



Financial Report

Year Ended June 30, 2023

County of Cumberland, Virginia

Financial Report

For the Year Ended June 30, 2023

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County of Cumberland, Virginia

Financial Report For the Year Ended June 30, 2023

BOARD OF SUPERVISORS

John Newman, Chair
Eurika Tyree, Vice-Chair
Bryan Hamlet
Paul Stimpson, III
Robert Saunders, Jr.

COUNTY SCHOOL BOARD

Ginger Sanderson, Chair

Yvonne Earvin
Latesha Anderson

Everleane R. Randolph
Leigh McCrea

OTHER OFFICIALS

Chief Circuit Court Judge
Clerk of the Circuit Court
Judge of the General District Court
Judge of the Juvenile Domestic Relations Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Donald C. Blessing
Deidre Martin
Calvin S. Spencer, Jr.
Marvin H. Dunkum, Jr.
Wendy Hannah
Julie A. Phillips
L.O. Pfeiffer, Jr.
Darrell Hodges
Chip Jones
Jessica Ownby
Derek Stamey

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COUNTY OF CUMBERLAND, VIRGINIA

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Cumberland
Cumberland, 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 County of Cumberland, 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, 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 County of Cumberland, 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.

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 Cumberland, 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.

Responsibilities of Management for the Financial Statements (Continued)

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 Cumberland, 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 Cumberland, 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 Cumberland, 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 management's discussion and analysis, 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Cumberland, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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. In our opinion, the combining and individual fund financial statements and schedules 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 statistical information 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 April 9, 2024, on our consideration of County of Cumberland, 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 Cumberland, 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 Cumberland, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
April 9, 2024

To the Honorable Members of the Board of Supervisors
To the Citizens of Cumberland County
County of Cumberland, Virginia

As management of the County of Cumberland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023.

Financial Highlights

Government-wide Financial Statements

- The net position of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,844,845 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing (uses) by \$1,818,407 (Exhibit 5). General Fund contributions to the School Board totaled \$2,678,891 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$13,919,173 an increase of \$1,818,407 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,584,702 or 62.67% of total general fund expenditures.
- Governmental term obligations decreased \$1,178,372 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements: (Continued)

The statement of net position presents information on all of the County's assets, deferred inflows of resources, liabilities, and deferred outflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The government-wide financial statements include not only the County of Cumberland, Virginia itself (known as the primary government), but also a legally separate school district and a service authority for which the County of Cumberland, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Cumberland, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds—Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds—the General Fund and the County Capital Projects Fund.

Proprietary funds—Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Water and Sewer Fund provides a centralized source for water and sewer services to County residents.

Fiduciary funds—The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Overview of the Financial Statements: (Continued)

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information—In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board and IDA. The School Board and IDA do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$17,844,845 at the close of the most recent fiscal year.

County of Cumberland's Net Position

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 17,740,960	\$ 16,954,450	\$ 8,538	\$ 45,523	\$ 17,749,498	\$ 16,999,973
Deferred outflows of resources	893,166	1,225,784	44,363	61,989	937,529	1,287,773
Noncurrent assets	<u>23,353,246</u>	<u>23,840,961</u>	<u>6,376,235</u>	<u>6,700,590</u>	<u>29,729,481</u>	<u>30,541,551</u>
Total assets and deferred outflows	<u>\$ 41,987,372</u>	<u>\$ 42,021,195</u>	<u>\$ 6,429,136</u>	<u>\$ 6,808,102</u>	<u>\$ 48,416,508</u>	<u>\$ 48,829,297</u>
Long-term liabilities						
outstanding	\$ 22,797,651	\$ 23,976,023	\$ 1,810,155	\$ 1,860,098	\$ 24,607,806	\$ 25,836,121
Deferred inflows of resources	4,585,701	6,129,157	22,455	75,468	4,608,156	6,204,625
Current liabilities	<u>1,344,480</u>	<u>2,295,334</u>	<u>11,221</u>	<u>8,619</u>	<u>1,355,701</u>	<u>2,303,953</u>
Total liabilities and deferred inflows	<u>\$ 28,727,832</u>	<u>\$ 32,400,514</u>	<u>\$ 1,843,831</u>	<u>\$ 1,944,185</u>	<u>\$ 30,571,663</u>	<u>\$ 34,344,699</u>
Net position:						
Net investment in						
capital assets	\$ 190,639	\$ (1,439,717)	\$ 4,474,053	\$ 4,710,624	\$ 4,664,692	\$ 3,270,907
Restricted	72,515	69,151	157,786	151,884	230,301	221,035
Unrestricted	<u>12,996,386</u>	<u>10,991,247</u>	<u>(46,534)</u>	<u>1,409</u>	<u>12,949,852</u>	<u>10,992,656</u>
Total net position	<u>\$ 13,259,540</u>	<u>\$ 9,620,681</u>	<u>\$ 4,585,305</u>	<u>\$ 4,863,917</u>	<u>\$ 17,844,845</u>	<u>\$ 14,484,598</u>

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

The County's net position increased by \$3,360,247. Key elements of this decrease are as follows:

