 119,934	\$ -
Receipts for insurance premiums	- -	7,836,655
Payments to suppliers	(179,843)	- -
Payments to employees	(2,950)	- -
Payments for premiums	- -	(7,280,917)
Net cash provided by (used for) operating activities	<u>\$ (62,859)</u>	<u>\$ 555,738</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 142,476	\$ -
Net cash provided by (used) for noncapital financing activities	<u>\$ 142,476</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds	\$ (27,414)	\$ -
Contribution to Castlewood PSA	(28,800)	- -
Interest payments	(23,403)	- -
Net cash provided by (used for) capital and related financing activities	<u>\$ (79,617)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ -	\$ 13,051
Net increase (decrease) in cash and cash equivalents	<u>\$ -</u>	<u>\$ 568,789</u>
Cash and cash equivalents - beginning (including restricted of \$49,575)	53,706	6,526,706
Cash and cash equivalents - ending (including restricted of \$49,575)	<u>\$ 53,706</u>	<u>\$ 7,095,495</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (174,649)	\$ 661,128
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	\$ 131,017	\$ -
(Increase) decrease in accounts receivable	407	(120,995)
(Increase) decrease in deferred outflows of resources	18	- -
(Increase) decrease in due from other funds	(17,928)	- -
Increase (decrease) in accounts payable	1,244	15,605
Increase (decrease) in deferred inflows of resources	(2,968)	- -
Total adjustments	<u>\$ 111,790</u>	<u>\$ (105,390)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (62,859)</u></u>	<u><u>\$ 555,738</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

VASAP - The VASAP fund accounts for those funds belonging to the Southwest Virginia Alcohol Safety Action Program. The County is the fiscal agent for this program.

County of Russell, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 55,245
Due from other governments	14,634
Total assets	\$ 69,879
LIABILITIES	
Cash reconcile overdraft	\$ 1,889
Accounts payable	5,187
Total liabilities	\$ 7,076
NET POSITION	
Restricted for:	
Held for social services client	\$ 55,245
Held for VASAP	7,558
Total net position	\$ 62,803

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
ADDITIONS	
Special welfare collections	\$ 22,576
Interest earned	1,845
Intergovernmental	152,580
Total additions	<u>\$ 177,001</u>
DEDUCTIONS	
Special welfare payments	\$ 27,760
Salaries and fringes	134,738
Contractual services	400
Professional services	11,496
Utilities	2,857
Insurance	1,699
Office rent	12,000
Office supplies	1,995
Miscellaneous	4,587
Travel	2,153
Total deductions	<u>\$ 199,685</u>
Net increase (decrease) in fiduciary net position	<u>\$ (22,684)</u>
Net position - beginning	\$ 85,487
Net position - ending	\$ 62,803

The accompanying notes to the financial statements are an integral part of this statement.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies:

The County of Russell, Virginia is a municipal corporation governed by an elected six-member Board of Supervisors. The financial statements of the County have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

These financial statements present the County of Russell, Virginia (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

B. Component Unit Disclosures

Blended Component Units - None

Discretely Presented Component Units

Russell County School Board: The School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a discrete presentation of the County Financial statements. The School Board does not issue separate financial statements.

Industrial Development Authority of Russell County, Virginia (IDA): The IDA encourages and provides financing for industrial development in Russell County. The financial statements of the IDA have been included because the County appoints the governing body and has made moral obligation resolutions to finance deficits of any kind or nature that may occur each year subject to annual appropriation. Complete financial statements of the IDA can be obtained in writing at 137 Highland Drive, Lebanon, VA 24266.

Russell County Public Service Authority (PSA): The PSA provides water and sewer service to residents of Russell County. The Authority is fiscally dependent on the County because the County appoints the governing body and has financing guarantees involving the Authority. Complete financial statements of the PSA can be obtained in writing at 137 Highland Drive, Lebanon, Virginia 24266.

C. Other Related Organizations

Related Organizations: The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations: The County, in conjunction with other local jurisdictions, participates in supporting the Southwest Virginia Regional Jail and the Cumberland Mountain Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$2,677,869 to the Regional Jail and \$39,996 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position: The government-wide Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its component units. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities: The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County of Russell, Virginia's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the County of Russell, Virginia's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds:

A. General Fund:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of Social Services, Dog Tag, Damage Stamp, Law Library, Knox Creek, Cannery, Health and Fitness, Housing, CSA, Litter, Valley Heights Subdivision, and Road Improvements funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

B. Special Revenue Funds:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

The government reports the following major special revenue funds:

- Coal Road Fund: This fund accounts for and reports financial resources to be used for improvements to roads used in conjunction with coal mining and other expenses allowable by the Code of Virginia, (1950), as amended.
- ARPA Fund: This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for American Rescue Plan Act Funds.

The government reports the following nonmajor special revenue funds:

- Workforce Investment Fund: This fund accounts for and reports financial resources to be used for workforce development benefiting the County.
- CARES Fund: This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for Coronavirus Relief Funds.

2. Proprietary Funds:

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

A. Enterprise Funds:

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The County operates a water treatment system. The activities of the system are accounted for in the Dante fund which is an enterprise fund.

B. Internal Service Funds:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self Health Insurance Fund.

3. Fiduciary Funds (Trust and Custodial Funds):

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare Fund and VASAP Fund. The Special Welfare Fund includes activity of the Title XX and the SSI Fund, which have all been merged for financial reporting purposes.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

F. Program Revenues:

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

G. Proprietary Funds Operating and Nonoperating Revenues and Expenses:

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to departments for health insurance. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance:

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, amounts in demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (Continued)

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in installments on June 5th and December 5th. Personal property taxes are due and collectible on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,545,425 at June 30, 2023. The allowance consists of delinquent property taxes.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

As the government constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible property, plant, equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	40
Buildings and improvements	40
Lease buildings and improvements	40
Machinery and equipment	4-30
Lease machinery and equipment	4-30
Utility plant in service	40

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (Continued)

8. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will include a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, opioid settlements, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (Continued)

12. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, Teacher HIC, and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition to the VRS related OPEB, the County and School Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating and implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

13. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

14. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (Continued)

14. Leases and Subscription-Based IT Arrangements (Continued)

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancelable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure the lease receivable and deferred inflows of resources (lessor), lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (Continued)

15. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance”. County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaid expenditures) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The Board of Supervisors is the highest level of decision-making authority and the formal action that is required to establish, modify or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The Board of Supervisors has authorized the County Administrator as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

The County of Russell will maintain an unassigned fund balance in the general fund equal to 16% of the expenditures/operating revenues (two months). The County considers a balance of less than 10% to be a cause for concern, barring unusual or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (Continued)

H. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (Continued)

16. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of the Industrial Development Authority Fund and Agency Funds.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the departmental level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary Information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2023, no fund had excess of expenditures over appropriations.

C. Deficit fund balance

At June 30, 2023, the CARES fund had a deficit fund balance.

Note 3-Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). As of and for the year ending June 30, 2023, the County did not have any investments.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 743,272	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	400,437	-
State sales tax	-	732,574
Non-categorical aid	720,610	-
Categorical aid-shared expenses	236,237	-
Categorical aid-Virginia Public Assistance funds	185,467	-
Categorical aid-other	326,005	-
Categorical aid-Comprehensive Services Act funds	362,622	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	226,883	-
Categorical aid-other	15,829	-
School federal programs	-	1,327,867
 Total Amount Due from Other Governmental Units	 \$ 3,217,362	 \$ 2,060,441

Note 5-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ -	\$ 1,170,791
<u>Component Unit:</u>		
School Board	\$ 970,791	\$ -
IDA	200,000	-
Total	<u>\$ 1,170,791</u>	<u>\$ -</u>

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5-Interfund/Component-Unit Obligations: (Continued)

Interfund transfers and remaining balances for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 148,743
Dante Fund	142,476	-
CARES Fund	-	-
ARPA Fund	6,267	-
Total	\$ 148,743	\$ 148,743
Fund	Due From	Due To
Primary Government:		
General Fund	\$ 86,164	\$ 18,692
Dante Fund	18,692	-
CARES Fund	-	86,164
Total	\$ 104,856	\$ 104,856

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

The remainder of this page left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2023:

	Balance July 1, 2022	Increases / Issuances	Decreases / Retirements	Balance June 30, 2023
Direct borrowings and placements				
General obligation bonds	\$ 2,996,162	\$ -	\$ (564,997)	\$ 2,431,165
Literary loans	12,500	-	(12,500)	-
Revenue bonds	16,015,000	-	(279,750)	15,735,250
Locality compensation payments	3,124,417	-	(208,466)	2,915,951
Finance purchase notes	4,738,456	-	(381,300)	4,357,156
Deferred Amounts:				
Bond premiums	115,275	-	(16,804)	98,471
Total direct borrowings and placements	<u>\$ 27,001,810</u>	<u>\$ -</u>	<u>\$ (1,463,817)</u>	<u>\$ 25,537,993</u>
Other long-term obligations				
Lease liabilities	\$ 3,204,641	\$ 181,819	\$ (745,228)	\$ 2,641,232
Landfill closure/ postclosure liability	315,976	22,434	-	338,410
Net OPEB liabilities	3,179,970	1,902,765	(2,090,926)	2,991,809
Compensated absences	547,064	449,273	(410,298)	586,039
Net pension liability	3,751,136	3,296,674	(1,673,681)	5,374,129
Total other long-term obligations	<u>\$ 10,998,787</u>	<u>\$ 5,852,965</u>	<u>\$ (4,920,133)</u>	<u>\$ 11,931,619</u>
Total	<u><u>\$ 38,000,597</u></u>	<u><u>\$ 5,852,965</u></u>	<u><u>\$ (6,383,950)</u></u>	<u><u>\$ 37,469,612</u></u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Director Borrowing and Placement				Lease Liabilities	
	Principal		Interest		Principal	Interest
	\$	\$	\$	\$	\$	\$
2024	\$ 957,561	\$ 758,894	\$ 740,523	\$ 90,645		
2025	826,637	667,504	730,438	55,651		
2026	1,307,301	627,683	670,826	30,872		
2027	1,350,695	581,371	211,771	14,140		
2028	1,109,704	538,517	179,737	4,610		
2029-2033	5,387,766	2,165,806	107,937	718		
2034-2038	4,729,361	1,386,468	-	-		
2039-2043	3,313,982	864,358	-	-		
2044-2048	3,756,265	501,904	-	-		
2049-2051	2,700,250	126,946	-	-		
Totals	<u><u>\$ 25,439,522</u></u>	<u><u>\$ 8,219,451</u></u>	<u><u>\$ 2,641,232</u></u>	<u><u>\$ 196,636</u></u>		

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (Continued)

Details of long-term indebtedness:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Installment Amounts</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Placements							
<u>General Obligation Bonds:</u>							
General obligation bond	4.60%-5.10%	2006	2027	\$147,228-197,458 a+	3,205,190	\$ 761,356	\$ 183,549
General obligation bond	4.60%-5.10%	2009	2030	\$55,000-110,000 a+	1,485,000	685,000	85,000
General obligation bond	3.05%-5.05%	2010	2031	\$55,000-120,000 a+	1,620,000	820,000	85,000
Total General Obligation Bonds						\$ 2,266,356	\$ 353,549
<u>Revenue Bonds:</u>							
VRA Virginia HELPS Program	1.975%-2.100%	1/14/2022	2051	\$445,000-770,000 a+	\$ 16,015,000	\$ 15,735,250	\$ -
<u>Locality Compensation Payments:</u>							
VRA - Moral Obligation	0.00%	2021	2041	\$25,131-174,321 a+	\$ 3,149,548	\$ 2,915,951	\$ 330,961
RD - Moral Obligation	5.75%	1988	2028	\$13,063-41,261 a+	672,000	164,809	34,737
Total Locality Compensation Payments						\$ 3,080,760	\$ 365,698
<u>Finance Purchase Notes:</u>							
Energy Lease	4.60%	4/19/2017	2037	\$173,771-415,639 a-	\$ 5,588,478	\$ 4,357,156	\$ 238,314
Total Direct Borrowings and Placements						\$ 25,439,522	\$ 957,561
Plus:							
Unamortized Premium						\$ 98,471	\$ 16,804
<u>Lease Liabilities:</u>							
Sheriff - 2020 Dodge Durango	10.44%	2021	2025	\$291 (m)	\$ 13,663	\$ 6,273	\$ 2,974
Sheriff - 2019 RAM 2500	11.57%	2020	2025	\$357 (m)	16,342	5,565	3,834
Sheriff - 2019 Nissan Frontier	10.77%	2020	2025	\$291 (m)	13,558	4,062	3,205
Sheriff - 2019 Dodge Journey	12.90%	2020	2025	\$221 (m)	9,825	3,228	2,369
Sheriff - 2020 Dodge Durango	9.91%	2020	2025	\$368 (m)	17,521	5,501	4,057
Sheriff - 2020 Dodge Durango	9.91%	2020	2025	\$368 (m)	17,521	5,501	4,057
Sheriff - 2019 Dodge RAM 1500	9.54%	2020	2025	\$454 (m)	21,754	6,791	5,012
Sheriff - 2020 Dodge Durango	10.06%	2020	2025	\$368 (m)	17,464	5,496	4,052
Sheriff - 2020 Dodge Durango	10.06%	2020	2025	\$368 (m)	17,464	5,496	4,052
Sheriff - 2020 Dodge Durango	9.91%	2020	2025	\$369 (m)	17,564	6,154	4,001
Sheriff - 2020 Dodge Durango	9.91%	2020	2025	\$369 (m)	17,563	6,153	4,001
Sheriff - 2020 Dodge Durango	11.72%	2020	2025	\$295 (m)	13,477	5,093	3,106
Sheriff - 2020 Dodge Durango	11.72%	2020	2025	\$295 (m)	13,477	5,093	3,106
Sheriff - 2020 Dodge Durango	11.72%	2020	2025	\$295 (m)	13,477	5,093	3,106
Sheriff - 2020 Dodge Durango	11.72%	2020	2025	\$295 (m)	13,477	5,093	3,106
Sheriff - 2020 Dodge Durango	10.06%	2020	2025	\$455 (m)	21,547	7,955	4,876
Sheriff - 2020 Dodge Durango	11.72%	2020	2025	\$295 (m)	13,477	5,093	3,106
Sheriff - 2019 Dodge RAM 1500	10.57%	2020	2025	\$291 (m)	13,644	5,073	3,105
Sheriff - 2019 Dodge RAM 1500	10.57%	2020	2025	\$291 (m)	13,644	5,073	3,105
Sheriff - 2020 Dodge Durango	10.83%	2020	2025	\$291 (m)	13,562	5,305	3,068
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (Continued)

Details of long-term indebtedness: (Continued)

	Interest <u>Rates</u>	Date <u>Issued</u>	Final <u>Maturity</u> <u>Date</u>	Amount of		Balance Governmental <u>Activities</u>	Amount Due Within <u>One Year</u>
				Original <u>Issue</u>	Issue		
<u>Lease Liabilities: (Continued)</u>							
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	\$ 14,936	\$ 5,969	\$ 3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.13%	2020	2025	\$309 (m)	14,936	5,969	3,294
Sheriff - 2020 Dodge Charger	9.07%	2021	2025	\$310 (m)	15,009	6,775	3,235
Sheriff - 2020 Dodge Charger	9.07%	2021	2025	\$310 (m)	15,009	6,775	3,235
Sheriff - 2021 Jeep Grand Cherokee	8.65%	2021	2026	\$420 (m)	23,012	14,140	4,601
Sheriff - 2022 Ford	12.88%	2022	2027	\$634 (m)	28,233	22,916	4,940
Sheriff - 2022 Ford	11.35%	2022	2027	\$689 (m)	31,737	26,048	5,598
County Admin - 2020 Chevy Tahoe	10.77%	2020	2025	\$537 (m)	25,052	7,505	5,923
Sheriff - 2021 Nissan NV200	8.65%	2022	2027	\$345 (m)	16,859	11,157	3,299
Sheriff - 2020 Chevy Tahoe	10.77%	2020	2025	\$495 (m)	23,097	6,919	5,460
Sheriff - 2020 Dodge Durango	9.91%	2020	2025	\$297 (m)	14,118	4,432	3,269
DSS - Building & Improvements	1.77%	2019	2029	\$13,582 (m)	1,494,941	878,153	148,643
County Building	2.54%	2013	2025	\$223,306-459,500 (a+)	5,086,100	1,324,220	415,820
Sheriff - 2022 Nissan Frontier	19.59%	2022	2027	\$680 (m)	26,311	23,117	3,976
Sheriff - 2023 Chevrolet Silverado 2500	46.52%	2022	2024	\$788 (m)	12,637	9,677	6,158
Sheriff - 2022 Ford Interceptor	14.43%	2023	2027	\$768 (m)	33,097	30,385	5,168
Sheriff - 2023 Ford Interceptor	13.07%	2023	2028	\$783 (m)	34,749	32,712	5,443
Sheriff - 2022 Ram 1500	38.69%	2023	2028	\$287 (m)	7,829	7,452	677
Sheriff - 2022 Dodge Durango	12.99%	2022	2027	\$702 (m)	31,210	26,600	5,280
Sheriff - 2023 Chevrolet Silverado 2500	14.36%	2023	2028	\$834 (m)	35,986	33,468	5,560
Total Lease Liabilities						\$ 2,641,232	\$ 740,523

Other Long-term Obligations:

Landfill Closure and Postclosure Liability	\$ 338,410	\$ -
Net OPEB Liabilities	2,991,809	-
Compensated Absences	586,039	439,529
Net Pension Liability	5,374,129	-
Total Other Long-term Obligations	\$ 9,290,387	\$ 439,529
 Total Long-term Obligations	 \$ 37,469,612	 \$ 2,154,417

(a+) - annual principal installments shown; does not include semi-annual interest installments

(sa) - semi-annual installments including interest, in applicable

(a-) - annual principal installments shown; does not include annual interest installments

(a) - annual principal and interest installments shown

(m) - monthly principal and interest installments shown

The County's general obligation bonds/literary loans are subject to the State Aid Intercept Program. Under terms of the program, the County state aid is redirected to bond holders to cure any event(s) of default.