County of Cumberland, Virginia's Changes in Net Position For the Years Ended June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 690,224	\$ 532,041	\$ 417,119	\$ 416,609	\$ 1,107,343	\$ 948,650
Operating grants and contributions	4,264,863	3,532,559	-	-	4,264,863	3,532,559
Capital grants and contributions	1,131,900	1,131,900	-	-	1,131,900	1,131,900
General revenues:						
General property taxes	11,514,584	10,855,355	-	-	11,514,584	10,855,355
Other local taxes	1,488,916	1,580,619	-	-	1,488,916	1,580,619
Grants and other contributions not restricted	1,280,251	1,409,502	-	-	1,280,251	1,409,502
Other general revenues	963,771	486,653	7,375	539	971,146	487,192
Total revenues	\$ 21,334,509	\$ 19,528,629	\$ 424,494	\$ 417,148	\$ 21,759,003	\$ 19,945,777
Expenses:						
General government administration	\$ 2,290,426	\$ 1,670,472	\$ -	\$ -	\$ 2,290,426	\$ 1,670,472
Judicial administration	736,927	701,593	-	-	736,927	701,593
Public safety	4,284,393	4,139,086	-	-	4,284,393	4,139,086
Public works	2,493,041	1,693,714	-	-	2,493,041	1,693,714
Health and welfare	2,247,631	2,091,999	-	-	2,247,631	2,091,999
Education	4,319,347	5,292,241	-	-	4,319,347	5,292,241
Parks, recreation, and cultural	264,401	200,813	-	-	264,401	200,813
Community development	338,490	308,676	-	-	338,490	308,676
Interest and other fiscal charges	578,651	721,336	-	-	578,651	721,336
Water and sewer	-	-	845,449	813,517	845,449	813,517
Total expenses	\$ 17,553,307	\$ 16,819,930	\$ 845,449	\$ 813,517	\$ 18,398,756	\$ 17,633,447
Increase(decrease) in net position before transfers	\$ 3,781,202	\$ 2,708,699	\$ (420,955)	\$ (396,369)	\$ 3,360,247	\$ 2,312,330
Transfers	(142,343)	(168,646)	142,343	168,646	-	-
Change in net position	\$ 3,638,859	\$ 2,540,053	\$ (278,612)	\$ (227,723)	\$ 3,360,247	\$ 2,312,330
Net position, beginning	9,620,681	7,080,628	4,863,917	5,091,640	14,484,598	12,172,268
Net position, ending	\$ 13,259,540	\$ 9,620,681	\$ 4,585,305	\$ 4,863,917	\$ 17,844,845	\$ 14,484,598

Overview of the Financial Statements: (Continued)

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds—The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$13,919,173, an increase of \$1,818,407 in comparison with the prior year. Approximately 82.31% of this total amount constitutes unassigned undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is segregated to indicate that is not available for new spending because it has already been committed.

Proprietary funds

The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget was \$2,538,305 and can be mostly summarized as follows:

- \$1,934,667 in increases in public safety

Capital Asset and Debt Administration

- **Capital assets**—The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2023 totals \$27,288,719 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt—At the end of the current fiscal year, the County had total bonded debt outstanding of \$19,685,285 which is backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The County's total debt decreased \$2,112,917 during the current fiscal year.

Additional information on the County of Cumberland, Virginia's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 3.4 percent in June 2023.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Cumberland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 110, Cumberland, Virginia 23040.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2023

	Primary Government			Component Units	
	Govern- mental Activities	Business - type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 10,501,803	\$ 42,386	\$ 10,544,189	\$ 1,943,972	\$ 1,252
Receivables (net of allowance for uncollectibles):					
Property taxes	4,767,991	-	4,767,991	-	-
Accounts receivable	195,346	36,152	231,498	-	-
Interest receivable	-	-	-	-	372
Prepaid items	-	-	-	43,516	-
Lease receivable, current portion	-	-	-	-	42,104
Due from component units	1,354,533	-	1,354,533	-	-
Due from other governments	851,287	-	851,287	899,820	-
Inventory held for resale	-	-	-	-	804,005
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	\$ 17,740,960	\$ 8,538	\$ 17,749,498	\$ 2,887,308	\$ 847,733
Noncurrent Assets:					
Net pension asset	\$ -	\$ -	\$ -	\$ 847,294	\$ -
Restricted cash and cash equivalents	2,282,976	157,786	2,440,762	-	103,352
Lease receivable, net of current portion	-	-	-	-	146,623
Capital assets (net of accumulated depreciation):					
Land	326,594	22,458	349,052	121,421	535,846
Construction in progress	204,106	-	204,106	-	146,249
Equipment	1,116,202	69,006	1,185,208	2,239,535	-
Lease equipment	89,167	-	89,167	23,417	-
Infrastructure	-	5,860,647	5,860,647	-	-
Buildings and improvements	3,532,623	266,338	3,798,961	3,909,367	1,153,549
Lease buildings	25,614	-	25,614	-	-
Jointly owned assets	15,775,964	-	15,775,964	8,773,784	-
Total Noncurrent Assets	\$ 23,353,246	\$ 6,376,235	\$ 29,729,481	\$ 15,914,818	\$ 2,085,619
Total Assets	\$ 41,094,206	\$ 6,384,773	\$ 47,478,979	\$ 18,802,126	\$ 2,933,352
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 840,017	\$ 43,046	\$ 883,063	\$ 2,515,194	\$ -
OPEB related items	53,149	1,317	54,466	320,048	-
Total deferred outflows of resources	\$ 893,166	\$ 44,363	\$ 937,529	\$ 2,835,242	\$ -
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 266,766	\$ 8,994	\$ 275,760	\$ 107,720	\$ 1,252
Accrued liabilities	-	-	-	760,317	-
Due to primary government	-	-	-	1,063,217	291,316
Customer deposits	-	2,227	2,227	-	-
Accrued interest payable	320,702	-	320,702	-	-
Unearned revenue	757,012	-	757,012	203,865	-
Long-term liabilities:					
Due within one year	2,501,745	89,314	2,591,059	130,691	63,000
Due in more than one year	20,295,906	1,720,841	22,016,747	10,886,882	1,594,000
Total Liabilities	\$ 24,142,131	\$ 1,821,376	\$ 25,963,507	\$ 13,152,692	\$ 1,949,568
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 527,315	\$ 21,579	\$ 548,894	\$ 2,003,245	\$ -
OPEB related items	49,763	876	50,639	204,360	-
Lease deferrals	-	-	-	-	181,319
Deferred revenue - property tax	4,008,623	-	4,008,623	-	-
Total deferred inflows of resources	\$ 4,585,701	\$ 22,455	\$ 4,608,156	\$ 2,207,605	\$ 181,319
NET POSITION					
Net investment in capital assets	\$ 190,639	\$ 4,474,053	\$ 4,664,692	\$ 14,981,209	\$ 178,644
Restricted:					
Debt Service	72,515	157,786	230,301	-	-
Net pension asset	-	-	-	847,294	-
Unrestricted	12,996,386	(46,534)	12,949,852	(9,551,432)	623,821
Total Net Position	\$ 13,259,540	\$ 4,585,305	\$ 17,844,845	\$ 6,277,071	\$ 802,465