If an event of default occurs with the revenue bonds, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the County.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2023:

	Balance July 1, 2022	Issuances	Retirements	Balance June 30, 2023
Direct borrowings and placements				
Revenue bonds	\$ 504,860	\$ -	\$ (27,414)	\$ 477,446
Total	<u>\$ 504,860</u>	<u>\$ -</u>	<u>\$ (27,414)</u>	<u>\$ 477,446</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements		
	Revenue Bonds		
	Principal	Interest	
2024	\$ 28,675	\$ 20,897	
2025	29,993	19,579	
2026	31,370	18,202	
2027	32,812	16,760	
2028	34,319	15,253	
2029-2033	196,742	51,118	
2034-2036	<u>123,535</u>	<u>7,723</u>	
Totals	<u>\$ 477,446</u>	<u>\$ 149,532</u>	

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Direct Borrowings and Placements						
Revenue Bonds:						
Revenue bond	4.50%	4/10/1996	2036	\$ 900,000	\$ 477,446	\$ 28,675

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Component Unit - School Board Indebtedness

The following is a summary of long-term obligation transactions of the discretely presented component unit for the year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Lease liabilities	\$ 402,114	\$ -	\$ (135,454)	\$ 266,660
Net OPEB liabilities	16,305,775	2,291,234	(2,071,545)	16,525,464
Compensated absences	1,126,319	777,523	(844,739)	1,059,103
Net pension liability	<u>22,673,285</u>	<u>17,916,436</u>	<u>(13,394,951)</u>	<u>27,194,770</u>
 Total	 <u>\$ 40,507,493</u>	 <u>\$ 20,985,193</u>	 <u>\$ (16,446,689)</u>	 <u>\$ 45,045,997</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	\$ 131,134	\$ 8,933
2025	<u>135,526</u>	<u>4,540</u>
Totals	<u>\$ 266,660</u>	<u>\$ 13,473</u>

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Lease Liabilities:</u>						
Bus Lease	3.35%	5/13/2022	9/15/2024	\$ 402,114	\$ 266,660	\$ 131,134
<u>Other Obligations:</u>						
Net OPEB Liabilities				\$ 16,525,464	\$ -	-
Compensated Absences				1,059,103	794,327	794,327
Net Pension Liability				27,194,770	-	-
Total Other Obligations				<u>\$ 44,779,337</u>	<u>\$ 794,327</u>	<u>-</u>
 Total Long-Term Obligations				 <u>\$ 45,045,997</u>	 <u>\$ 925,461</u>	

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through County of Russell, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2023 was 15.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,032,807 and \$843,088 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

At June 30, 2023, the County reported a liability of \$5,374,129 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Credible compensation as of June 30, 2022 and 2021 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2022 and 2021, the County's proportion was 99.0521% and 99.1811%, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in Russell County's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
 Total	 100.00%		 5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023 the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents County's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability	\$ 10,435,575	\$ 5,374,129	\$ 1,235,869

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the County recognized pension expense of \$736,946. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,312	\$ 322,151
Change in assumptions	406,040	-
Net difference between projected and actual earnings on pension plan investments	-	1,002,945
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,262	2,615
Employer contributions subsequent to the measurement date	1,032,807	-
Total	\$ 1,516,421	\$ 1,327,711

\$1,032,807 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government
2024	\$ (93,140)
2025	(541,707)
2026	(676,052)
2027	466,802
Thereafter	-

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	150
Inactive members:	
Vested inactive members	12
Non-vested inactive members	21
Long-term disability (LTD)	3
Inactive members active elsewhere in VRS	18
Total inactive members	54
Active members	100
Total covered employees	304

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 24.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$621,715 and \$508,337 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (Nonprofessional) net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Changes in Net Pension Liability

	Component Unit-School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 19,232,376	\$ 13,765,996	\$ 5,466,380
Changes for the year:			
Service cost	\$ 182,762	\$ -	\$ 182,762
Interest	1,261,509	-	1,261,509
Differences between expected and actual experience	522,744	-	522,744
Contributions - employer	-	508,338	(508,338)
Contributions - employee	-	113,516	(113,516)
Net investment income	-	(1,675)	1,675
Benefit payments, including refunds of employee contributions	(1,452,231)	(1,452,231)	-
Administrative expenses	-	(8,729)	8,729
Other changes	-	304	(304)
Net changes	\$ 514,784	\$ (840,477)	\$ 1,355,261
Balances at June 30, 2022	\$ 19,747,160	\$ 12,925,519	\$ 6,821,641

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Component Unit School Board (Nonprofessional) using the discount rate of 6.75%, as well as what the Component Unit School Board's (Nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability	\$ 8,989,897	\$ 6,821,641	\$ 5,019,631

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Component Unit School Board (Nonprofessional) recognized pension expense of \$652,608. At June 30, 2023, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 293,470	\$ 49,771
Change in assumptions	77,880	-
Net difference between projected and actual earnings on pension plan investments	-	411,123
Employer contributions subsequent to the measurement date	621,715	-
Total	\$ 993,065	\$ 460,894

\$621,715 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2024.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (Nonprofessional)</u>
2024	\$ 104,803
2025	(98,527)
2026	(276,334)
2027	180,514
Thereafter	-

Component Unit School Board (Professional)

Plan Description

All full time, salaries permanent (Professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,221,914 and \$3,179,016 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the school division reported a liability of \$20,373,129 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.21399% as compared to 0.22165% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$597,760. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,404,808
Change of assumptions	1,920,776	-
Net difference between projected and actual earnings on pension plan investments	-	2,656,229
Changes in proportion and differences between employer contributions and proportionate share of contributions	190,514	1,295,877
Employer contributions subsequent to the measurement date	3,221,914	-
Total	\$ 5,333,204	\$ 5,356,914

\$3,221,914 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2024	\$	(1,038,496)
2025		(1,195,302)
2026		(2,044,644)
2027		1,032,818
Thereafter		-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

Teacher Employee Retirement Plan		
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
		82.61%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability	\$ 36,387,968	\$ 20,373,129	\$ 7,333,528

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,516,453	\$ 1,327,743	\$ 5,374,129	\$ 736,946	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	993,065	460,894	6,821,641	652,608
School Board Professional	-	-	-	-	5,333,204	5,356,914	20,373,129	597,760
Totals	\$ 1,516,453	\$ 1,327,743	\$ 5,374,129	\$ 736,946	\$ 6,326,269	\$ 5,817,808	\$ 27,194,770	\$ 1,250,368

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Primary Government Other Postemployment Benefits-Health Insurance:

Plan Description

The County administers a single-employer defined benefit healthcare plan, The Russell County OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include Medical, Dental, and Vision insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Benefits for both the retiree and their dependent spouse are provided for their respective lifetimes. If the retiree predeceases the spouse, the spouse is eligible to continue their health coverage.

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Active Employees	143
Retirees and Spouses	3
Total	<u>146</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2023 was \$13,877.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Primary Government Other Postemployment Benefits-Health Insurance: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.65% as of June 30, 2023 3.54% as of June 30, 2022
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later.
Salary Increase Rates	The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% increase for 20 or more years of service.
Retirement Age	The average age at retirement is 61.
Mortality Rates	<p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Public Safety Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.</p>

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2023 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rates are based on the Bond Buyer General Obligation 20-Bond Municipal Index as of their respective measurement dates.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Primary Government Other Postemployment Benefits-Health Insurance: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2022	<u>\$ 760,949</u>
Changes during Year:	
Service Cost	\$ 30,821
Interest on Total OPEB Liability	27,786
Effect of Assumptions Changes or Inputs	(7,303)
Benefit Payments	(13,877)
Net Changes	<u>\$ 37,427</u>
Balances at June 30, 2023	<u>\$ 798,376</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 867,335	\$ 798,376	\$ 735,168

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point or one percentage point higher than the current healthcare cost trend rates:

Rates		
Healthcare Cost Trend		
1% Decrease	Trend	1% Increase
\$ 704,655	\$ 798,376	\$ 907,759

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Primary Government Other Postemployment Benefits-Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$100,303. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,348	\$ 34,074
Changes in assumptions	169,825	76,591
Total	\$ 194,173	\$ 110,665

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30		
2024	\$ 41,526	
2025	41,351	
2026	14,411	
2027	(12,528)	
2028	(1,252)	
Thereafter	-	

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance:

Plan Description

The School Board administers a single-employer defined benefit healthcare plan, the Russell County Public Schools OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include Medical, Dental, and Vision insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Benefits for both the retiree and their dependent spouse are provided for their respective lifetimes. If the retiree predeceases the spouse, the spouse is eligible to continue their health coverage.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Active employees	546
Retirees and Spouses	40
Total	586

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$498,861.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.65% as of June 30, 2023 3.54% as of June 30, 2022
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later.
Salary Increase Rates	The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% for 20 or more years of service.
Retirement Age	The average age at retirement is 61.
Mortality Rates	<p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; 5% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Teachers were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.</p>

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2023 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rates are based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

Changes in Total OPEB Liability

	Component Unit School Board	Total OPEB Liability
Balances at June 30, 2022		\$ 11,856,494
Changes during Year:		
Service Cost		\$ 619,913
Interest on Total OPEB Liability		432,912
Effect of Assumptions Changes or Inputs		(100,208)
Benefit Payments		(498,861)
Net Changes		\$ 453,756
Balances at June 30, 2023		<u><u>\$ 12,310,250</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 13,243,808	\$ 12,310,250	\$ 11,429,502

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
\$ 10,809,380	\$ 12,310,250	\$ 14,089,332

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$1,646,231. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 392,570
Changes in assumptions	<u>1,563,292</u>	<u>85,472</u>
Total	\$ 1,563,292	\$ 478,042

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30	
2024	\$ 592,044
2025	529,139
2026	(9,312)
2027	(9,312)
2028	(9,312)
Thereafter	(7,997)

Additional disclosures on changes in School Board's total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the GLI Plan from the County were \$38,583 and \$36,041 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit School Board (Nonprofessional) were \$13,959 and \$13,463 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit School Board (Professional) were \$108,552 and \$106,394 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2023, the County reported a liability of \$369,417 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit School Board (Nonprofessional) reported a liability of \$137,989 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit School Board (Professional) reported a liability of \$1,090,671 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2022, the County's proportion was 0.03070% as compared to 0.03050% at June 30, 2021.

At June 30, 2022, the Component Unit School Board (Nonprofessional) proportion was 0.01150% as compared to 0.01220% at June 30, 2021.

At June 30, 2022, the Component Unit School Board (Professional) proportion was 0.09060% as compared to 0.09400% at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$11,728. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2023, the Component Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$(3,652). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

For the year ended June 30, 2023, the Component Unit School Board (Professional) recognized GLI OPEB expense of \$12,604. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,253	\$ 14,820	\$ 10,927	\$ 5,536	\$ 86,367	\$ 43,755
Changes in proportion	9,709	14,705	-	24,552	6,225	71,943
Changes in assumptions	13,779	35,983	5,147	13,441	40,680	106,236
Net difference between projected and actual earnings on OPEB plan investments	-	23,083	-	8,622	-	68,151
Employer contributions subsequent to the measurement date	38,583	-	13,959	-	108,552	-
Total	\$ 91,324	\$ 88,591	\$ 30,033	\$ 52,151	\$ 241,824	\$ 290,085

\$38,583, \$13,959, and \$108,552 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component Unit School Board (Nonprofessional), and Component Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
2024	\$ (6,545)	\$ (9,982)	\$ (38,379)		
2025	(9,019)	(8,591)	(33,586)		
2026	(20,284)	(11,826)	(66,030)		
2027	2,225	(2,866)	(2,814)		
2028	(2,227)	(2,812)	(16,004)		
Thereafter	-	-	-		

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

GLI OPEB		
Plan		
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
 Total	 <u>100.00%</u>		 <u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Proportionate share of the Group Life Insurance Plan Net OPEB Liability:			
County	\$ 537,545	\$ 369,417	\$ 233,546
Component Unit School Board (Nonprofessional)	\$ 200,791	\$ 137,989	\$ 87,237
Component Unit School Board (Professional)	\$ 1,587,053	\$ 1,090,671	\$ 689,525

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	15	70
Inactive members:		
Vested inactive members	1	1
Total inactive members	16	71
Active members	29	100
Total covered employees	45	171

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2023 was 0.25% of covered employee compensation. The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2023 was 3.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$3,610 and \$3,410 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the Component Unit School Board (nonprofessional) to the Health Insurance Credit Plan were \$90,930 and \$87,833 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The County and Component Unit School Board's (nonprofessional) net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
 Total	 <u>100.00%</u>		 <u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability - Primary Government

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 101,522	\$ 87,633	\$ 13,889
Changes for the year:			
Service cost	\$ 4,001	\$ -	\$ 4,001
Interest	6,657	-	6,657
Differences between expected and actual experience	(4,800)	-	(4,800)
Assumption changes	39,201	-	39,201
Contributions - employer	-	3,411	(3,411)
Net investment income	-	334	(334)
Benefit payments	(13,789)	(13,789)	-
Administrative expenses	-	(141)	141
Other changes	-	8,365	(8,365)
Net changes	\$ 31,270	\$ (1,820)	\$ 33,090
Balances at June 30, 2022	\$ 132,792	\$ 85,813	\$ 46,979

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability - Component Unit School Board (Nonprofessional)

	Increase (Decrease)			Net HIC OPEB Liability (Asset) (a) - (b)	
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)		
	(a)	(b)			
Balances at June 30, 2021	\$ 412,443	\$ 12,558	\$ 399,885		
Changes for the year:					
Service cost	\$ 2,493	\$ -	\$ 2,493		
Interest	26,772	-	26,772		
Differences between expected and actual experience	(6,494)	-	(6,494)		
Assumption changes	12,031	-	12,031		
Contributions - employer	-	87,833	(87,833)		
Net investment income	-	(1,383)	1,383		
Benefit payments	(36,628)	(36,628)	-		
Administrative expenses	-	(104)	104		
Other changes	-	1,522	(1,522)		
Net changes	\$ (1,826)	\$ 51,240	\$ (53,066)		
Balances at June 30, 2022	\$ 410,617	\$ 63,798	\$ 346,819		

***Sensitivity of the County's and Component Unit School Board's (Nonprofessional) HIC Net OPEB Liability to
Changes in the Discount Rate***

The following presents the County's and Component Unit School Board's (Nonprofessional) HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate			
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)	
	(5.75%)	(6.75%)	(7.75%)	
County's				
Net HIC OPEB Liability	\$ 59,408	\$ 46,979	\$ 36,233	
Component Unit School Board's (Nonprofessional)				
Net HIC OPEB Liability	\$ 383,901	\$ 346,819	\$ 314,845	

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2023, the County and Component Unit School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$3,483 and \$(9,817), respectively. At June 30, 2023, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County's and Component Unit School Board's (nonprofessional) HIC Plan from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,562	\$ 5,021	\$ 5,779	\$ 145,564
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,462	767	-
Change in assumptions	31,359	-	40,429	-
Employer contributions subsequent to the measurement date	3,610	-	90,930	-
Total	\$ 37,531	\$ 7,483	\$ 137,905	\$ 145,564

\$3,610 and \$90,930 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and Component Unit School Board (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2024	\$ 7,693	\$(37,055)
2025	7,093	(53,458)
2026	6,395	(8,879)
2027	5,257	803

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the [Code of Virginia](#), as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the [Code of Virginia](#), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$243,042 and \$238,340 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions (Continued)

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2023, the school division reported a liability of \$2,639,735 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was 0.21134% as compared to 0.21915% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$169,166. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 107,600
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,650
Change in assumptions	77,120	6,741
Changes in proportionate share and differences between actual and expected contributions	19,215	185,780
Employer contributions subsequent to the measurement date	<u>243,042</u>	-
Total	\$ 339,377	\$ 302,771

\$243,042 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	(49,852)
2025		(44,152)
2026		(35,826)
2027		(21,888)
2028		(27,763)
Thereafter		(26,955)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee Net HIC OPEB Liability (Asset)	<hr/> \$ 1,249,046

Plan Fiduciary Net Position as a Percentage
of the Total Teacher Employee HIC OPEB Liability 15.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
 Total	 100.00%		 5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 2,975,012	\$ 2,639,735	\$ 2,355,529

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13—Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$61,195 and \$64,669 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13—Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2023, the entity reported a liability of \$1,777,037 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.46960% as compared to 0.46500% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$230,766. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,525	\$ 332,125
Net difference between projected and actual earnings on LODA OPEB program investments	-	7,599
Change in assumptions	495,566	438,300
Change in proportionate share	84,943	181,165
Employer contributions subsequent to the measurement date	<u>61,195</u>	-
Total	\$ 778,229	\$ 959,189

\$61,195 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13—Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	(8,219)
2025		(8,057)
2026		(7,884)
2027		(5,381)
2028		(14,232)
Thereafter		(198,382)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13—Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	<u><u>\$ 378,455</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13—Line of Duty Act (LODA) Program: (Continued)

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
County's proportionate share of the LODA			
Net OPEB Liability	\$ 2,028,472	\$ 1,777,037	\$ 1,571,335

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
County's proportionate share of the LODA			
Net OPEB Liability	\$ 1,497,541	\$ 1,777,037	\$ 2,127,849

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The remainder of this page is left blank intentionally.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14-Aggregate OPEB Information:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 8)	\$ 194,173	\$ 110,665	\$ 798,376	\$ 100,303	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 9)	-	-	-	-	1,563,292	478,042	12,310,250	1,646,231
VRS OPEB Plans:								
Group Life Insurance Plan (Note 10):								
County	91,324	88,591	369,417	11,728	-	-	-	-
School Board Nonprofessional	-	-	-	-	30,033	52,151	137,989	(3,652)
School Board Professional	-	-	-	-	241,824	290,085	1,090,671	12,604
County Health Insurance Credit Plan (Note 11)	37,531	7,483	46,979	3,483	-	-	-	-
Nonprofessional Health Insurance Credit Plan (Note 11)	-	-	-	-	137,905	145,564	346,819	(9,817)
Teacher Health Insurance Credit Plan (Note 12)	-	-	-	-	339,377	302,771	2,639,735	169,166
Line of Duty Act (LODA) Program (Note 13)	778,229	959,189	1,777,037	230,766	-	-	-	-
Totals	\$ 1,101,257	\$ 1,165,928	\$ 2,991,809	\$ 346,280	\$ 2,312,431	\$ 1,268,613	\$ 16,525,464	\$ 1,814,532

Note 15-Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 701,353	\$ -	\$ -	\$ 701,353
Construction in progress	5,164,406	9,221,653	-	14,386,059
Total capital assets not being depreciated/amortized	\$ 5,865,759	\$ 9,221,653	\$ -	\$ 15,087,412
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 21,149,911	\$ -	\$ (4,632,954)	\$ 16,516,957
Lease buildings and improvements	3,361,167	-	-	3,361,167
Machinery and equipment	6,101,118	123,350	(561,589)	5,662,879
Lease machinery and equipment	515,969	181,819	-	697,788
Total capital assets being depreciated/amortized	\$ 31,128,165	\$ 305,169	\$ (5,194,543)	\$ 26,238,791
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (9,646,090)	\$ (633,025)	\$ 2,591,375	\$ (7,687,740)
Lease buildings and improvements	(622,066)	(622,060)	-	(1,244,126)
Machinery and equipment	(4,764,534)	(318,277)	214,431	(4,868,380)
Lease machinery and equipment	(124,005)	(156,563)	-	(280,568)
Total accumulated depreciation/amortization	\$ (15,156,695)	\$ (1,729,925)	\$ 2,805,806	\$ (14,080,814)
Total capital assets being depreciated/amortized, net	\$ 15,971,470	\$ (1,424,756)	\$ (2,388,737)	\$ 12,157,977
Governmental activities capital assets, net	\$ 21,837,229	\$ 7,796,897	\$ (2,388,737)	\$ 27,245,389

During the fiscal year, the County transferred several assets to the Component Unit - School Board with an original cost of \$5,194,543 and accumulated depreciation of \$2,805,806 (net book value of \$2,388,737).

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 15-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Utility plant	\$ 5,240,699	\$ -	\$ -	\$ 5,240,699
Machinery and equipment	8,148	-	-	8,148
Total capital assets being depreciated	<u>\$ 5,248,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,248,847</u>
Accumulated depreciation:				
Utility plant	\$ (3,165,244)	\$ (131,016)	\$ -	\$ (3,296,260)
Machinery and equipment	(8,147)	(1)	-	(8,148)
Total accumulated depreciation	<u>\$ (3,173,391)</u>	<u>\$ (131,017)</u>	<u>\$ -</u>	<u>\$ (3,304,408)</u>
Total capital assets being depreciated, net	<u>\$ 2,075,456</u>	<u>\$ (131,017)</u>	<u>\$ -</u>	<u>\$ 1,944,439</u>
Business-type activities capital assets, net	<u>\$ 2,075,456</u>	<u>\$ (131,017)</u>	<u>\$ -</u>	<u>\$ 1,944,439</u>

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government administration	\$ 30,579
Judicial administration	3,207
Public safety	256,337
Public works	163,076
Health and welfare	158,667
Education	613,653
Parks, recreation, and cultural	32,236
Community development	<u>472,170</u>
Total depreciation/amortization expense-governmental activities	<u>\$ 1,729,925</u>

Business-type activities:

Sewer Authority	<u>\$ 131,017</u>
-----------------	-------------------

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 15-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2023 was as follows:

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 5,628,295	\$ -	\$ -	\$ 5,628,295
Construction in progress	7,795,752	1,428,894	(9,157,435)	67,211
Total capital assets not being depreciated/amortized	\$ 13,424,047	\$ 1,428,894	\$ (9,157,435)	\$ 5,695,506
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 35,644,457	\$ 14,416,132	\$ -	\$ 50,060,589
Machinery and equipment	9,867,158	1,001,167	(563,639)	10,304,686
Lease machinery and equipment	402,114	-	-	402,114
Total capital assets being depreciated/amortized	\$ 45,913,729	\$ 15,417,299	\$ (563,639)	\$ 60,767,389
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (25,024,603)	\$ (3,650,062)	\$ -	\$ (28,674,665)
Machinery and equipment	(7,648,157)	(715,403)	563,639	(7,799,921)
Lease machinery and equipment	(15,821)	(120,304)	-	(136,125)
Total accumulated depreciation/amortization	\$ (32,688,581)	\$ (4,485,769)	\$ 563,639	\$ (36,610,711)
Total capital assets being depreciated/amortized, net	\$ 13,225,148	\$ 10,931,530	\$ -	\$ 24,156,678
Governmental activities capital assets, net	\$ 26,649,195	\$ 12,360,424	\$ (9,157,435)	\$ 29,852,184

During the fiscal year, the County transferred several assets to the Component Unit - School Board with an original cost of \$5,194,543 and accumulated depreciation of \$2,805,806 (net book value of \$2,388,737).

Note 17-Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and the related Component Unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and the School Board pay the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 17-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

Note 18-Surety Bonds:

Fidelity & Deposit Company of Maryland-Surety:

Ann S. McReynolds, Clerk of the Circuit Court	\$ 1,010,000
Alicia McGlothlin, Treasurer	400,000
Randy N. Williams, Commissioner of the Revenue	3,000
Steve Dye, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000

Hartford Company - Surety:

Brooke Webb - Clerk of the School Board	\$ 10,000
All school employees: blanket bond	10,000

USF&G Insurance Co. - Surety:

All Social Services employees-blanket bond	\$ 100,000
--	------------

Note 19-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The total estimated closure and postclosure care liability at June 30, 2023 is \$338,410. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2023. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 20-Deferred/Unavailable Revenue:

Deferred revenue/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	Government-wide		Balance Sheet Governmental Funds	
	Statement of Net Position			
	Governmental Activities	Governmental Funds		
2nd half taxes due December 2023	\$ 3,886,032	\$ 3,886,032		
Delinquent taxes due prior to June 30, 2023	-	3,144,158		
Prepaid taxes	407,893	407,893		
Total deferred/unavailable revenue	<u>4,293,925</u>	<u>7,438,083</u>		

Note 21-Self Health Insurance:

The County of Russell, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2023, a total of \$7,360,219 was paid in benefits and administrative costs. The risk assumed by the County and School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type. As of June 30, 2023, the County and School Board were exposed to risk which represents the difference between the claims to date and the ceiling liability as calculated based on enrollment levels and health plan coverage. Additional costs in excess of the ceiling liability are covered as part of the contract with the County. Incurred but not reported claims of \$849,147 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2023 and the two preceding fiscal years were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year			Balance at End of Fiscal Year
		Claims and Changes in Estimates	Claim Payments		
2022-23	\$ 833,542	\$ 7,375,824	\$ (7,360,219)	\$ 849,147	
2021-22	548,640	8,255,583	(7,970,681)	833,542	
2020-21	550,591	6,532,274	(6,534,225)	548,640	

Note 22-Moral Obligation:

During 2021, all Virginia Resource Authority (VRA) bonds were refinanced and combined into two revenue bonds. Included in the refinancing were bonds previously issued by the County of Russell, amounts issued by Castlewood Water and Sewer Authority, as well as bonds issued by the Russell County Public Service Authority (PSA). All of the bonds previously in the County's and Castlewood Water and Sewer Authority's name are now in the PSA's name.

The County signed a support agreement that requires the County to fund all debt service where revenues are not sufficient to cover the payments. The County has agreed to continue to pay the debt service for the loans originally issued in the County's name and are shown in long-term obligations as locality compensation payments.

As of June 30, 2023, the balance of those loans was \$2,915,951.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 23-Commitments and Contingencies:

The County and School Board have obligated funds for the projects described below as of June 30, 2023:

	<u>Original Contract</u>	<u>Amount Paid as of 6/30/2023</u>	<u>Amount of Contract Outstanding</u>	<u>Accounts Payable as of 6/30/2023</u>	<u>Retainage Payable as of 6/30/2023</u>
County Contracts:					
Courthouse Renovation	\$ 13,558,525	\$ 10,532,357	\$ 3,026,168	\$ 939,262	\$ 526,585
Dante Depot Facility Renovation	318,000	132,641	185,359	61,016	-
Total Contracts	\$ 13,876,525	\$ 10,664,998	\$ 3,211,527	\$ 1,000,278	\$ 526,585

Note 24-Litigation:

As of June 30, 2023, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 25-Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Russell, Virginia
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 16,600,801	\$ 16,240,151	\$ 17,486,031	\$ 1,245,880	
Other local taxes	3,331,439	3,287,845	3,883,939	596,094	
Permits, privilege fees, and regulatory licenses	57,450	57,450	39,584	(17,866)	
Fines and forfeitures	11,250	11,250	3,893	(7,357)	
Revenue from the use of money and property	120,801	120,801	486,519	365,718	
Charges for services	270,900	270,900	310,295	39,395	
Miscellaneous	90,850	90,850	458,649	367,799	
Recovered costs	821,598	821,598	1,915,332	1,093,734	
Intergovernmental:					
Commonwealth	9,452,032	9,450,032	10,733,388	1,283,356	
Federal	3,191,318	3,191,318	3,681,326	490,008	
Total revenues	\$ 33,948,439	\$ 33,542,195	\$ 38,998,956	\$ 5,456,761	
EXPENDITURES					
Current:					
General government administration	\$ 1,911,708	\$ 2,201,877	\$ 2,172,315	\$ 29,562	
Judicial administration	2,738,646	3,136,477	3,164,553	(28,076)	
Public safety	6,582,503	7,629,722	7,592,476	37,246	
Public works	2,821,750	3,005,594	2,693,281	312,313	
Health and welfare	7,390,006	9,347,054	8,837,644	509,410	
Education	8,151,653	8,198,044	6,640,312	1,557,732	
Parks, recreation, and cultural	534,305	648,567	657,696	(9,129)	
Community development	220,276	485,419	739,180	(253,761)	
Nondepartmental	399,045	696,981	322,190	374,791	
Capital projects	52,797	8,881,805	9,244,984	(363,179)	
Debt service:					
Principal retirement	1,824,360	1,824,360	2,192,241	(367,881)	
Interest and other fiscal charges	333,815	333,815	691,405	(357,590)	
Total expenditures	\$ 32,960,864	\$ 46,389,715	\$ 44,948,277	\$ 1,441,438	
Excess (deficiency) of revenues over (under) expenditures	\$ 987,575	\$ (12,847,520)	\$ (5,949,321)	\$ 6,898,199	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 41,445	\$ 41,445.00	
Transfers out	(130,000)	(130,000)	(148,743)	(18,743)	
Proceeds from lease	-	-	181,819	181,819	
Total other financing sources (uses)	\$ (130,000)	\$ (130,000)	\$ 74,521	\$ 204,521	
Net change in fund balances	\$ 857,575	\$ (12,977,520)	\$ (5,874,800)	\$ 7,102,720	
Fund balances - beginning	\$ (2,000)	\$ 13,833,095	\$ 18,394,594	\$ 4,561,499	
Fund balances - ending	\$ 855,575	\$ 855,575	\$ 12,519,794	\$ 11,664,219	

County of Russell, Virginia
Special Revenue Fund - Coal Road Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts				Variance with Final Budget -	
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>		
REVENUES						
Other local taxes	\$ 150,000	\$ 150,000	\$ 498,131	\$ 348,131		
Revenue from the use of money and property	-	-	40,728	40,728		
Total revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 538,859</u>	<u>\$ 388,859</u>		
EXPENDITURES						
Current:						
Public works	\$ 150,000	\$ 294,279	\$ 274,378	\$ 19,901		
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (144,279)	\$ 264,481	\$ 408,760		
Net change in fund balances	\$ -	\$ (144,279)	\$ 264,481	\$ 408,760		
Fund balances - beginning	-	144,279	836,423	692,144		
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,904</u>	<u>\$ 1,100,904</u>		