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

COUNTY OF CUMBERLAND, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,290,426	\$ 6,261	\$ 283,540	\$ -
Judicial administration	736,927	128,382	533,336	-
Public safety	4,284,393	475,598	1,897,458	-
Public works	2,493,041	1,917	11,000	1,131,900
Health and welfare	2,247,631	-	1,524,529	-
Education	4,319,347	-	-	-
Parks, recreation, and cultural	264,401	61,021	-	-
Community development	338,490	17,045	15,000	-
Interest on long-term debt	578,651	-	-	-
Total governmental activities	<u>\$ 17,553,307</u>	<u>\$ 690,224</u>	<u>\$ 4,264,863</u>	<u>\$ 1,131,900</u>
Business-type activities:				
Water and Sewer	<u>\$ 845,449</u>	<u>\$ 417,119</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities	<u>\$ 845,449</u>	<u>\$ 417,119</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 18,398,756</u>	<u>\$ 1,107,343</u>	<u>\$ 4,264,863</u>	<u>\$ 1,131,900</u>
COMPONENT UNITS:				
School Board	\$ 20,611,960	\$ 69,654	\$ 19,654,214	\$ -
IDA	132,541	-	112,163	4,000
Total component units	<u>\$ 20,744,501</u>	<u>\$ 69,654</u>	<u>\$ 19,766,377</u>	<u>\$ 4,000</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
County contribution to School Board				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Changes in Net Position					
Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business- type Activities	Total	School Board	IDA	
\$ (2,000,625)	\$ -	\$ (2,000,625)	\$ -	\$ -	
(75,209)	-	(75,209)	-	-	
(1,911,337)	-	(1,911,337)	-	-	
(1,348,224)	-	(1,348,224)	-	-	
(723,102)	-	(723,102)	-	-	
(4,319,347)	-	(4,319,347)	-	-	
(203,380)	-	(203,380)	-	-	
(306,445)	-	(306,445)	-	-	
(578,651)	-	(578,651)	-	-	
<u>\$ (11,466,320)</u>	<u>\$ -</u>	<u>\$ (11,466,320)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ (428,330)</u>	<u>\$ (428,330)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ (428,330)</u>	<u>\$ (428,330)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (11,466,320)</u>	<u>\$ (428,330)</u>	<u>\$ (11,894,650)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (888,092)	\$ -	
-	-	-	-	(16,378)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (888,092)</u>	<u>\$ (16,378)</u>	
\$ 11,514,584	\$ -	\$ 11,514,584	\$ -	\$ -	
798,760	-	798,760	-	-	
182,287	-	182,287	-	-	
250,577	-	250,577	-	-	
115,018	-	115,018	-	-	
142,274	-	142,274	-	-	
388,159	7,375	395,534	-	51,952	
575,612	-	575,612	830,965	-	
1,280,251	-	1,280,251	-	-	
-	-	-	3,489,360	-	
(142,343)	142,343	-	-	-	
<u>\$ 15,105,179</u>	<u>\$ 149,718</u>	<u>\$ 15,254,897</u>	<u>\$ 4,320,325</u>	<u>\$ 51,952</u>	
<u>\$ 3,638,859</u>	<u>\$ (278,612)</u>	<u>\$ 3,360,247</u>	<u>\$ 3,432,233</u>	<u>\$ 35,574</u>	
<u>9,620,681</u>	<u>4,863,917</u>	<u>14,484,598</u>	<u>2,844,838</u>	<u>766,891</u>	
<u>\$ 13,259,540</u>	<u>\$ 4,585,305</u>	<u>\$ 17,844,845</u>	<u>\$ 6,277,071</u>	<u>\$ 802,465</u>	

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FUND FINANCIAL STATEMENTS

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Balance Sheet - Governmental Funds
June 30, 2023

		Nonmajor		
	General	County Capital Projects	Sheriff's Forfeiture Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,429,288	\$ -	\$ 72,515	\$ 10,501,803
Restricted cash and cash equivalents	-	2,282,976	-	2,282,976
Receivables (Net of allowance for uncollectibles):				
Property taxes, including penalties	4,767,991	-	-	4,767,991
Accounts receivable	195,346	-	-	195,346
Due from component units	1,354,533	-	-	1,354,533
Due from other funds	70,000	-	-	70,000
Due from other governmental units	851,287	-	-	851,287
Total assets	<u>\$ 17,668,445</u>	<u>\$ 2,282,976</u>	<u>\$ 72,515</u>	<u>\$ 20,023,936</u>
LIABILITIES				
Accounts payable	\$ 245,746	\$ 21,020	\$ -	\$ 266,766
Unearned revenue	757,012	-	-	757,012
Total liabilities	<u>\$ 1,002,758</u>	<u>\$ 21,020</u>	<u>\$ -</u>	<u>\$ 1,023,778</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax	\$ 4,988,538	\$ -	\$ -	\$ 4,988,538
Opioid settlement	92,447	-	-	92,447
Total deferred inflows of resources	<u>\$ 5,080,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,080,985</u>
FUND BALANCES				
Restricted:				
Capital improvements	\$ -	\$ 2,282,976		\$ 2,282,976
Assigned:				
Capital projects	-	(21,020)		(21,020)
Asset forfeiture	-	-	72,515	72,515
Unassigned	11,584,702	-	-	11,584,702
Total fund balances	<u>\$ 11,584,702</u>	<u>\$ 2,261,956</u>	<u>\$ 72,515</u>	<u>\$ 13,919,173</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
For the Year Ended June 30, 2023

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	13,919,173
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 326,594	
Construction in progress	204,106	
Equipment	1,116,202	
Lease equipment	89,167	
Buildings and improvements	3,532,623	
Lease buildings	25,614	
Jointly owned assets	<u>15,775,964</u>	21,070,270
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Unavailable revenue - property taxes	\$ 979,915	
Unavailable revenue - opioid settlement	<u>92,447</u>	1,072,362
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 840,017	
OPEB related items	<u>53,149</u>	893,166
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (343,900)	
Lease liabilities	(114,710)	
Equipment purchase agreements	(2,020,000)	
Landfill closure and post-closure	(11,883)	
General obligation bonds	(14,952,964)	
VACO/VML direct loan program	(2,164,925)	
Bond premiums	(804,032)	
Net pension liability	(1,357,650)	
Net OPEB liability	(204,587)	
State literary fund loans	(823,000)	
Accrued interest payable	<u>(320,702)</u>	(23,118,353)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (527,315)	
OPEB related items	<u>(49,763)</u>	(577,078)
Net position of governmental activities	\$	<u><u>13,259,540</u></u>