County of Russell, Virginia
Special Revenue Fund - ARPA Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
REVENUES					
Intergovernmental:					
Federal	\$	-	\$ 1,096,968	\$ 983,618	\$ (113,350)
Total revenues	\$	-	\$ 1,096,968	\$ 983,618	\$ (113,350)
EXPENDITURES					
Current:					
General government administration	\$	-	\$ 1,096,968	\$ 65,253	\$ 1,031,715
Public safety	-		-	803,330	(803,330)
Public works	-		-	36,257	(36,257)
Total expenditures	\$	-	\$ 1,096,968	\$ 904,840	\$ 192,128
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$ -	\$ 78,778	\$ 78,778
OTHER FINANCING SOURCES (USES)					
Transfers out	\$	-	\$ -	\$ (41,445)	\$ (41,445)
Transfers in	-		-	6,267	6,267
Total other financing sources (uses)	\$	-	\$ -	\$ (35,178)	\$ (35,178)
Net change in fund balances	\$	-	\$ -	\$ 43,600	\$ 43,600
Fund balances - beginning	-		-	-	-
Fund balances - ending	\$	-	\$ -	\$ 43,600	\$ 43,600

County of Russell, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (NPL) (2)	Employer's Proportionate Share of the NPL (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2022	99.0521%	\$ 5,374,129	\$ 6,608,888	81.32%	86.24%
2021	99.1811%	3,751,136	6,234,472	60.17%	90.25%
2020	99.1463%	7,641,214	6,303,680	121.22%	78.56%
2019	99.0170%	5,923,033	6,020,423	98.38%	86.16%
2018	99.2670%	4,411,185	6,123,587	72.04%	84.04%
2017	99.2986%	4,976,088	4,808,206	103.49%	77.80%
2016	98.6202%	6,835,305	5,467,426	125.02%	77.80%
2015	99.1179%	5,970,089	5,368,165	111.21%	80.39%
2014	99.1179%	5,782,839	5,440,419	106.29%	80.53%
Component Unit School Board (professional)					
2022	0.21399%	\$ 20,373,129	\$ 19,697,485	103.43%	82.61%
2021	0.22165%	17,206,905	19,381,708	88.78%	85.46%
2020	0.22620%	32,910,764	19,575,194	168.12%	71.47%
2019	0.22271%	29,309,901	18,519,029	158.27%	73.51%
2018	0.22864%	26,888,000	18,374,518	146.33%	74.81%
2017	0.22904%	28,167,000	17,982,879	156.63%	72.92%
2016	0.23491%	32,921,000	17,914,579	183.77%	68.28%
2015	0.23337%	29,373,000	17,363,701	169.16%	70.68%
2014	0.23360%	28,229,000	17,083,236	165.24%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 182,762	\$ 203,236	\$ 218,448	\$ 215,965	\$ 222,182	\$ 241,584	\$ 228,855	\$ 261,697	\$ 263,958
Interest	1,261,509	1,240,763	1,219,062	1,200,584	1,189,675	1,149,952	1,151,059	1,132,997	1,116,022
Differences between expected and actual experience	522,744	(305,011)	305,989	376,115	21,651	340,261	(240,897)	20,402	-
Changes of assumptions	-	477,264	-	447,422	-	32,003	-	-	-
Benefit payments	(1,452,231)	(1,531,107)	(1,312,901)	(1,349,305)	(1,206,028)	(1,186,620)	(1,123,037)	(1,191,112)	(1,083,833)
Net change in total pension liability	\$ 514,784	\$ 85,145	\$ 430,598	\$ 890,781	\$ 227,480	\$ 577,180	\$ 15,980	\$ 223,984	\$ 296,147
Total pension liability - beginning	\$ 19,232,376	\$ 19,147,231	\$ 18,716,633	\$ 17,825,852	\$ 17,598,372	\$ 17,021,192	\$ 17,005,212	\$ 16,781,228	\$ 16,485,081
Total pension liability - ending (a)	\$ 19,747,160	\$ 19,232,376	\$ 19,147,231	\$ 18,716,633	\$ 17,825,852	\$ 17,598,372	\$ 17,021,192	\$ 17,005,212	\$ 16,781,228
Plan fiduciary net position									
Contributions - employer	\$ 508,338	\$ 518,030	\$ 456,975	\$ 447,436	\$ 443,319	\$ 450,897	\$ 460,715	\$ 425,544	\$ 423,435
Contributions - employee	113,516	116,995	126,061	123,611	125,060	127,268	128,274	120,010	130,388
Net investment income	(1,675)	3,038,825	226,668	772,746	860,829	1,325,272	187,821	515,108	1,629,758
Benefit payments	(1,452,231)	(1,531,107)	(1,312,901)	(1,349,305)	(1,206,028)	(1,186,620)	(1,123,037)	(1,191,112)	(1,083,833)
Administrator charges	(8,729)	(8,189)	(8,164)	(8,244)	(7,790)	(8,059)	(7,361)	(7,577)	(9,166)
Other	304	282	(262)	(485)	(755)	(1,167)	(82)	(108)	86
Net change in plan fiduciary net position	\$ (840,477)	\$ 2,134,836	\$ (511,623)	\$ (14,241)	\$ 214,635	\$ 707,591	\$ (353,670)	\$ (138,135)	\$ 1,090,668
Plan fiduciary net position - beginning	\$ 13,765,996	\$ 11,631,160	\$ 12,142,783	\$ 12,157,024	\$ 11,942,389	\$ 11,234,798	\$ 11,588,468	\$ 11,726,603	\$ 10,635,935
Plan fiduciary net position - ending (b)	\$ 12,925,519	\$ 13,765,996	\$ 11,631,160	\$ 12,142,783	\$ 12,157,024	\$ 11,942,389	\$ 11,234,798	\$ 11,588,468	\$ 11,726,603
School Division's net pension liability - ending (a) - (b)	\$ 6,821,641	\$ 5,466,380	\$ 7,516,071	\$ 6,573,850	\$ 5,668,828	\$ 5,655,983	\$ 5,786,394	\$ 5,416,744	\$ 5,054,625
Plan fiduciary net position as a percentage of the total pension liability	65.46%	71.58%	60.75%	64.88%	68.20%	67.86%	66.00%	68.15%	69.88%
Covered payroll	\$ 2,488,198	\$ 2,520,032	\$ 2,670,960	\$ 2,601,655	\$ 2,610,768	\$ 2,147,811	\$ 2,648,956	\$ 2,434,577	\$ 2,612,301
School Division's net pension liability as a percentage of covered payroll	274.16%	216.92%	281.40%	252.68%	217.13%	263.34%	218.44%	222.49%	193.49%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll	
	Contractually Required Contribution	Contractually Required Contribution	(1)*	(2)*	(4)	(5)
Primary Government						
2023	\$ 1,032,807	\$ 1,032,807	\$ -	\$ 7,083,721		14.58%
2022	843,088	843,088	-	6,608,888		12.76%
2021	798,031	798,031	-	6,234,472		12.80%
2020	719,102	719,102	-	6,303,680		11.41%
2019	681,397	681,397	-	6,020,423		11.32%
2018	760,630	760,630	-	6,123,587		12.42%
2017	718,233	718,233	-	4,808,206		14.94%
2016	807,684	807,684	-	5,467,426		14.77%
2015	794,360	794,360	-	5,368,165		14.80%
Component Unit School Board (nonprofessional)						
2023	\$ 621,715	\$ 621,715	\$ -	\$ 2,575,914		24.14%
2022	508,337	508,337	-	2,488,198		20.43%
2021	518,031	518,031	-	2,520,032		20.56%
2020	457,296	457,296	-	2,670,960		17.12%
2019	447,435	447,435	-	2,601,655		17.20%
2018	443,320	443,320	-	2,610,768		16.98%
2017	457,088	457,088	-	2,147,811		21.28%
2016	464,892	464,892	-	2,648,956		17.55%
2015	425,544	425,544	-	2,434,577		17.48%
2014	424,238	424,238	-	2,612,301		16.24%
Component Unit School Board (professional)						
2023	\$ 3,221,914	\$ 3,221,914	\$ -	\$ 20,086,093		16.04%
2022	3,179,016	3,179,016	-	19,697,485		16.14%
2021	3,135,782	3,135,782	-	19,381,708		16.18%
2020	3,005,168	3,005,168	-	19,575,194		15.35%
2019	2,854,000	2,854,000	-	18,519,029		15.41%
2018	2,958,000	2,958,000	-	18,374,518		16.10%
2017	2,607,000	2,607,000	-	17,982,879		14.50%
2016	2,503,615	2,503,615	-	17,914,579		13.98%
2015	2,509,000	2,509,000	-	17,363,701		14.45%
2014	1,991,484	1,991,484	-	17,083,236		11.66%

Schedule is intended to show information for 10 years. Prior to 2015, VASAP's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

County of Russell, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Russell, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 30,821	\$ 39,498	\$ 38,376	\$ 14,265	\$ 15,523	\$ 16,038
Interest	27,786	17,805	17,351	13,941	14,342	13,000
Changes in assumptions	(7,303)	(103,909)	3,530	434,635	11,569	(11,427)
Effect of economic/demographic gains or losses	-	36,224	-	(88,594)	-	-
Benefit payments	(13,877)	(26,812)	(15,649)	(7,461)	(17,342)	(18,508)
Net change in total OPEB liability	\$ 37,427	\$ (37,194)	\$ 43,608	\$ 366,786	\$ 24,092	\$ (897)
Total OPEB liability - beginning	760,949	798,143	754,535	387,749	363,657	364,554
Total OPEB liability - ending	\$ 798,376	\$ 760,949	\$ 798,143	\$ 754,535	\$ 387,749	\$ 363,657
 Covered-employee payroll	 \$ 6,388,552	 \$ 6,388,552	 \$ 6,096,747	 \$ 6,096,747	 \$ 6,190,566	 \$ 6,190,566
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 12.50%	 11.91%	 13.09%	 12.38%	 6.26%	 5.87%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Russell, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2023

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.65% as of June 30, 2023 3.54% as of June 30, 2022
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later.
Salary Increase Rates	The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% increase for 20 or more years of service.
Retirement Age	The average age at retirement is 61.
Mortality Rates	<p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set forward 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Public Safety Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.</p>

County of Russell, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 619,913	\$ 529,129	\$ 436,250	\$ 229,725	\$ 226,831	\$ 235,586
Interest	432,912	255,859	256,452	277,894	297,553	275,959
Changes in assumptions	(100,208)	103,942	39,380	4,554,327	201,429	(205,110)
Effect of economic/demographic gains or losses	-	(62,179)	-	(1,076,097)	-	-
Benefit payments	(498,861)	(569,865)	(597,551)	(457,831)	(496,549)	(490,936)
Net change in total OPEB liability	\$ 453,756	\$ 256,886	\$ 134,531	\$ 3,528,018	\$ 229,264	\$ (184,501)
Total OPEB liability - beginning	\$ 11,856,494	\$ 11,599,608	\$ 11,465,077	\$ 7,937,059	\$ 7,707,795	\$ 7,892,296
Total OPEB liability - ending	\$ 12,310,250	\$ 11,856,494	\$ 11,599,608	\$ 11,465,077	\$ 7,937,059	\$ 7,707,795
Covered-employee payroll	\$ 22,919,616	\$ 22,919,616	\$ 21,427,078	\$ 21,427,078	\$ 20,503,347	\$ 20,503,347
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	53.71%	51.73%	54.14%	53.51%	38.71%	37.59%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Russell, Virginia
Notes to Required Supplementary Information - School OPEB
For the Year Ended June 30, 2023

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.65% as of June 30, 2023 3.54% as of June 30, 2022
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later.
Salary Increase Rates	The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% for 20 or more years of service.
Retirement Age	The average age at retirement is 61.
Mortality Rates	<p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; 5% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Teachers were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.</p>

County of Russell, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)		Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government						
2022	0.0307%	\$ 369,417	\$ 6,674,213	5.53%		67.21%
2021	0.0305%	354,521	6,285,948	5.64%		67.45%
2020	0.0309%	515,504	6,357,959	8.11%		52.64%
2019	0.0308%	500,384	6,028,822	8.30%		52.00%
2018	0.0325%	494,000	6,184,666	7.99%		51.22%
2017	0.0309%	465,000	5,704,306	8.15%		48.86%
Component Unit School Board (nonprofessional)						
2022	0.0115%	\$ 137,989	\$ 2,493,223	5.53%		67.21%
2021	0.0122%	142,390	2,524,311	5.64%		67.21%
2020	0.0130%	216,949	2,675,341	8.11%		52.64%
2019	0.0133%	216,264	2,604,399	8.30%		52.00%
2018	0.0138%	210,000	2,629,348	7.99%		51.22%
2017	0.0144%	216,000	2,654,927	8.14%		48.86%
Component Unit School Board (professional)						
2022	0.0906%	\$ 1,090,671	\$ 19,702,646	5.54%		67.21%
2021	0.0940%	1,094,065	19,400,731	5.64%		67.21%
2020	0.0953%	1,589,734	19,605,574	8.11%		52.64%
2019	0.0945%	1,537,278	18,519,029	8.30%		52.00%
2018	0.0966%	1,468,000	18,376,099	7.99%		51.22%
2017	0.0978%	1,471,000	18,034,586	8.16%		48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll	
	(1)	(2)			(4)	(5)
Primary Government						
2023	\$ 38,583	\$ 38,583	\$ -	\$ 7,144,963		0.54%
2022	36,041	36,041	-	6,674,213		0.54%
2021	33,944	33,944	-	6,285,948		0.54%
2020	33,061	33,061	-	6,357,959		0.52%
2019	31,276	31,276	-	6,028,822		0.52%
2018	32,161	32,161	-	6,184,666		0.52%
2017	29,665	29,665	-	5,704,306		0.52%
2016	26,515	26,515	-	5,524,027		0.48%
2015	26,057	26,057	-	5,428,571		0.48%
2014	26,130	26,130	-	5,443,723		0.48%
Component Unit School Board (nonprofessional)						
2023	\$ 13,959	\$ 13,959	\$ -	\$ 2,585,052		0.54%
2022	13,463	13,463	-	2,493,223		0.54%
2021	13,631	13,631	-	2,524,311		0.54%
2020	13,912	13,912	-	2,675,341		0.52%
2019	13,543	13,543	-	2,604,399		0.52%
2018	13,673	13,673	-	2,629,348		0.52%
2017	13,806	13,806	-	2,654,927		0.52%
2016	12,715	12,715	-	2,648,956		0.48%
2015	11,849	11,849	-	2,468,575		0.48%
2014	12,548	12,548	-	2,614,141		0.48%
Component Unit School Board (professional)						
2023	\$ 108,552	\$ 108,552	\$ -	\$ 20,102,265		0.54%
2022	106,394	106,394	-	19,702,646		0.54%
2021	104,764	104,764	-	19,400,731		0.54%
2020	101,949	101,949	-	19,605,574		0.52%
2019	96,000	96,000	-	18,519,029		0.52%
2018	95,556	95,556	-	18,376,099		0.52%
2017	93,780	93,780	-	18,034,586		0.52%
2016	86,114	86,114	-	17,940,378		0.48%
2015	83,384	83,384	-	17,371,656		0.48%
2014	82,222	82,222	-	17,129,577		0.48%

County of Russell, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Russell, Virginia
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
Primary Government
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 4,001	\$ 2,042	\$ 2,044	\$ 1,956	\$ 1,884	\$ 1,785
Interest	6,657	6,453	6,959	7,056	7,367	7,343
Changes of assumptions	39,201	543	-	2,217	-	(1,681)
Differences between expected and actual experience	(4,800)	3,616	(2,855)	2,390	(4,641)	-
Benefit payments	(13,789)	(13,469)	(13,811)	(8,828)	(9,286)	(4,926)
Net change in total HIC OPEB liability	\$ 31,270	\$ (815)	\$ (7,663)	\$ 4,791	\$ (4,676)	\$ 2,521
Total HIC OPEB Liability - beginning	\$ 101,522	\$ 102,337	\$ 110,000	\$ 105,209	\$ 109,885	\$ 107,364
Total HIC OPEB Liability - ending (a)	\$ 132,792	\$ 101,522	\$ 102,337	\$ 110,000	\$ 105,209	\$ 109,885
Plan fiduciary net position						
Contributions - employer	\$ 3,411	\$ 2,966	\$ 2,670	\$ 2,788	\$ 4,374	\$ 3,731
Net investment income	334	19,218	1,702	5,480	6,182	9,214
Benefit payments	(13,789)	(13,469)	(13,811)	(8,828)	(9,286)	(4,926)
Administrator charges	(141)	(200)	(149)	(117)	(141)	(148)
Other	8,365	-	(1)	(7)	(472)	472
Net change in plan fiduciary net position	\$ (1,820)	\$ 8,515	\$ (9,589)	\$ (684)	\$ 657	\$ 8,343
Plan fiduciary net position - beginning	\$ 87,633	\$ 79,118	\$ 88,707	\$ 89,391	\$ 88,734	\$ 80,391
Plan fiduciary net position - ending (b)	\$ 85,813	\$ 87,633	\$ 79,118	\$ 88,707	\$ 89,391	\$ 88,734
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 46,979	\$ 13,889	\$ 23,219	\$ 21,293	\$ 15,818	\$ 21,151
Plan fiduciary net position as a percentage of the total HIC OPEB liability	64.62%	86.32%	77.31%	80.64%	84.97%	80.75%
Covered payroll	\$ 1,311,667	\$ 1,191,154	\$ 1,285,580	\$ 1,327,521	\$ 1,562,251	\$ 1,332,239
Employer's net HIC OPEB liability as a percentage of covered payroll	3.58%	1.17%	1.81%	1.60%	1.01%	1.59%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
Component Unit School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 2,493	\$ 3,775	\$ 8,474	\$ 8,086	\$ 9,113	\$ 12,000
Interest	26,772	43,658	18,119	19,598	18,227	17,000
Changes of benefit terms	-	-	33,639	-	-	-
Changes of assumptions	12,031	5,340	84,784	20,714	-	(42,000)
Differences between expected and actual experience	(6,494)	(270,374)	18,268	507	(1,089)	-
Benefit payments	(36,628)	(33,506)	(34,855)	(35,194)	(33,696)	(34,000)
Other	-	-	-	-	(5,145)	-
Net change in total HIC OPEB liability	\$ (1,826)	\$ (251,107)	\$ 128,429	\$ 13,711	\$ (12,590)	\$ (47,000)
Total HIC OPEB Liability - beginning	412,443	663,550	535,121	521,410	534,000	581,000
Total HIC OPEB Liability - ending (a)	\$ 410,617	\$ 412,443	\$ 663,550	\$ 535,121	\$ 521,410	\$ 534,000
 Plan fiduciary net position						
Contributions - employer	\$ 87,833	\$ 88,957	\$ 32,853	\$ 32,001	\$ 31,329	\$ 32,000
Net investment income	(1,383)	213	-	-	-	-
Benefit payments	(36,628)	(33,506)	(34,855)	(35,194)	(33,696)	(34,000)
Administrative expense	(104)	(49)	-	-	-	-
Other	1,522	-	-	-	(495)	-
Net change in plan fiduciary net position	\$ 51,240	\$ 55,615	\$ (2,002)	\$ (3,193)	\$ (2,862)	\$ (2,000)
Plan fiduciary net position - beginning	12,558	(43,057)	(41,055)	(37,862)	(35,000)	(33,000)
Plan fiduciary net position - ending (b)	\$ 63,798	\$ 12,558	\$ (43,057)	\$ (41,055)	\$ (37,862)	\$ (35,000)
 Employer's net HIC OPEB liability - ending (a) - (b)	\$ 346,819	\$ 399,885	\$ 706,607	\$ 576,176	\$ 559,272	\$ 569,000
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	15.54%	3.04%	-6.49%	-7.67%	-7.26%	-6.55%
 Covered payroll	\$ 2,488,198	\$ 2,520,032	\$ 2,670,960	\$ 2,601,655	\$ 2,610,768	\$ 2,645,183
 Employer's net HIC OPEB liability as a percentage of covered payroll	13.94%	15.87%	26.46%	22.15%	21.42%	21.51%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to Contractually Required Contribution			Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	(1)	(2)	(3)	(4)
Primary Government						
2023	\$ 3,610	\$ 3,610	\$ 3,610	\$ -	\$ 1,444,100	0.25%
2022	3,410	3,410	3,410	-	1,311,667	0.26%
2021	3,097	3,097	3,097	-	1,191,154	0.26%
2020	2,700	2,700	2,700	-	1,285,580	0.21%
2019	2,763	2,763	2,763	-	1,327,521	0.21%
2018	4,374	4,374	4,374	-	1,562,251	0.28%
2017	3,736	3,736	3,736	-	1,332,239	0.28%
2016	3,572	3,572	3,572	-	1,190,516	0.30%
2015	3,321	3,321	3,321	-	1,106,909	0.30%
2014	757	757	757	-	1,081,402	0.07%
Component Unit School Board (nonprofessional)						
2023	\$ 90,930	\$ 90,930	\$ 90,930	\$ -	\$ 2,575,914	3.53%
2022	87,833	87,833	87,833	-	2,488,198	3.53%
2021	88,957	88,957	88,957	-	2,520,032	3.53%
2020	32,853	32,853	32,853	-	2,670,960	1.23%
2019	32,001	32,001	32,001	-	2,601,655	1.23%
2018	31,329	31,329	31,329	-	2,610,768	1.20%
2017	31,742	31,742	31,742	-	2,645,183	1.20%
2016	25,165	25,165	25,165	-	2,648,956	0.95%
2015	23,128	23,128	23,128	-	2,434,577	0.95%
2014	15,413	15,413	15,413	-	2,612,301	0.59%

County of Russell, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 though June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Russell, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)		Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.21134%	\$ 2,639,735	\$ 19,697,485	13.40%		15.08%
2021	0.21915%	2,812,941	19,381,708	14.51%		13.15%
2020	0.22330%	2,912,854	19,575,194	14.88%		9.95%
2019	0.22079%	2,890,356	18,519,029	15.61%		8.97%
2018	0.22715%	2,884,000	18,370,145	15.70%		8.08%
2017	0.22781%	2,890,000	17,978,510	16.07%		7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to Contractually Required Contribution				Contributions as a % of Covered Payroll	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)	
2023	\$ 243,042	\$ 243,042	\$ -	\$ 20,086,093		1.21%
2022	238,340	238,340	-	19,697,485		1.21%
2021	234,519	234,519	-	19,381,708		1.21%
2020	234,902	234,902	-	19,575,194		1.20%
2019	222,000	222,000	-	18,519,029		1.20%
2018	225,953	225,953	-	18,370,145		1.23%
2017	199,561	199,561	-	17,978,510		1.11%
2016	189,859	189,859	-	17,911,244		1.06%
2015	183,923	183,923	-	17,351,215		1.06%
2014	189,622	189,622	-	17,083,023		1.11%

County of Russell, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Russell, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)		Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2022	0.46960%	\$ 1,777,037	N/A	N/A		1.87%
2021	0.46500%	2,050,611	N/A	N/A		1.68%
2020	0.50110%	2,098,894	N/A	N/A		1.02%
2019	0.53769%	1,929,157	N/A	N/A		0.79%
2018	0.50337%	1,578,000	N/A	N/A		0.60%
2017	0.50108%	1,317,000	N/A	N/A		1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only three years of data is available. However, additional years will be included as they become available.

County of Russell, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2016 through June 30, 2023

Date	Contributions in Relation to Contractually Required Contribution			Contribution Deficiency (Excess)	Covered- Employee Payroll *	Contributions as a % of Covered - Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	(2)			
(1)						
2023	\$ 61,195	\$ 61,195	\$ -	-	N/A	N/A
2022	64,669	64,669	-	-	N/A	N/A
2021	64,020	64,020	-	-	N/A	N/A
2020	68,106	68,106	-	-	N/A	N/A
2019	72,164	72,164	-	-	N/A	N/A
2018	53,616	53,616	-	-	N/A	N/A
2017	54,041	54,041	-	-	N/A	N/A
2016	47,993	47,993	-	-	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Information prior to the 2016 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2023

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Other Supplementary Information

County of Russell, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023

	Special Welfare	VASAP	Total
ASSETS			
Cash and cash equivalents	\$ 55,245	\$ -	\$ 55,245
Due from other governments	\$ -	\$ 14,634	\$ 14,634
Total assets	<u>\$ 55,245</u>	<u>\$ 14,634</u>	<u>\$ 69,879</u>
LIABILITIES			
Cash reconcile overdraft	\$ -	\$ 1,889	\$ 1,889
Accounts payable	\$ -	\$ 5,187	\$ 5,187
Total liabilities	<u>\$ -</u>	<u>\$ 7,076</u>	<u>\$ 7,076</u>
NET POSITION			
Restricted for:			
Held for social services client	\$ 55,245	\$ -	\$ 55,245
Held for VASAP	\$ -	\$ 7,558	\$ 7,558
Total net position	<u>\$ 55,245</u>	<u>\$ 7,558</u>	<u>\$ 62,803</u>

The accompanying notes to the financial statements are an integral part of this statement.

County of Russell, Virginia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2023

	Special Welfare	VASAP	Total
ADDITIONS			
Special welfare collections	\$ 22,576	\$ -	\$ 22,576
Interest earned	1,845	-	1,845
Intergovernmental	-	152,580	152,580
Total additions	<u>\$ 24,421</u>	<u>\$ 152,580</u>	<u>\$ 177,001</u>
DEDUCTIONS			
Special welfare payments	\$ 27,760	\$ -	\$ 27,760
Salaries and fringes	-	134,738	134,738
Contractual services	-	400	400
Professional services	-	11,496	11,496
Utilities	-	2,857	2,857
Insurance	-	1,699	1,699
Office rent	-	12,000	12,000
Office supplies	-	1,995	1,995
Miscellaneous	-	4,587	4,587
Travel	-	2,153	2,153
Total deductions	<u>\$ 27,760</u>	<u>\$ 171,925</u>	<u>\$ 199,685</u>
Net increase (decrease) in fiduciary net position	<u>\$ (3,339)</u>	<u>\$ (19,345)</u>	<u>\$ (22,684)</u>
Net position - beginning	<u>\$ 58,584</u>	<u>\$ 26,903</u>	<u>\$ 85,487</u>
Net position - ending	<u>\$ 55,245</u>	<u>\$ 7,558</u>	<u>\$ 62,803</u>

The accompanying notes to the financial statements are an integral part of this statement.

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for and reports the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Russell, Virginia
Balance Sheet
Governmental Funds - Discretely Presented Component Unit - School Board
June 30, 2023

	<u>School Operating Fund</u>	<u>School Activity Fund</u>	<u>Total School Fund</u>
ASSETS			
Cash and cash equivalents	\$ 4,240,817	\$ -	\$ 4,240,817
Cash in custody of others	-	868,960	868,960
Receivables (net of allowance for uncollectibles):			
Accounts receivable	156,325	82,829	239,154
Due from other governmental units	2,060,441	-	2,060,441
Prepaid items	457,241	-	457,241
Total assets	<u>\$ 6,914,824</u>	<u>\$ 951,789</u>	<u>\$ 7,866,613</u>
LIABILITIES			
Accounts payable	\$ 300,558	\$ 38,598	\$ 339,156
Accrued liabilities	1,091,514	-	1,091,514
Due to primary government	970,791	-	970,791
Total liabilities	<u>\$ 2,362,863</u>	<u>\$ 38,598</u>	<u>\$ 2,401,461</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 457,241	\$ -	\$ 457,241
Restricted:			
School activity fund	-	913,191	913,191
School construction	1,805,606		1,805,606
Committed:			
Textbook purchases	5,583	-	5,583
Regional Adult Education	262,510	-	262,510
School food	2,021,021	-	2,021,021
Total fund balances	<u>\$ 4,551,961</u>	<u>\$ 913,191</u>	<u>\$ 5,465,152</u>
Total liabilities and fund balances	<u>\$ 6,914,824</u>	<u>\$ 951,789</u>	<u>\$ 7,866,613</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 5,465,152
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, not being depreciated/amortized	\$ 5,695,506		
Capital assets being depreciated/amortized	60,767,389		
Accumulated depreciation/amortization	<u>(36,610,711)</u>		29,852,184
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$ 6,326,269		
OPEB related items	<u>2,312,431</u>		8,638,700
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Lease liabilities	\$ (266,660)		
Compensated absences	(1,059,103)		
Net OPEB liabilities	(16,525,464)		
Net pension liability	<u>(27,194,770)</u>		(45,045,997)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$ (5,817,808)		
OPEB related items	<u>(1,268,613)</u>		(7,086,421)
Net position of governmental activities			<u>\$ (8,176,382)</u>

County of Russell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 5,525	\$ -	\$ 5,525
Charges for services	116,281	2,380,961	2,497,242
Miscellaneous	499,765	-	499,765
Recovered costs	360,329	-	360,329
Intergovernmental:			
Local government	6,360,720	-	6,360,720
Commonwealth	36,048,795	-	36,048,795
Federal	10,697,850	-	10,697,850
Total revenues	<u>\$ 54,089,265</u>	<u>\$ 2,380,961</u>	<u>\$ 56,470,226</u>
EXPENDITURES			
Current:			
Education	\$ 52,250,572	\$ 2,289,198	\$ 54,539,770
Debt service:			
Principal retirement	135,454	-	135,454
Interest and other fiscal charges	7,662	-	7,662
Total expenditures	<u>\$ 52,393,688</u>	<u>\$ 2,289,198</u>	<u>\$ 54,682,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,695,577</u>	<u>\$ 91,763</u>	<u>\$ 1,787,340</u>
Net change in fund balances	<u>\$ 1,695,577</u>	<u>\$ 91,763</u>	<u>\$ 1,787,340</u>
Fund balances - beginning	<u>2,856,384</u>	<u>821,428</u>	<u>3,677,812</u>
Fund balances - ending	<u>\$ 4,551,961</u>	<u>\$ 913,191</u>	<u>\$ 5,465,152</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because			
Net change in fund balances - total governmental funds - per above			\$ 1,787,340
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment.			
Capital outlays	\$ 2,494,215		
Reversion of assets back to the School Board (net)	2,388,737		
Depreciation/amortization expense	<u>(1,679,963)</u>		3,202,989
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.			
Payments of principal:			
Lease liabilities			135,454
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan	\$ 946,630		
State non-employer contribution to the OPEB plan	<u>52,959</u>		999,589
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
(Increase) decrease in compensated absences	\$ 67,216		
Change in OPEB related items	(855,705)		
Change in pension related items	<u>2,593,262</u>		1,804,773
Change in net position of governmental activities			<u>\$ 7,930,145</u>

*The School Activity Fund does not require a legally adopted budget

County of Russell, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	School Operating Fund				Variance with Final Budget	
	Budgeted Amounts		Actual	Positive (Negative)		
	<u>Original</u>	<u>Final</u>				
REVENUES						
Revenue from the use of money and property	\$ 6,000	\$ 6,000	\$ 5,525	\$ (475)		
Charges for services	209,554	209,554	116,281	(93,273)		
Miscellaneous	350,000	350,000	499,765	149,765		
Recovered costs	119,500	119,500	360,329	240,829		
Intergovernmental:						
Local government	7,918,452	7,918,452	6,360,720	(1,557,732)		
Commonwealth	36,149,931	36,149,931	36,048,795	(101,136)		
Federal	11,284,465	11,284,465	10,697,850	(586,615)		
Total revenues	<u>\$ 56,037,902</u>	<u>\$ 56,037,902</u>	<u>\$ 54,089,265</u>	<u>\$ (1,948,637)</u>		
EXPENDITURES						
Current:						
Education	\$ 56,031,902	\$ 56,031,902	\$ 52,250,572	\$ 3,781,330		
Debt service:						
Principal retirement	-	-	135,454	(135,454)		
Interest and other fiscal charges	6,000	6,000	7,662	(1,662)		
Total expenditures	<u>\$ 56,037,902</u>	<u>\$ 56,037,902</u>	<u>\$ 52,393,688</u>	<u>\$ 3,644,214</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,695,577</u>	<u>\$ 1,695,577</u>		
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,695,577</u>	<u>\$ 1,695,577</u>		
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>2,856,384</u>	<u>2,856,384</u>		
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,551,961</u>	<u>\$ 4,551,961</u>		