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

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

		Nonmajor		
	General	County Capital Projects	Sheriff's Forfeiture Fund	Total Governmental Funds
Revenues:				
General property taxes	\$ 11,532,341	\$ -	\$ -	\$ 11,532,341
Other local taxes	1,488,916	-	-	1,488,916
Permits, privilege fees and regulatory licenses	180,175	-	-	180,175
Fines and forfeitures	81,991	-	-	81,991
Revenue from use of money and property	386,900	1,224	35	388,159
Charges for services	428,058	-	-	428,058
Miscellaneous	483,165	-	-	483,165
Intergovernmental:				
Local government	1,131,900	-	-	1,131,900
Commonwealth	3,739,451	-	7,429	3,746,880
Federal	1,798,234	-	-	1,798,234
Total revenues	\$ 21,251,131	\$ 1,224	\$ 7,464	\$ 21,259,819
Expenditures:				
Current:				
General government administration	\$ 1,964,239	\$ 467,000	\$ -	\$ 2,431,239
Judicial administration	652,427	-	-	652,427
Public safety	5,085,359	-	4,100	5,089,459
Public works	2,033,617	452,597	-	2,486,214
Health and welfare	2,229,440	-	-	2,229,440
Education	2,689,513	-	-	2,689,513
Parks, recreation, and cultural	265,369	-	-	265,369
Community development	333,687	-	-	333,687
Nondepartmental	14,145	-	-	14,145
Debt service:				
Principal retirement	2,381,861	-	-	2,381,861
Interest and other fiscal charges	835,733	-	-	835,733
Total expenditures	\$ 18,485,390	\$ 919,597	\$ 4,100	\$ 19,409,087
Excess (deficiency) of revenues over (under) expenditures	\$ 2,765,741	\$ (918,373)	\$ 3,364	\$ 1,850,732
Other financing sources (uses):				
Issuance of lease	\$ 110,018	\$ -	\$ -	\$ 110,018
Transfers in	30,100	1,138,799	-	1,168,899
Transfers (out)	(1,281,142)	(30,100)	-	(1,311,242)
Total other financing sources (uses)	\$ (1,141,024)	\$ 1,108,699	\$ -	\$ (32,325)
Net change in fund balances	\$ 1,624,717	\$ 190,326	\$ 3,364	\$ 1,818,407
Fund balances at beginning of year	9,959,985	2,071,630	69,151	12,100,766
Fund balances at end of year	\$ 11,584,702	\$ 2,261,956	\$ 72,515	\$ 13,919,173

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2023

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	1,818,407
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 expense. This is the amount by which depreciation exceeded the capital outlays in the current period.		
Capital outlay	\$ 1,336,793	
Depreciation expense	(1,225,385)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	<u>(810,469)</u>	(699,061)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ (17,757)	
Opioid settlement	<u>92,447</u>	74,690
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 the treatment of long-term debt and related items.		
Principal retired on general obligation bonds	\$ 1,676,928	
Principal retired on state literary fund loans	37,000	
Principal retired on equipment purchase agreements	108,209	
Principal retired on VACO/VML direct loan program	305,303	
Principal retired on lease liabilities	92,516	
Issuance of lease	<u>(110,018)</u>	2,109,938
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.		
Change in compensated absences	\$ (4,046)	
Pension expense	61,189	
OPEB expense	21,825	
Amortization of bond premiums	219,479	
Change in landfill closure and post-closure	(1,165)	
Change in accrued interest payable	<u>37,603</u>	<u>334,885</u>
Change in net position of governmental activities	\$	<u><u>3,638,859</u></u>

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

Statement of Net Position - Proprietary Funds
June 30, 2023

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 42,386
Accounts receivable, net	36,152
Total current assets	<u>\$ 78,538</u>
Noncurrent assets:	
Restricted cash and cash equivalents	\$ 157,786
Capital Assets:	
Land	22,458
Equipment, net of depreciation	69,006
Infrastructure, net of depreciation	5,860,647
Buildings and improvements, net of depreciation	266,338
Total noncurrent assets	<u>\$ 6,376,235</u>
Total assets	<u>\$ 6,454,773</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 43,046
OPEB related items	1,317
Total deferred outflows of resources	<u>\$ 44,363</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 8,994
Customer deposits	2,227
Due to other funds	70,000
Long-term obligations, current portion	89,314
Total current liabilities	<u>\$ 170,535</u>
Noncurrent liabilities:	
Long-term obligations, noncurrent portion	<u>\$ 1,720,841</u>
Total liabilities	<u>\$ 1,891,376</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 21,579
OPEB related items	876
Total deferred inflows of resources	<u>\$ 22,455</u>
Net Position	
Net investment in capital assets	\$ 4,474,053
Restricted:	
Debt Service	157,786
Unrestricted assets	(46,534)
Total Net Position	<u><u>\$ 4,585,305</u></u>

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

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

	<u>Water and Sewer Fund</u>
Operating revenues:	
Water	\$ 124,755
Sewer	268,346
Other charges for services	<u>24,018</u>
Total operating revenues	\$ <u>417,119</u>
Operating expenses:	
Salaries	\$ 161,868
Fringe benefits	80,499
Contracted services	46,158
Other operating expenses	168,860
Depreciation	<u>350,255</u>
Total operating expenses	\$ <u>807,640</u>
Operating income (loss)	\$ <u>(390,521)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 7,375
Interest expense	<u>(37,809)</u>
Total nonoperating revenues (expenses)	\$ <u>(30,434)</u>
Net income (loss) before transfers	\$ (420,955)
Transfers in	<u>142,343</u>
Total transfers	\$ <u>142,343</u>
Change in net position	\$ (278,612)
Net position, beginning of year	<u>4,863,917</u>
Net position, end of year	\$ <u><u>4,585,305</u></u>