Supporting Schedules

County of Russell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 8,150,000	\$ 8,150,000	\$ 8,316,727	\$ 166,727
Real and Personal PSC Tax	2,095,000	2,095,000	1,692,574	(402,426)
Personal Property Tax	4,031,000	3,670,350	4,935,359	1,265,009
Mobile Home Tax	102,500	102,500	78,131	(24,369)
Machinery and Tools Tax	941,301	941,301	1,028,750	87,449
Merchants Capital	55,000	55,000	45,678	(9,322)
Mineral Tax	812,000	812,000	891,379	79,379
Penalties	140,000	140,000	216,784	76,784
Interest	274,000	274,000	280,649	6,649
Total general property taxes	<u>\$ 16,600,801</u>	<u>\$ 16,240,151</u>	<u>\$ 17,486,031</u>	<u>\$ 1,245,880</u>
Other local taxes:				
Local Sales and Use Tax	\$ 2,138,089	\$ 2,094,495	\$ 2,365,212	\$ 270,717
Consumers' Utility Tax	514,000	514,000	524,331	10,331
Consumption Taxes	67,500	67,500	69,829	2,329
Coal Severance Tax	185,000	185,000	498,131	313,131
Bank Stock Tax	15,250	15,250	32,840	17,590
Grantee tax	110,000	110,000	80,254	(29,746)
Cigarette Tax	122,000	122,000	96,625	(25,375)
Taxes on Recordation and Wills	26,500	26,500	42,033	15,533
Food and Meals tax	153,100	153,100	174,684	21,584
Total other local taxes	<u>\$ 3,331,439</u>	<u>\$ 3,287,845</u>	<u>\$ 3,883,939</u>	<u>\$ 596,094</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,000	\$ 1,000	\$ 1,044	\$ 44
Building permits	54,500	54,500	34,151	(20,349)
Other permits and other licenses	1,950	1,950	4,389	2,439
Total permits, privilege fees, and regulatory licenses	<u>\$ 57,450</u>	<u>\$ 57,450</u>	<u>\$ 39,584</u>	<u>\$ (17,866)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 11,250	\$ 11,250	\$ 3,893	\$ (7,357)
Revenue from use of money and property:				
Revenue from use of money	\$ 30,801	\$ 30,801	\$ 453,916	\$ 423,115
Revenue from use of property	90,000	90,000	32,603	(57,397)
Total revenue from use of money and property	<u>\$ 120,801</u>	<u>\$ 120,801</u>	<u>\$ 486,519</u>	<u>\$ 365,718</u>
Charges for services:				
Charges for sanitation and waste removal	\$ 195,000	\$ 195,000	\$ 226,778	\$ 31,778
Charges for courthouse security	27,000	27,000	25,164	(1,836)
Charges for cannery operations	25,000	25,000	6,746	(18,254)
Charges for commonwealth attorney	6,500	6,500	10,329	3,829
Charges for courthouse maintenance	6,500	6,500	6,573	73
Charges for jail and inmate fees	5,000	5,000	13,862	8,862
Charges for district court	-	-	3,151	3,151
Charges for library	3,700	3,700	4,491	791
Clerk's collections	-	-	10,616	10,616
Other charges for services	2,200	2,200	2,585	385
Total charges for services	<u>\$ 270,900</u>	<u>\$ 270,900</u>	<u>\$ 310,295</u>	<u>\$ 39,395</u>
Miscellaneous:				
Other miscellaneous revenue	\$ 90,850	\$ 90,850	\$ 112,103	\$ 21,253
Sale of property/surplus	-	-	64,631	64,631
Valley Heights revenue	-	-	8,018	8,018
Opioid settlement	-	-	273,897	273,897
Total miscellaneous	<u>\$ 90,850</u>	<u>\$ 90,850</u>	<u>\$ 458,649</u>	<u>\$ 367,799</u>
Recovered costs:				
Social services	\$ 279,918	\$ 279,918	\$ 48,184	\$ (231,734)

County of Russell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Schedule 1
 Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs: (Continued)				
School resource officer	\$ 120,780	\$ 120,780	\$ 346,297	\$ 225,517
Insurance recoveries	-	-	110,261	110,261
Industrial recoveries	65,000	65,000	72,577	7,577
Other Recovered Costs	355,900	355,900	1,338,013	982,113
Total recovered costs	<u>\$ 821,598</u>	<u>\$ 821,598</u>	<u>\$ 1,915,332</u>	<u>\$ 1,093,734</u>
Total revenue from local sources	\$ 21,305,089	\$ 20,900,845	\$ 24,584,242	\$ 3,683,397
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 134,500	\$ 134,500	\$ 132,096	\$ (2,404)
Mobile home titling tax	80,000	80,000	113,802	33,802
Motor vehicle rental tax	1,750	1,750	2,609	859
Communications tax	655,000	655,000	597,394	(57,606)
State recordation tax	15,000	15,000	-	(15,000)
Personal property tax relief act funds	1,437,003	1,437,003	1,437,003	-
Casino	-	-	625,470	625,470
Other noncategorical	2,000	-	-	-
Total noncategorical aid	<u>\$ 2,325,253</u>	<u>\$ 2,323,253</u>	<u>\$ 2,908,374</u>	<u>\$ 585,121</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 427,347	\$ 427,347	\$ 426,905	\$ (442)
Sheriff	1,703,228	1,703,228	1,707,564	4,336
Commissioner of revenue	177,934	177,934	179,625	1,691
Treasurer	144,145	144,145	143,718	(427)
Registrar/electoral board	44,764	44,764	74,731	29,967
Clerk of the Circuit Court	462,456	462,456	391,812	(70,644)
Total Shared Expenses	<u>\$ 2,959,874</u>	<u>\$ 2,959,874</u>	<u>\$ 2,924,355</u>	<u>\$ (35,519)</u>
Other categorical aid:				
Victim witness grant	\$ 66,400	\$ 66,400	\$ 32,203	\$ (34,197)
E911 grant	-	-	151,180	151,180
GIS	2,900	2,900	100	(2,800)
E911 state funds	52,000	52,000	105,295	53,295
Asset forfeiture funds	-	-	4,267	4,267
Fire Program Funds	90,000	90,000	84,680	(5,320)
Library grants	113,367	113,367	114,867	1,500
Litter control grants	12,800	12,800	19,456	6,656
Public assistance	2,341,438	2,341,438	2,260,122	(81,316)
Comprehensive services act	1,400,000	1,400,000	1,808,740	408,740
School resource officer	88,000	88,000	141,093	53,093
Health department	-	-	2,487	2,487
Emergency management grant	-	-	9,975	9,975
Other state funds	-	-	166,194	166,194
Total other categorical aid	<u>\$ 4,166,905</u>	<u>\$ 4,166,905</u>	<u>\$ 4,900,659</u>	<u>\$ 733,754</u>
Total categorical aid	<u>\$ 7,126,779</u>	<u>\$ 7,126,779</u>	<u>\$ 7,825,014</u>	<u>\$ 698,235</u>
Total revenue from the Commonwealth	\$ 9,452,032	\$ 9,450,032	\$ 10,733,388	\$ 1,283,356

Revenue from the federal government:

Categorical aid:

DMV ground transportation safety grant	\$ 2,000	\$ 2,000	-	\$ (2,000)
Forfeited Assets	-	-	68	68
CDBG grants	-	-	234,921	234,921
Law enforcement grants	2,500	2,500	7,757	5,257
Violence against women	25,600	25,600	26,653	1,053

County of Russell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
Page 3 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Emergency management grants	\$ 7,800	\$ 7,800	\$ 6,734	\$ (1,066)
Victim witness grant	-	-	43,975	43,975
Public assistance	3,153,418	3,153,418	3,043,902	(109,516)
Comprehensive services act	-	-	268,854	268,854
ARPA	-	-	48,462	48,462
Total categorical aid	<u>\$ 3,191,318</u>	<u>\$ 3,191,318</u>	<u>\$ 3,681,326</u>	<u>\$ 490,008</u>
Total revenue from the federal government	<u>\$ 3,191,318</u>	<u>\$ 3,191,318</u>	<u>\$ 3,681,326</u>	<u>\$ 490,008</u>
Total General Fund	<u>\$ 33,948,439</u>	<u>\$ 33,542,195</u>	<u>\$ 38,998,956</u>	<u>\$ 5,456,761</u>
Special Revenue Funds:				
Coal Road Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road taxes	\$ 150,000	\$ 150,000	\$ 498,131	\$ 348,131
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 40,728	\$ 40,728
Total revenue from local sources	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 538,859</u>	<u>\$ 388,859</u>
Total Coal Road Fund	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 538,859</u>	<u>\$ 388,859</u>
ARPA Fund:				
Revenue from the federal government:				
Categorical aid:				
American Rescue Act	\$ -	\$ 1,096,968	\$ 983,618	\$ (113,350)
Total categorical aid	<u>\$ -</u>	<u>\$ 1,096,968</u>	<u>\$ 983,618</u>	<u>\$ (113,350)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,096,968</u>	<u>\$ 983,618</u>	<u>\$ (113,350)</u>
Total ARPA Fund	<u>\$ -</u>	<u>\$ 1,096,968</u>	<u>\$ 983,618</u>	<u>\$ (113,350)</u>
Total Primary Government	<u>\$ 34,098,439</u>	<u>\$ 34,789,163</u>	<u>\$ 40,521,433</u>	<u>\$ 5,732,270</u>

County of Russell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
Page 4 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 6,000	\$ 6,000	\$ 5,500	25 \$ (500)
Revenue from the use of property	\$ 6,000	\$ 6,000	\$ 5,525	25 \$ (475)
Total revenue from use of money and property	\$ 6,000	\$ 6,000	\$ 5,525	25 \$ (475)
Charges for services:				
Cafeteria sales	\$ 50,000	\$ 50,000	\$ 66,641	\$ 16,641
Tuition payments	5,000	5,000	-	(5,000)
Drivers Ed fees	14,000	14,000	10,980	(3,020)
Regional Adult Education	138,554	138,554	38,660	(99,894)
GED Testing fees	2,000	2,000	-	(2,000)
Total charges for service	\$ 209,554	\$ 209,554	\$ 116,281	\$ (93,273)
Miscellaneous:				
Other miscellaneous	\$ 350,000	\$ 350,000	\$ 499,765	\$ 149,765
Recovered costs:				
Insurance recoveries	\$ -	\$ -	\$ 155,708	\$ 155,708
Extra duties revenue	23,000	23,000	5,858	(17,142)
Dual Enrollment	25,000	25,000	18,970	(6,030)
Sale of Equipment and Supplies	10,000	10,000	6,310	(3,690)
Other recovered costs	61,500	61,500	173,483	111,983
Total recovered costs	\$ 119,500	\$ 119,500	\$ 360,329	\$ 240,829
Total revenue from local sources	\$ 685,054	\$ 685,054	\$ 981,900	\$ 296,846
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Russell, Virginia	\$ 7,918,452	\$ 7,918,452	\$ 6,360,720	\$ (1,557,732)
Total revenues from local governments	\$ 7,918,452	\$ 7,918,452	\$ 6,360,720	\$ (1,557,732)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,861,633	\$ 4,861,633	\$ 5,102,816	\$ 241,183
Basic Aid	14,064,450	14,064,450	12,985,441	(1,079,009)
Remedial summer education	212,346	212,346	413,043	200,697
Regular foster care	11,423	11,423	13,165	1,742
Gifted and talented	137,587	137,587	134,365	(3,222)
Remedial education	547,848	547,848	535,015	(12,833)
Special education	1,553,487	1,553,487	1,517,097	(36,390)
Textbook payment	331,160	331,160	323,403	(7,757)
Career and Technical Education	89,478	89,478	5,372	(84,106)
Alternative education	1,089,906	1,089,906	1,089,906	-
Elementary Alternative Education	1,986,418	1,986,418	2,500	(1,983,918)
Algebra readiness	84,585	84,585	75,757	(8,828)
Mentor teacher program	3,708	3,708	3,942	234
Social security fringe benefits	885,563	885,563	864,819	(20,744)
Group life	62,540	62,540	61,075	(1,465)
Retirement fringe benefits	2,061,310	2,061,310	2,013,025	(48,285)
Supplemental support	886,891	886,891	866,425	(20,466)
Early reading intervention	177,723	177,723	137,592	(40,131)
Adult Education	31,489	31,489	31,489	-
Homebound education	17,574	17,574	52,029	34,455
Vocation education	798,504	798,504	779,882	(18,622)
At risk payments	2,275,138	2,275,138	2,221,590	(53,548)
Primary class size	752,733	752,733	761,350	8,617
Technology	362,000	362,000	502,540	140,540
Jobs for Virginia Graduates	25,000	25,000	60,000	35,000
Industry Certification Costs	4,341	4,341	3,103	(1,238)
At risk four-year olds	623,626	623,626	-	(623,626)

County of Russell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Schedule 1
 Page 5 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
School Food	\$ 98,278	\$ 98,278	\$ 36,516	\$ (61,762)
English as a second language	23,349	23,349	15,177	(8,172)
Project graduation	11,785	11,785	11,785	-
Hold harmless for rebench	596,815	596,815	596,815	-
Payment in lieu of sales tax	291,027	291,027	291,027	-
School construction grant	-	-	1,986,418	1,986,418
Skilled trades program	-	-	125,000	125,000
Hold harmless for calc tool	-	-	488,346	488,346
GED prep programs	77,632	77,632	77,572	(60)
Lottery payments	1,014,314	1,014,314	986,946	(27,368)
Tobacco Commission	30,000	30,000	2,371	(27,629)
Additional assistance preschool	-	-	609,158	609,158
Plugged in Virginia	-	-	12,671	12,671
Adult literacy	67,510	67,510	67,511	1
Special education-foster care	-	-	13,781	13,781
Virginia preschool initiative	-	-	51,298	51,298
Other state funds	760	760	119,662	118,902
Total categorical aid	<u>\$ 36,149,931</u>	<u>\$ 36,149,931</u>	<u>\$ 36,048,795</u>	<u>\$ (101,136)</u>
Total revenue from the Commonwealth	<u>\$ 36,149,931</u>	<u>\$ 36,149,931</u>	<u>\$ 36,048,795</u>	<u>\$ (101,136)</u>
 Revenue from the federal government:				
Categorical aid:				
Basic Adult Education	\$ 319,192	\$ 319,192	\$ 305,674	\$ (13,518)
Title I	1,137,716	1,137,716	1,063,644	(74,072)
Special Education	939,162	939,162	1,013,636	74,474
Title VI-B, preschool	236,118	236,118	49,380	(186,738)
Vocational education	88,975	88,975	90,289	1,314
School Food Program	1,857,675	1,857,675	2,544,917	687,242
Improving teacher quality	160,409	160,409	72,706	(87,703)
Title IV part A	82,662	82,662	126,950	44,288
21st century grant	1,569,498	1,569,498	1,947,448	377,950
Rural and low income schools	-	-	7,328	7,328
Education stabilization funds	4,893,058	4,893,058	2,832,428	(2,060,630)
Public health crisis	-	-	64,005	64,005
ARPA	-	-	392,449	392,449
Emergency connectivity funds	-	-	186,996	186,996
Total categorical aid	<u>\$ 11,284,465</u>	<u>\$ 11,284,465</u>	<u>\$ 10,697,850</u>	<u>\$ (586,615)</u>
Total revenue from the federal government	<u>\$ 11,284,465</u>	<u>\$ 11,284,465</u>	<u>\$ 10,697,850</u>	<u>\$ (586,615)</u>
Total School Operating Fund	\$ 56,037,902	\$ 56,037,902	\$ 54,089,265	\$ (1,948,637)

County of Russell, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
Page 1 of 4

Variance with
Final Budget
Positive
(Negative)