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

Statement of Cash Flows -
Proprietary Funds
For the Year Ended June 30, 2023

	Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 434,422
Payments for salaries and fringe benefits	(234,011)
Payments for operating activities	(212,416)
Net cash provided by (used for) operating activities	\$ (12,005)
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (93,686)
Purchase of capital assets	(19,998)
Transfer from County for capital projects	142,343
Interest paid on loans	(37,809)
Net cash provided by (used for) capital and related financing activities	\$ (9,150)
Cash flows from investing activities:	
Interest income	\$ 7,375
Net cash provided by (used for) investing activities	\$ 7,375
Increase (decrease) in cash and cash equivalents	\$ (13,780)
Cash and cash equivalents - beginning - (including restricted amounts)	213,952
Cash and cash equivalents - ending - (including restricted amounts)	\$ 200,172
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (390,521)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Depreciation	350,255
Changes in operating assets and liabilities:	
(Increase)/decrease in accounts receivable	17,303
(Increase)/decrease in deferred outflows of resources	17,626
Increase/(decrease) in accounts payable	2,602
Increase/(decrease) in deferred inflows of resources	(53,013)
Increase/(decrease) in net pension liability	39,202
Increase/(decrease) in net OPEB liability	137
Increase/(decrease) in compensated absences	4,404
Net cash provided by (used for) operating activities	\$ (12,005)

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

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,070,528
Prepaid items	<u>4,322</u>
Total assets	<u>\$ 1,074,850</u>
LIABILITIES	
Accrued payroll	\$ <u>53,444</u>
Total liabilities	<u>\$ 53,444</u>
NET POSITION	
Restricted for:	
IndIndividuals, organizations,and other governments	\$ <u>1,021,406</u>
Total net position	<u><u>\$ 1,021,406</u></u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	\$ 26,765
Investment earnings:	
Interest and dividends	12,293
Miscellaneous	15,235
Tuition payments	428,505
Revenue from the Commonwealth	<u>632,472</u>
Total additions	\$ <u>1,115,270</u>
DEDUCTIONS	
Recipient payments	\$ 27,318
Salaries and wages	693,296
Fringe benefits	257,379
Materials and supplies	43,580
Purchased services	44,534
Miscellaneous	69,120
Capital outlay	<u>24,585</u>
Total deductions	\$ <u>1,159,812</u>
Net increase (decrease) in fiduciary net position	(44,542)
Net position, beginning	<u>1,065,948</u>
Net position, ending	<u><u>\$ 1,021,406</u></u>

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

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements As of June 30, 2023

Note 1—Summary of Significant Accounting Policies:

The County of Cumberland, Virginia was formed in 1749 and it is governed by an elected five-member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection; sanitation services; recreational activities; cultural events; education and social services.

The financial statements of the County of Cumberland, Virginia 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. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements—The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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. For the most part, effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and nonexchange transactions, 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 Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets-in the Statement of Activities. 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 is 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules—Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Cumberland, Virginia (the primary government) and its component units. 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 it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units—The County has no blended component units to be included for the fiscal year ended June 30, 2023.

Discretely Presented Component Units

Cumberland County School Board The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report and does not have separate taxing powers. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2023.

Cumberland County Industrial Development Authority The IDA Board members are appointed by the Board of Supervisors and are responsible for the industrial development in the County. The IDA is fiscally dependent on the County. The primary funding is from the General Fund of the County. The IDA does not issue a separate financial report and does not have separate taxing powers. The financial statements of the IDA are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2023.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

C. Other Related Organizations

The County's officials are also responsible for appointing the members of the board of other organizations, but the County's accountability for these organizations do not extend beyond making the appointment.

Included in the County's Annual Financial Report

None

Excluded from the County's Annual Financial Report

Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The board's service area includes the counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, and Nottoway. The Board is governed by a 15 member Board of Directors. One elected official and one consumer appointed by the County Board of Supervisors represents each County. The 15th member rotates between the Counties. Amelia County serves as the fiscal agent for the Board. The County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Piedmont Regional Jail Board

The Board was created in 1986 to develop, construct, operate and maintain the regional jail known as the Piedmont Regional Jail. The Jail's service area includes the counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway, and Prince Edward. The Board is governed by a Board of Directors appointed by the Board of Supervisors of each of the involved counties. The Board of Directors has appointed the Treasurer of the County of Nottoway to serve as fiscal agent. The Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

D. 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. 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. All other revenue items are considered to be measurable and available only when cash is received by the government. 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, and postemployment benefits are recorded only 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 are reported as other financing sources.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

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 primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County Capital Projects Fund is considered a nonmajor fund.

c. 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 other than debt service or capital projects. The only special revenue fund is the Sheriff's Forfeiture Fund, which is considered a nonmajor fund.

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.

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 reports the following major enterprise funds:

The Water and Sewer Fund—This fund is used to account for the water system and the sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

3. Fiduciary Funds (Custodial Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include amounts held for Special Welfare and the Governor's School of Southside Virginia.

E. Budgets and Budgetary Accounting

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 budget includes proposed expenditures and the means of financing them.
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 department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. 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.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and School Fund.
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. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30.
9. Excess of expenditures over appropriations:
Expenditures did not exceed appropriations in any fund at June 30, 2023.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. 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.

Restricted cash consists of reserve accounts established as required by Rural Development bond covenants.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

F. 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.

G. 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.

H. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$170,181 at June 30, 2023 and is comprised of property taxes in the amount of \$148,361 and utility accounts in the amount of \$21,820.

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 due in two installments, the first on June 15th and the second on November 15th. Personal property taxes are payable November 15th. The County bills and collects its own property taxes.

I. 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, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the County and Component Unit School Board 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

I. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible 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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Lease buildings	1-5
Vehicles	5
Lease equipment	1-5
Infrastructure	40
Office and computer equipment	5
Buses	12

J. Leases

The County has various lease assets 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 or leases of assets that are investments.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (leased equipment) with an initial value of \$5,000, individually or in the aggregate, 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 leased equipment 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.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide 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 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

J. Leases (Continued)

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease 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.
- The lease terms include the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease 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 incentives and certain other payments are included in the measurement of the lease receivable (lessor) or lease liability (lessee).

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) 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 represent 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 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, leases, and opioid are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

K. Pensions

For purposes of measuring the net pension liability (asset), 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 and School Board's Retirement Plan and the additions to/deductions from the County's and School Board'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.

L. 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 and Teacher HIC 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.

M. 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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

N. Long-term Obligations

In the government-wide 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. 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 while discounts on debt issuances are reported as other financing uses.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

O. 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”. The 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 prepaids) 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 generally 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.

When fund balance resources are available for a specific purpose in more than one classification, it is the County’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

P. 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Q. 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/amortization 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.

R. Upcoming Pronouncements

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (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 reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods 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 reporting periods beginning after December 15, 2023.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

R. Upcoming Pronouncements (Continued)

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.

Note 2—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 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 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).

Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The County's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 4,928,307
Virginia Investment Pool	4,975,478
Total	\$ 9,903,785

Fair Value Measurements

The County has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Fair Value Measurement
	Balance June 30, 2023
Investments measured at NAV:	
Virginia Investment Pool	\$ 4,975,478
Total investments measured at NAV	\$ 4,975,478
Total investments measured at fair value	\$ 4,975,478

As of June 30, 2023, there were no withdraw limitations association with investments held by the Virginia Investment Pool.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2023, there is no portion of the County's portfolio, excluding the LGIP that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 4,928,307	\$ 4,928,307
Virginia Investment Pool	4,975,478	4,975,478
Total	<u>\$ 9,903,785</u>	<u>\$ 9,903,785</u>

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at June 30, 2023 are comprised of the following:

	<u>Primary Government</u>		<u>Component</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Unit IDA</u>
Debt service reserves	\$ -	\$ 157,786	\$ 103,352
Unexpended bond proceeds	2,282,976	-	-
Total	<u>\$ 2,282,976</u>	<u>\$ 157,786</u>	<u>\$ 103,352</u>

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 3—Due from Other Governmental Units

At June 30, 2023, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 285,401
Local sales taxes	136,872	-
Communication taxes	42,159	-
Public assistance	43,421	-
Comprehensive services	189,524	-
Shared expenses	116,887	-
Rolling stock tax	157	-
Mobile home titling taxes	25,248	-
Rental tax	407	-
E-911 wireless	8,534	-
Payments in lieu of taxes	68,839	-
School resource officer	75,191	-
Victim/witness program	3,992	-
Other	58,949	-
Federal Government:		
School funds	-	614,419
Victim/witness program	9,314	-
Public assistance	71,793	-
Total	<u>\$ 851,287</u>	<u>\$ 899,820</u>

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 4—Interfund Obligations/Due to/From Primary Government/Component Units:**Primary Government:**

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 70,000	\$ -
Water and Sewer	-	70,000
Total	<u>\$ 70,000</u>	<u>\$ 70,000</u>

Details of obligations between the primary government and its component units as of June 30, 2023 are as follows:

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 1,354,533	\$ -
Component Unit-IDA	-	291,316
Component Unit-School Board:		
School Operating	-	1,063,217
Total	<u>\$ 1,354,533</u>	<u>\$ 1,354,533</u>

Note 5—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 30,100	\$ 1,281,142
County Capital Projects	1,138,799	30,100
Water and Sewer	142,343	-
School Operating	-	1,151,820
School Cafeteria	1,151,820	-
Total	<u>\$ 2,463,062</u>	<u>\$ 2,463,062</u>

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 326,594	\$ -	\$ -	\$ 326,594
Construction in progress	-	204,106	-	204,106
Total capital assets not being depreciated	\$ 326,594	\$ 204,106	\$ -	\$ 530,700
Capital assets being depreciated:				
Buildings and improvements	\$ 6,934,347	\$ 560,547	\$ -	\$ 7,494,894
Lease buildings	72,902	-	-	72,902
Equipment	2,605,190	462,122	136,121	2,931,191
Lease equipment	142,790	110,018	-	252,808
Jointly owned assets	27,595,376	-	1,296,992	26,298,384
Total capital assets being depreciated	\$ 37,350,605	\$ 1,132,687	\$ 1,433,113	\$ 37,050,179
Accumulated depreciation:				
Buildings and improvements	\$ 3,811,581	\$ 150,690	\$ -	\$ 3,962,271
Lease buildings	23,644	23,644	-	47,288
Equipment	1,625,966	325,144	136,121	1,814,989
Lease equipment	95,194	68,447	-	163,641
Jointly owned assets	10,351,483	657,460	486,523	10,522,420
Total accumulated depreciation	\$ 15,907,868	\$ 1,225,385	\$ 622,644	\$ 16,510,609
Total capital assets being depreciated, net	\$ 21,442,737	\$ (92,698)	\$ 810,469	\$ 20,539,570
Governmental activities capital assets, net	\$ 21,769,331	\$ 111,408	\$ 810,469	\$ 21,070,270

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

The following is a summary of changes in enterprise capital assets during the year:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Primary Government:				
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 22,458	\$ -	\$ -	\$ 22,458
Capital assets being depreciated:				
Equipment	\$ 300,708	\$ 19,998	\$ -	\$ 320,706
Infrastructure	11,494,836	-	-	11,494,836
Buildings and improvements	1,511,814	-	-	1,511,814
Total capital assets being depreciated	\$ 13,307,358	\$ 19,998	\$ -	\$ 13,327,356
Accumulated depreciation:				
Equipment	\$ 239,380	\$ 12,320	\$ -	\$ 251,700
Infrastructure	5,346,648	287,541	-	5,634,189
Buildings and improvements	1,195,082	50,394	-	1,245,476
Total accumulated depreciation	\$ 6,781,110	\$ 350,255	\$ -	\$ 7,131,365
Total capital assets being depreciated, net	\$ 6,526,248	\$ (330,257)	\$ -	\$ 6,195,991
Business-type activities capital assets, net	<u>\$ 6,548,706</u>	<u>\$ (330,257)</u>	<u>\$ -</u>	<u>\$ 6,218,449</u>