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General Fund:						
General government administration:						
Legislative:						
Board of supervisors	\$ 182,700	\$ 201,824	\$ 202,643	\$ (819)		
General and financial administration:						
County administrator	\$ 366,143	\$ 386,210	\$ 386,774	\$ (564)		
Independent auditor	68,250	68,250	23,850	44,400		
Commissioner of the revenue	359,667	435,937	449,573	(13,636)		
Real estate assessor	124,150	124,150	119,291	4,859		
Treasurer	435,471	502,782	505,590	(2,808)		
Procurement	170,541	239,044	245,737	(6,693)		
Total general and financial administration	<u>\$ 1,524,222</u>	<u>\$ 1,756,373</u>	<u>\$ 1,730,815</u>	<u>\$ 25,558</u>		
Board of elections:						
Electoral Board	\$ 41,958	\$ 78,047	\$ 68,884	\$ 9,163		
General Registrar	162,828	165,633	169,973	(4,340)		
Total board of elections	<u>\$ 204,786</u>	<u>\$ 243,680</u>	<u>\$ 238,857</u>	<u>\$ 4,823</u>		
Total general government administration	<u>\$ 1,911,708</u>	<u>\$ 2,201,877</u>	<u>\$ 2,172,315</u>	<u>\$ 29,562</u>		
Judicial administration:						
Courts:						
Circuit Court	\$ 92,600	\$ 92,600	\$ 79,815	\$ 12,785		
General District Court	16,590	16,590	11,915	4,675		
Clerk's Office	598,803	608,084	617,892	(9,808)		
Sheriff Courts	1,059,652	1,366,627	1,389,119	(22,492)		
Victim and Witness Assistance	59,330	65,130	66,005	(875)		
Law Library	-	1,222	1,222	-		
Total courts	<u>\$ 1,831,475</u>	<u>\$ 2,156,110</u>	<u>\$ 2,171,809</u>	<u>\$ (15,699)</u>		
Commonwealth's attorney:						
Commonwealth's Attorney	\$ 907,171	\$ 980,367	\$ 992,744	\$ (12,377)		
Total commonwealth's attorney	<u>\$ 907,171</u>	<u>\$ 980,367</u>	<u>\$ 992,744</u>	<u>\$ (12,377)</u>		
Total judicial administration	<u>\$ 2,738,646</u>	<u>\$ 3,136,477</u>	<u>\$ 3,164,553</u>	<u>\$ (28,076)</u>		
Public safety:						
Law enforcement and traffic control:						
Sheriff	\$ 2,633,859	\$ 3,129,655	\$ 3,246,062	\$ (116,407)		
Dare program	3,000	3,000	-	3,000		
Total law enforcement and traffic control	<u>\$ 2,636,859</u>	<u>\$ 3,132,655</u>	<u>\$ 3,246,062</u>	<u>\$ (113,407)</u>		
Fire and rescue services:						
Volunteer Fire Departments	\$ 292,100	\$ 380,978	\$ 415,792	\$ (34,814)		
Ambulance Rescue Squad	189,875	209,875	209,870	5		
Total fire and rescue services	<u>\$ 481,975</u>	<u>\$ 590,853</u>	<u>\$ 625,662</u>	<u>\$ (34,809)</u>		
Correction and detention:						
Operation of Jail	\$ 2,324,385	\$ 2,676,791	\$ 2,677,869	\$ (1,078)		
Probation Office	208,332	208,332	151,814	56,518		
Total correction and detention	<u>\$ 2,532,717</u>	<u>\$ 2,885,123</u>	<u>\$ 2,829,683</u>	<u>\$ 55,440</u>		
Inspections:						
Building inspector	\$ 138,833	\$ 171,377	\$ 169,942	\$ 1,435		
Total inspections	<u>\$ 138,833</u>	<u>\$ 171,377</u>	<u>\$ 169,942</u>	<u>\$ 1,435</u>		

County of Russell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Schedule 2
 Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Forestry Service	\$ 12,239	\$ 12,239	\$ 12,239	\$ -
Enhanced 911	561,640	561,640	455,628	106,012
Medical Examiner	400	400	320	80
Emergency Services	118,180	118,180	91,721	26,459
Animal Control	99,660	157,255	161,219	(3,964)
Total other protection	<u>\$ 792,119</u>	<u>\$ 849,714</u>	<u>\$ 721,127</u>	<u>\$ 128,587</u>
Total public safety	<u>\$ 6,582,503</u>	<u>\$ 7,629,722</u>	<u>\$ 7,592,476</u>	<u>\$ 37,246</u>
Public works:				
Sanitation and waste removal:				
Landfill	\$ 1,879,979	\$ 2,013,744	\$ 1,754,287	\$ 259,457
Litter Coordinator	-	50,079	51,436	(1,357)
Total sanitation and waste removal	<u>\$ 1,879,979</u>	<u>\$ 2,063,823</u>	<u>\$ 1,805,723</u>	<u>\$ 258,100</u>
Maintenance of general buildings and grounds:				
General properties	\$ 941,771	\$ 941,771	\$ 887,558	\$ 54,213
Total public works	<u>\$ 2,821,750</u>	<u>\$ 3,005,594</u>	<u>\$ 2,693,281</u>	<u>\$ 312,313</u>
Health and welfare:				
Health:				
Health Department	\$ 369,175	\$ 369,175	\$ 369,175	\$ -
Mental health and mental retardation:				
Cumberland Mountain Community Services Board	\$ 40,000	\$ 40,000	\$ 39,996	\$ 4
Welfare:				
Social services	\$ 5,494,856	\$ 6,278,197	\$ 5,713,772	\$ 564,425
Comprehensive Services Act	1,400,000	2,573,707	2,629,365	(55,658)
Appalachian Agency for Senior Citizens	85,975	85,975	85,336	639
Total welfare	<u>\$ 6,980,831</u>	<u>\$ 8,937,879</u>	<u>\$ 8,428,473</u>	<u>\$ 509,406</u>
Total health and welfare	<u>\$ 7,390,006</u>	<u>\$ 9,347,054</u>	<u>\$ 8,837,644</u>	<u>\$ 509,410</u>
Education:				
Other instructional costs:				
Contributions to County School Board	\$ 7,918,452	\$ 7,918,452	\$ 6,360,720	\$ 1,557,732
SVCC Contribution	233,201	279,592	279,592	-
Total education	<u>\$ 8,151,653</u>	<u>\$ 8,198,044</u>	<u>\$ 6,640,312</u>	<u>\$ 1,557,732</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation Park	\$ 88,500	\$ 135,702	\$ 136,937	\$ (1,235)
Conference Center	68,373	73,335	74,739	(1,404)
Total parks and recreation	<u>\$ 156,873</u>	<u>\$ 209,037</u>	<u>\$ 211,676</u>	<u>\$ (2,639)</u>
Library:				
Public Library	\$ 377,432	\$ 439,530	\$ 446,020	\$ (6,490)
Total parks, recreation, and cultural	<u>\$ 534,305</u>	<u>\$ 648,567</u>	<u>\$ 657,696</u>	<u>\$ (9,129)</u>
Community development:				
Planning and community development:				
Planning Commission	\$ 17,000	\$ 17,000	\$ 13,850	\$ 3,150
Community Development	26,250	26,250	28,118	(1,868)

County of Russell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Schedule 2
 Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				<u>Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Industrial Development Authority	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
PSA Contributions	\$ -	\$ 195,890	\$ 472,218	\$ (276,328)
Cumberland Plateau	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Regional Housing	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Highway Safety Commission	\$ 4,200	\$ 4,750	\$ 4,750	\$ -
Canneries	\$ 25,000	\$ 47,703	\$ 48,903	\$ (1,200)
Tourism	\$ 6,000	\$ 52,000	\$ 51,636	\$ 364
Total planning and community development	<u>\$ 122,750</u>	<u>\$ 387,893</u>	<u>\$ 663,775</u>	<u>\$ (275,882)</u>
Environmental management:				
Soil and Water Conservation	\$ 10,500	\$ 10,500	\$ 7,500	\$ 3,000
Cooperative extension program:				
VPI Extension	\$ 87,026	\$ 87,026	\$ 67,905	\$ 19,121
Total community development	<u>\$ 220,276</u>	<u>\$ 485,419</u>	<u>\$ 739,180</u>	<u>\$ (253,761)</u>
Nondepartmental:				
Nondepartmental	\$ 399,045	\$ 696,981	\$ 322,190	\$ 374,791
Total nondepartmental	<u>\$ 399,045</u>	<u>\$ 696,981</u>	<u>\$ 322,190</u>	<u>\$ 374,791</u>
Capital projects:				
Courthouse restoration project	\$ -	\$ 8,734,500	\$ 8,893,014	\$ (158,514)
Other capital projects	\$ 52,797	\$ 147,305	\$ 351,970	\$ (204,665)
Total capital projects	<u>\$ 52,797</u>	<u>\$ 8,881,805</u>	<u>\$ 9,244,984</u>	<u>\$ (363,179)</u>
Debt service:				
Principal payments	\$ 1,824,360	\$ 1,824,360	\$ 2,192,241	\$ (367,881)
Interest Expense	\$ 333,815	\$ 333,815	\$ 691,405	\$ (357,590)
Total debt service	<u>\$ 2,158,175</u>	<u>\$ 2,158,175</u>	<u>\$ 2,883,646</u>	<u>\$ (725,471)</u>
Total General Fund	<u>\$ 32,960,864</u>	<u>\$ 46,389,715</u>	<u>\$ 44,948,277</u>	<u>\$ 1,441,438</u>
Special Revenue Funds:				
Coal Road Fund:				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Virginia coalfield	\$ 150,000	\$ 294,279	\$ 274,378	\$ 19,901
Total Coal Road Fund	<u>\$ 150,000</u>	<u>\$ 294,279</u>	<u>\$ 274,378</u>	<u>\$ 19,901</u>
ARPA Fund:				
General government administration:				
General and financial administration:				
Other general and financial administration	\$ -	\$ 1,096,968	\$ 65,253	\$ 1,031,715
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ -	\$ 803,330	\$ (803,330)
Public works:				
Sanitation and waste removal:				
Litter Coordinator	\$ -	\$ -	\$ 36,257	\$ (36,257)
Total ARPA Fund	<u>\$ -</u>	<u>\$ 1,096,968</u>	<u>\$ 904,840</u>	<u>\$ 192,128</u>
Total Primary Government	<u>\$ 33,110,864</u>	<u>\$ 47,780,962</u>	<u>\$ 46,127,495</u>	<u>\$ 1,653,467</u>

County of Russell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Schedule 2
 Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
				<u>Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 2,428,658	\$ 2,428,658	\$ 2,639,395	\$ (210,737)
Instruction costs:				
Instructional costs	\$ 34,435,353	\$ 34,435,353	\$ 33,265,272	\$ 1,170,081
Technology	1,873,936	1,873,936	2,235,807	(361,871)
Total instruction costs	<u>\$ 36,309,289</u>	<u>\$ 36,309,289</u>	<u>\$ 35,501,079</u>	<u>\$ 808,210</u>
Operating costs:				
Pupil transportation	\$ 3,338,854	\$ 3,338,854	\$ 3,364,754	\$ (25,900)
Operation and maintenance of school plant	5,337,721	5,337,721	6,573,655	(1,235,934)
Food service and non-instructional	2,007,453	2,007,453	2,539,735	(532,282)
Facilities	6,609,927	6,609,927	1,631,954	4,977,973
Total operating costs	<u>\$ 17,293,955</u>	<u>\$ 17,293,955</u>	<u>\$ 14,110,098</u>	<u>\$ 3,183,857</u>
Total education	<u>\$ 56,031,902</u>	<u>\$ 56,031,902</u>	<u>\$ 52,250,572</u>	<u>\$ 3,781,330</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 135,454	\$ (135,454)
Interest and other fiscal charges	6,000	6,000	7,662	(1,662)
Total School Operating Fund	<u>\$ 56,037,902</u>	<u>\$ 56,037,902</u>	<u>\$ 52,393,688</u>	<u>\$ 3,644,214</u>

Other Statistical Information

Table 1

County of Russell, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration		Public Safety		Public Works		Health and Welfare (1)		Education		Parks, Recreation, and Cultural		Community Development		Interest on Long-Term Debt		Sewer Authority		Total	
	Administration	Administration	Judicial	Administration	Public	Safety	Public	Works	Health	and Welfare	(1)	Education	Parks	Recreation,	and Cultural	Community	Development	Interest	on Long-Term	Debt	Sewer	Authority
2022-23	\$ 1,908,544	\$ 3,325,062	\$ 7,608,138	\$ 3,330,576	\$ 8,017,297	\$ 9,080,743	\$ 721,027	\$ 1,256,041	\$ 763,406	\$ 363,062	\$ 36,373,896											
2021-22	2,787,627	2,904,085	6,244,012	4,049,727	7,491,558	10,503,873	505,537	885,795	619,729	299,989	36,291,932											
2020-21	1,877,921	2,024,412	6,455,538	3,844,745	9,078,839	7,311,793	601,351	2,647,011	304,508	317,087	34,463,205											
2019-20	1,900,993	2,847,235	6,860,358	3,075,914	7,178,554	8,533,863	650,254	924,518	546,107	367,504	32,885,300											
2018-19	1,955,177	2,461,521	6,222,716	3,217,305	8,165,010	6,531,101	548,374	935,883	487,606	351,058	30,875,751											
2017-18	2,003,925	2,259,365	6,409,699	3,262,221	9,191,297	8,613,945	583,009	957,043	499,803	388,981	34,169,288											
2016-17	2,085,083	2,290,688	6,395,713	3,152,142	9,535,001	9,519,958	552,562	992,839	515,428	454,634	35,494,048											
2015-16	2,099,001	2,080,921	5,999,917	3,547,942	8,926,570	7,744,464	481,145	1,025,246	342,729	441,642	32,689,577											
2014-15	1,772,163	1,945,227	6,352,397	3,725,640	8,115,359	7,596,324	514,678	1,023,371	385,445	430,426	31,861,030											
2013-14	1,702,984	2,039,186	6,005,354	4,381,728	7,169,883	8,943,324	546,171	1,687,428	457,095	403,848	33,337,001											

(1) 2018-2019 the Workforce Investment Board became its own entity, Southwest Virginia Workforce Development Board.

Table 2

County of Russell, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES									
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes (1)	Other Local Taxes	Unrestricted Revenue from use of Money and Property	Miscellaneous	Grants and Contributions	Not Restricted to Specific Programs	Gain on Sale of Asset		Total	
2022-23	\$ 491,227	\$ 12,323,764	\$ 166,194	\$ 17,408,682	\$ 4,382,070	\$ 540,298	\$ 239,966	\$ 2,908,374	\$ -	\$ 408,650	\$ 38,460,575		
2021-22	432,001	10,908,468	-	12,256,262	4,355,271	116,235	1,457,633	2,253,930				32,188,450	
2020-21	586,742	13,856,417	-	17,403,606	3,370,558	176,347	153,770	2,274,529				37,828,360	
2019-20	519,382	9,864,066	-	17,746,273	3,035,109	184,588	333,504	2,403,842				34,086,764	
2018-19	497,780	10,134,066	50,000	17,541,471	3,250,496	282,315	210,687	2,422,355				34,389,170	
2017-18	546,610	11,391,778	-	17,446,217	3,390,189	254,538	233,890	2,340,315				35,603,537	
2016-17	414,700	11,862,113	-	17,065,361	3,297,225	185,677	91,300	2,493,045				35,409,421	
2015-16	430,589	10,616,989	61,200	15,198,122	3,781,925	223,008	180,343	2,501,627				32,993,803	
2014-15	468,117	9,648,228	-	15,762,013	4,635,427	257,108	226,621	2,553,497				33,551,011	
2013-14	445,727	8,991,231	320,311	15,749,617	4,873,857	359,952	86,115	2,562,116				33,388,926	

136

(1) For fiscal year 2021-22, the County increased allowance to write-off company taxes related to lawsuit.