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

Component Unit - School Board:	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 121,421	\$ -	\$ -	\$ 121,421
Total capital assets not being depreciated	\$ 121,421	\$ -	\$ -	\$ 121,421
Capital assets being depreciated:				
Buildings and improvements	\$ 7,218,425	\$ 871,157	\$ -	\$ 8,089,582
Equipment	4,219,226	758,085	-	4,977,311
Lease equipment	70,251	-	-	70,251
Jointly owned assets	13,328,822	-	(1,296,992)	14,625,814
Total capital assets being depreciated	\$ 24,836,724	\$ 1,629,242	\$ (1,296,992)	\$ 27,762,958
Accumulated depreciation:				
Buildings and improvements	\$ 3,980,030	\$ 200,185	\$ -	\$ 4,180,215
Equipment	2,267,892	469,884	-	2,737,776
Lease equipment	23,417	23,417	-	46,834
Jointly owned assets	4,999,862	365,645	(486,523)	5,852,030
Total accumulated depreciation	\$ 11,271,201	\$ 1,059,131	\$ (486,523)	\$ 12,816,855
Total capital assets being depreciated, net	\$ 13,565,523	\$ 570,111	\$ (810,469)	\$ 14,946,103
Governmental activities capital assets, net	\$ 13,686,944	\$ 570,111	\$ (810,469)	\$ 15,067,524

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Capital Assets: (Continued)

Component Unit - Industrial Development Authority:	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 535,846	\$ -	\$ -	\$ 535,846
Construction in progress	146,249	-	-	146,249
Total capital assets not being depreciated	\$ 682,095	\$ -	\$ -	\$ 682,095
Capital assets being depreciated:				
Buildings and improvements	\$ 1,705,691	\$ -	\$ -	\$ 1,705,691
Accumulated depreciation:				
Buildings and improvements	509,500	42,642	-	552,142
Total capital assets being depreciated, net	\$ 1,196,191	\$ (42,642)	\$ -	\$ 1,153,549
Business-type activities capital assets, net	\$ 1,878,286	\$ (42,642)	\$ -	\$ 1,835,644

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

Primary Government:

Governmental activities:

General government administration	\$ 65,871
Judicial administration	87,967
Public safety	374,116
Public works	29,968
Health and welfare	6,939
Education	657,460
Parks, recreation and cultural	1,285
Community development	1,779
Total	\$ 1,225,385

Business-type activities:

Water and Sewer Fund	\$ 350,255
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Component Unit-School Board:

Depreciation expense	\$ 693,486
Depreciation expense - joint tenancy assets	365,645
Total	\$ 1,059,131

Component Unit-Industrial

Development Authority	\$ 42,642
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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Deferred Inflows of Resources:

Deferred/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. Unearned/unavailable revenue is comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 979,915
2nd half assessments due in December 2023	3,590,937	3,590,937
Prepaid property taxes due in December 2023, but paid in advance by the taxpayers.	417,686	417,686
Total deferred inflows of resources	\$ <u>4,008,623</u>	\$ <u>4,988,538</u>

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Issuances / Increases	Retirements / Decreases	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 339,854	\$ 38,031	\$ 33,985	\$ 343,900	\$ 34,390
Landfill closure and post-closure	10,718	1,165	-	11,883	-
Net pension liability	219,613	1,637,362	499,325	1,357,650	-
Net OPEB liability	196,790	123,727	115,930	204,587	-
Lease liabilities	97,208	110,018	92,516	114,710	76,046
Equipment purchase agreements	2,128,209	-	108,209	2,020,000	78,000
Direct borrowings and placements:					
General obligations bonds	16,629,892	-	1,676,928	14,952,964	1,766,612
General obligations bond premiums	1,023,511	-	219,479	804,032	198,301
VACO/VML direct loan program	2,470,228	-	305,303	2,164,925	312,396
State literary fund loans	860,000	-	37,000	823,000	36,000
Total Governmental Activities	\$ 23,976,023	\$ 1,910,303	\$ 3,088,675	\$ 22,797,651	\$ 2,501,745
Business-type Activities:					
Water and Sewer Fund:					
Compensated absences	\$ 10,987	\$ 5,503	\$ 1,099	\$ 15,391	\$ 1,539
Net pension liability	7,565	56,403	17,201	46,767	-
Net OPEB liability	3,464	2,178	2,041	3,601	-
Direct borrowing and placements:					
Revenue bonds	1,838,082	-	93,686	1,744,396	87,775
Total Business-type Activities	\$ 1,860,098	\$ 64,084	\$ 114,027	\$ 1,810,155	\$ 89,314
Total primary government	\$ 25,836,121	\$ 1,974,387	\$ 3,202,702	\$ 24,607,806	\$ 2,591,059