Table 3

County of Russell, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General		Judicial		Public Safety		Public Works		Health and Welfare (3)		Education (2)		Parks, Recreation, and Cultural		Community Development		Non-departmental		Debt Service		Total
	Government Administration	Judicial Administration																			
2022-23	\$ 2,237,568	\$ 3,164,553	\$ 8,395,806	\$ 3,003,916	\$ 8,837,644	\$ 54,819,362	\$ 657,696	\$ 739,180	\$ 322,190	\$ 3,026,762	\$ 85,204,677										
2021-22	2,599,818	2,946,289	6,853,169	3,209,503	7,608,395	57,893,595	559,426	913,658	316,149	2,520,132	85,420,134										
2020-21	1,932,060	2,558,146	6,961,369	2,911,781	8,788,395	48,428,709	538,806	2,706,439	942,681	1,787,375	77,555,761										
2019-20	1,952,540	2,738,739	7,346,195	2,741,815	7,169,005	44,663,872	609,539	989,088	224,547	1,744,622	70,179,962										
2018-19	2,153,583	2,680,600	7,267,404	2,893,513	8,302,729	43,224,697	543,499	959,458	421,793	2,066,840	70,514,116										
2017-18	2,177,595	2,397,387	6,554,101	3,331,380	9,601,443	42,484,928	566,272	1,083,779	158,828	1,893,421	70,249,134										
2016-17	1,829,925	2,326,471	7,012,800	3,480,788	9,950,089	40,397,495	522,426	1,008,002	147,991	1,935,190	68,611,177										
2015-16	1,787,592	2,193,822	6,914,427	3,529,620	9,209,141	39,874,115	468,670	1,048,554	515,527	1,747,721	67,289,189										
2014-15	1,717,342	2,011,601	6,839,477	3,962,315	8,354,018	39,320,723	480,741	1,046,895	112,482	1,946,577	65,792,171										
2013-14	1,651,589	2,039,720	5,955,754	4,500,894	7,412,261	38,945,001	507,694	1,701,241	112,027	1,810,023	64,636,204										

(1) Includes General and Special Revenue funds of the Primary Government and the operating fund of its Discretely Presented Component Unit - School Board. Excludes Capital Projects.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

(3) 2018-2019 the Workforce Investment Board became its own entity, Southwest Virginia Workforce Development Board.

Table 4

County of Russell, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2022-23	\$ 17,486,031	\$ 4,382,070	\$ 39,584	\$ 3,893	\$ 532,772	\$ 2,807,537	\$ 958,414	\$ 2,275,661	\$ 62,144,977	\$ 90,630,939
2021-22	16,579,875	4,355,271	43,484	10,279	118,366	2,198,574	607,109	1,453,739	60,554,518	85,921,215
2020-21	16,671,668	3,370,558	42,459	5,524	176,674	1,499,241	521,223	1,276,983	56,166,892	79,731,222
2019-20	16,065,093	3,035,109	47,900	6,885	182,583	698,549	520,344	2,048,827	47,792,348	70,397,638
2018-19	15,901,393	3,250,496	43,183	13,545	281,848	720,026	446,681	2,240,716	46,905,798	69,803,686
2017-18	16,390,872	3,390,189	68,668	16,708	259,642	710,045	534,953	1,531,418	46,735,222	69,637,717
2016-17	17,415,482	3,297,225	32,009	18,804	186,397	684,981	342,528	1,651,000	46,597,608	70,226,034
2015-16	15,071,101	3,781,925	30,258	14,136	223,772	676,644	426,624	1,607,321	44,977,461	66,809,242
2014-15	15,746,635	4,635,427	40,342	2,334	251,962	776,757	472,339	1,338,279	44,426,079	67,690,154
2013-14	16,011,500	4,873,857	40,292	31,151	352,852	803,470	307,398	1,121,491	41,977,914	65,519,925

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board. Excludes Capital Projects.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

Table 5

County of Russell, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1, 2)	Percent of Delinquent Taxes to Tax Levy
2022-23	\$ 20,785,705	17,081,100	82.18%	\$ 1,344,501	\$ 18,425,601	88.65%	\$ 5,049,117	24.29%
2021-22	19,383,902	16,688,695	86.10%	888,027	17,576,722	90.68%	9,786,415	50.49%
2020-21	18,589,131	16,298,878	87.68%	1,316,051	17,614,929	94.76%	8,505,640	45.76%
2019-20	18,740,791	15,990,742	85.33%	1,141,973	17,132,715	91.42%	7,729,993	41.25%
2018-19	18,755,991	15,878,451	84.66%	1,063,006	16,941,457	90.33%	6,126,347	32.66%
2017-18	17,975,777	16,002,677	89.02%	1,377,820	17,380,497	96.69%	4,476,207	24.90%
2016-17	18,121,006	16,441,108	90.73%	1,946,062	18,387,170	101.47%	3,734,590	20.61%
2015-16	17,361,249	14,744,908	84.93%	1,312,236	16,057,144	92.49%	4,096,565	23.60%
2014-15	17,704,326	15,716,165	88.77%	994,555	16,710,720	94.39%	3,823,404	21.60%
2013-14	17,616,878	16,022,072	90.95%	895,532	16,917,604	96.03%	3,914,585	22.22%

(1) Exclusive of penalties and interest.

(2) For fiscal year 2021-22, before property taxes related to lawsuit were written off. For fiscal year 2022-23, taxes related to lawsuit have been removed.

Table 6

County of Russell, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools		Merchant's Capital	Mobile Homes	Public Service (2)	Total
2022-23	\$ 1,435,921,473	\$ 444,965,106	\$ 61,850,609	\$ 7,935,384	\$ 13,869,588	\$ 294,767,036	\$ 2,259,309,196	
2021-22	1,437,398,091	362,600,380	66,103,456	7,795,479	13,798,248	313,809,472	2,201,505,126	
2020-21	1,436,230,815	351,564,264	59,279,207	8,983,665	15,425,782	325,134,394	2,196,618,127	
2019-20	1,441,294,836	355,435,332	59,906,364	7,482,353	15,473,918	324,047,377	2,203,640,180	
2018-19	1,425,907,354	340,126,676	54,399,602	5,701,488	21,270,790	251,848,360	2,099,254,270	
2017-18	1,437,419,342	321,810,049	56,429,665	5,992,268	20,380,636	288,824,827	2,130,856,787	
2016-17	1,424,285,595	327,638,704	57,050,690	5,716,770	20,726,176	265,575,303	2,100,993,238	
2015-16	1,435,763,539	298,654,470	58,791,092	5,876,008	21,377,908	243,897,231	2,064,360,248	
2014-15	1,426,948,990	300,976,802	71,451,300	6,084,205	21,500,580	240,244,298	2,067,206,175	
2013-14	1,420,301,334	297,609,286	92,212,643	6,061,014	21,820,581	315,700,293	2,153,705,151	

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission-includes all property types.

Table 7

County of Russell, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes
2022-23	\$ 0.63	\$ 1.95	\$ 1.95	\$ 0.65	\$ 0.63
2021-22	0.63	1.95	1.95	0.65	0.63
2020-21	0.63	1.95	1.95	0.65	0.63
2019-20	0.63	1.95	1.65	0.65	0.63
2018-19	0.63	1.95	1.65	0.65	0.63
2017-18	0.63	1.95	1.65	0.65	0.63
2016-17	0.63	1.95	1.65	0.65	0.63
2015-16	0.63	1.65	1.65	0.65	0.63
2014-15	0.63	1.65	1.65	0.65	0.63
2013-14	0.56/0.63	1.65	2.00	0.65	0.56

(1) Per \$100 of assessed value.

(2) 2nd half due December/1st half due June of fiscal year.

Table 8

County of Russell, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022-23	25,781	\$ 2,259,309	\$ 18,001,606	\$ 18,001,606	0.80%	\$ 698
2021-22	25,781	2,201,505	18,826,051	18,826,051	0.86%	730
2020-21	25,781	2,196,618	3,806,495	3,806,495	0.17%	148
2019-20	28,897	2,203,640	4,580,219	4,580,219	0.21%	159
2018-19	28,897	2,099,254	4,975,292	4,975,292	0.24%	172
2017-18	28,897	2,130,857	5,953,218	5,953,218	0.28%	206
2016-17	28,897	2,100,993	6,906,780	6,906,780	0.33%	239
2015-16	28,897	2,064,360	7,930,656	7,930,656	0.38%	274
2014-15	28,897	2,067,206	8,951,609	8,951,609	0.43%	310
2013-14	28,897	2,153,705	9,955,282	9,955,282	0.46%	345

(1) Bureau of the Census.

(2) Real property assessed at 100% of the fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, literary fund loans and revenue bond for the courthouse.

Excludes financed purchases, locality compensation payments, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Russell, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 2,883,646	\$ 85,204,677	3.38%
2021-22	2,508,151	84,747,790	2.96%
2020-21	1,787,375	77,555,761	2.30%
2019-20	1,744,622	70,179,962	2.49%
2018-19	2,066,840	70,514,116	2.93%
2017-18	1,893,421	70,249,134	2.70%
2016-17	1,935,190	68,611,177	2.82%
2015-16	1,747,721	67,289,189	2.60%
2014-15	1,946,577	65,792,171	2.96%
2013-14	1,810,023	64,636,204	2.80%

(1) Includes all governmental funds of the Primary Government and funds of the Discretely Presented Component Unit-School Board.

COMPLIANCE SECTION

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of
the Board of Supervisors
County of Russell, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Russell, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Russell, Virginia's basic financial statements and have issued our report thereon dated May 7, 2024. Our report includes a reference to other auditors who audited the financial statements of Russell County Public Service Authority (PSA), as described in our report on County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Russell, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Russell, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Russell, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-01 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Russell, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Russell, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Russell, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Russell, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holino, Fawer, Lox Associates

Blacksburg, Virginia

May 7, 2024

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Supervisors
County of Russell, Virginia
Lebanon, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Russell, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Russell, Virginia's major federal programs for the year ended June 30, 2023. County of Russell, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Russell, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Russell, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Russell, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Russell, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Russell, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Russell, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Russell, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Russell, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Russell, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Holino, Fawer, Lox Associates

Blacksburg, Virginia

May 7, 2024

County of Russell, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Cluster or Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Guardianship Assistance	93.090	1110122, 1110123	\$ 137
Title IV-E Prevention Program	93.472	1140122, 1140123	5,579
Temporary Assistance for Needy Families	93.558	0400122, 0400123	372,167
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	0950121, 0950122, 0950221, 0960122	44,563
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122, 0500123	1,742
Low-Income Home Energy Assistance	93.568	0600422, 0600423	76,032
Chafee Education and Training Vouchers Program (ETV)	93.599	9160121, 9160122	1,901
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123	85,659
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122	590
Foster Care - Title IV-E	93.658	1100122, 1100123	521,934
Adoption Assistance	93.659	1120122, 1120123	665,447
Social Services Block Grant	93.667	1000122, 1000123	581,452
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122	8,376
Children's Health Insurance Program	93.767	0540122, 0540123	2,837
Medicaid Cluster			
Medical Assistance Program	93.778	1200122, 1200123	321,076
Department of Education:			
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	APE402970000	64,005
Total Department of Health and Human Services			\$ 2,753,497
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
National School Lunch Program - Food Distribution (Note 3)	10.555	Not available	\$ 227,602
Department of Education:			
National School Lunch Program	10.555	APE402540000; APE411060000; APE411080000	\$ 1,795,495
School Breakfast Program	10.553	APE402530000; APE41100000	514,064
Summer Food Service Program for Children	10.559	60302, 60303	78,761
Department of Education:			\$ 2,388,320
COVID-19 Pandemic EBT Administrative Costs	10.649	DOE865560000	3,135
Child and Adult Care Food Program	10.558	APE700270000; APE700280000	116,312
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE868040000	37,150
Department of Social Services:			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122; 0010123; 0040122; 40123	622,971
Total Department of Agriculture			\$ 3,167,888
Department of Treasury:			
Direct Payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 946,712
Pass Through Payments:			
Department of Housing and Community Development:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	22JRFPG13	48,462
Department of Social Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	293
Tourism:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	15,000
Department of Education:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE600540000	392,449
Total Department of Treasury			\$ 1,402,916
Department of Justice:			
Direct Payments:			
Equitable Sharing Program	16.922	Not applicable	\$ 16,610
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	15JOVW21GG00568STOP;	\$ 26,653
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15JOVW22GG00455STOP	7,757
Crime Victim Assistance	16.575	Not available 20V2GX0048	43,975
Total Department of Justice			\$ 94,995
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	APE428010000; APE61110000	\$ 305,674
Title I: Grants to Local Educational Agencies	84.010	APE429010000	1,063,644
Special Education Cluster:			
Special Education - Grants to States	84.027	APE402870000; APE430710000	\$ 1,013,636
Special Education - Preschool Grants	84.173	APE625210000; APE402860000	49,380
Total Special Education Cluster			1,063,016
Career and Technical Education: Basic Grants to States	84.048	APE600310000; APE600311005	90,289
Twenty-First Century Community Learning Centers	84.287	APE605650000	1,947,448
Rural Education	84.358	APE434810000	7,328
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	APE614800000	72,706

County of Russell, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Cluster or Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education: (continued)			
Pass Through Payments: (continued)			
Department of Education: (continued)			
Student Support and Academic Enrichment Program	84.424	APE602810000	126,950
Coronavirus Response and Relief Supplemental Appropriations Act, 2021-Emergency Assistance for Non-Public Schools (CRRSA EANS)	84.425R	APE501930000; APE601730000	\$ 28,485
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	APE501930000; APE601730000	<u>2,803,943</u> <u>2,832,428</u>
Total Department of Education			\$ 7,509,483
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants In Hawaii	14.228	CAMS 191436	<u>234,921</u>
Institute of Museum and Library Services:			
Pass Through Payments:			
The Library of Virginia:			
Grants to States	45.310	0000118903	<u>21,906</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMP-2021-EP-00004	<u>6,734</u>
Federal Communications Commission:			
Direct Payments:			
Emergency Connectivity Fund Program	32.009	Not applicable	<u>186,996</u>
Total Expenditures of Federal Awards			<u>\$ 15,379,336</u>
Notes to Schedule of Expenditures of Federal Awards:			
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Russell, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Russell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Russell, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
(3) The County did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.			
Note 3 -- Food Distribution			
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, Russell County, Virginia had food commodities totaling \$227,602 in inventory.			
Note 4 -- Subrecipients			
The County did not have any subrecipients for the year ended June 30, 2023.			
Note 5 -- Relationship to the Financial Statements			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary government:			
General Fund			\$ 3,681,326
Less: Asset forfeiture funds			(68)
Plus: Equitable sharing program difference			16,610
ARPA Fund			<u>983,618</u>
Total primary government			<u>\$ 4,661,486</u>
Component Unit School Board:			
School Operating Fund			<u>\$ 10,697,850</u>
Total expenditures of federal awards per the basic financial statements			<u>\$ 15,379,336</u>

County of Russell, Virginia

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
21.027	COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Elementary & Secondary School Emergency Relief Funds (ESSER Funds)
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

County of Russell, Virginia**Schedule of Findings and Questioned Costs (Continued)**
For The Year Ended June 30, 2023

Section II - Financial Statement Findings**2023-001**

Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness exists.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Cause:	The County does not have proper controls in place to detect and correct errors in closing their year-end financial statements.
Effect:	There is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.
Recommendation:	The County should review the auditors' proposed audit adjustments for 2023 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County Administrator will review the auditors' proposed audit adjustments for 2023 and will develop a plan of action with the Treasurer to ensure that all adjusting entries are made prior to final audit fieldwork next year.

County of Russell, Virginia

**Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2023**

Section I - Summary of Auditors' Results

2022-001

Condition: The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).

Recommendation: The County should review the auditors' proposed audit adjustments for 2022 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status: Finding 2022-001 was repeated in the current year as 2023-001.

2022-002

Condition: On its report ending March 31, 2022, the County reported that it had obligated and expended all of the amount it was awarded (\$5,164,019). The County's books showed it had expended only \$709,700.

Recommendation: The County should try to amend the reports to accurately show amounts expended.

Current Status: Finding 2022-002 was corrected in the current year.