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities										Business-type Activities	
	Direct Borrowings and Direct Placements										Direct Borrowings and Direct Placements	
	General Obligation Bonds		State Literary Fund Loans		Lease Liabilities		Equipment Purchase Agreements		VACO/VML Loan Program		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,766,612	\$ 606,395	\$ 36,000	\$ 25,197	\$ 76,046	\$ 2,767	\$ 78,000	\$ 62,005	\$ 312,396	\$ 48,216	\$ 87,775	\$ 46,314
2025	1,865,584	514,349	36,000	24,070	38,664	353	75,000	59,611	319,654	40,958	90,222	43,603
2026	1,965,548	417,270	35,000	22,959	-	-	73,000	57,295	327,081	33,531	93,636	40,844
2027	2,076,556	314,854	32,000	21,910	-	-	65,000	55,135	334,680	25,932	96,059	37,994
2028	2,343,664	218,930	8,000	21,284	-	-	18,000	53,836	342,455	18,156	99,452	35,092
2029	2,425,000	138,636	6,000	21,065	-	-	16,000	53,304	350,412	10,200	101,929	32,024
2030	2,510,000	50,828	6,000	20,877	-	-	16,000	52,803	178,247	2,059	106,378	28,886
2031	-	-	664,000	10,390	-	-	1,679,000	26,276	-	-	108,836	25,640
2032	-	-	-	-	-	-	-	-	-	-	113,270	22,319
2033	-	-	-	-	-	-	-	-	-	-	115,779	18,825
2034	-	-	-	-	-	-	-	-	-	-	119,266	15,271
2035	-	-	-	-	-	-	-	-	-	-	93,763	12,085
2036	-	-	-	-	-	-	-	-	-	-	35,242	10,311
2037	-	-	-	-	-	-	-	-	-	-	25,786	9,602
2038	-	-	-	-	-	-	-	-	-	-	26,314	9,074
2039	-	-	-	-	-	-	-	-	-	-	26,852	8,536
2040	-	-	-	-	-	-	-	-	-	-	27,380	8,008
2041	-	-	-	-	-	-	-	-	-	-	27,963	7,426
2042	-	-	-	-	-	-	-	-	-	-	28,535	6,853
2043	-	-	-	-	-	-	-	-	-	-	29,119	6,269
2044	-	-	-	-	-	-	-	-	-	-	29,700	5,688
2045	-	-	-	-	-	-	-	-	-	-	30,323	5,065
2046	-	-	-	-	-	-	-	-	-	-	30,943	4,445
2047	-	-	-	-	-	-	-	-	-	-	31,577	3,811
2048	-	-	-	-	-	-	-	-	-	-	32,215	3,173
2049	-	-	-	-	-	-	-	-	-	-	32,882	2,506
2050	-	-	-	-	-	-	-	-	-	-	33,555	1,833
2051	-	-	-	-	-	-	-	-	-	-	34,242	1,146
2052	-	-	-	-	-	-	-	-	-	-	34,942	446
2053	-	-	-	-	-	-	-	-	-	-	461	2,220
Total	\$ 14,952,964	\$ 2,261,262	\$ 823,000	\$ 167,752	\$ 114,710	\$ 3,120	\$ 2,020,000	\$ 420,265	\$ 2,164,925	\$ 179,052	\$ 1,744,396	\$ 455,309

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements As of June 30, 2023 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences (payable from the General Fund)					\$ 343,900	\$ 34,390
Net OPEB liability (payable from the General Fund)					\$ 204,587	\$ -
Net pension liability (payable from the General Fund)					\$ 1,357,650	\$ -
Lease liabilities:						
DSS office space	0.75%	07/01/21	07/31/24	72,902	\$ 25,849	\$ 23,851
Equipment rental for solid waste collection	0.75%	02/01/23	02/01/25	102,125	82,486	48,450
Equipment rental for solid waste collection	0.75%	02/01/23	02/01/25	7,893	6,375	3,745
Total lease liabilities					\$ 114,710	\$ 76,046
Landfill closure and post-closure					\$ 11,883	\$ -
Equipment purchase agreements:						
Radio equipment loan	3.13%	06/24/22	10/01/30	\$ 2,100,000	\$ 2,020,000	\$ 78,000
Total equipment purchase agreements					\$ 2,020,000	\$ 78,000
Total long-term obligations incurred by the County					\$ 4,052,730	\$ 188,436
Direct borrowings and placements:						
General Obligation Bonds:						
VPSA Bond outstanding \$12,990,000 plus unamortized premium of \$804,032.	3.05% through 5.5%	11/01/16	07/25/29	\$ 17,301,562	\$ 12,274,032	\$ 1,308,301
General Obligation Bond outstanding	3.00% through 5.10%	11/08/07	07/25/27	11,620,646	3,482,964	656,612
Total General Obligation Bonds					\$ 15,756,996	\$ 1,964,913
Other Long-Term Debt:						
State Literary Fund Loan	3.13%	06/24/22	10/01/30	860,000	\$ 823,000	\$ 36,000
VACO/VML Direct Loan	3.40%	11/02/09	11/01/29	5,000,000	2,164,925	312,396
Total Other Long-Term Debt					\$ 2,987,925	\$ 348,396
Total Direct Borrowings and Placements					\$ 18,744,921	\$ 2,313,309
Total long-term obligations incurred by the County					\$ 4,082,945	\$ 346,786
Total long-term obligations incurred by School Board, payable from the General Fund					\$ 18,714,706	\$ 2,154,959
Total long-term obligations - governmental activities					\$ 22,797,651	\$ 2,501,745

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Compensated absences (payable from the Enterprise Fund)					\$ 15,391	\$ 1,539
Net OPEB liability (payable from the Enterprise Fund)					\$ 3,601	\$ -
Net pension liability (payable from the Enterprise Fund)					\$ 46,767	\$ -
Direct borrowings and placements:						
Revenue Bonds:						
Series 2022 Sewer Revenue Bonds	3.28%	06/24/22	10/31/35	\$ 1,044,000	\$ 970,000	\$ 68,000
Series 2012 Sewer Revenue Bonds	2.00%	06/01/12	06/01/52	939,000	774,396	19,775
Total Revenue Bonds					\$ 1,744,396	\$ 87,775
Total Direct Borrowings and Placements					\$ 1,744,396	\$ 87,775
Total long-term obligations - business-type activities					\$ 1,810,155	\$ 89,314

Component Units:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2023:

	Balance at July 1, 2022	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2023	Amounts Due Within One Year
School Board:					
Compensated absences	\$ 464,105	\$ 36,065	\$ 46,411	\$ 453,759	\$ 45,376
Lease liability	47,028	-	23,397	23,631	22,631
Net pension liability	7,001,537	6,737,800	5,015,160	8,724,177	-
Net OPEB liabilities	1,729,374	552,136	528,188	1,753,322	-
Direct borrowing and placements:					
Ameresco performance contract	224,589	-	161,905	62,684	62,684
Total School Board	\$ 9,466,633	\$ 7,326,001	\$ 5,775,061	\$ 11,017,573	\$ 130,691
Industrial Development Authority:					
Direct borrowing and placements:					
Rural development loan	\$ 1,731,000	\$ -	\$ 74,000	\$ 1,657,000	\$ 63,000

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

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

Year Ending June 30,	School Board				IDA	
	Direct Borrowings and Direct Placements				Direct Borrowings and Direct Placements	
	Ameresco Performance Contract		Lease Liability		Rural Development Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 62,684	\$ 3,040	\$ 23,631	\$ 129	\$ 63,000	\$ 54,779
2025	-	-	-	-	66,000	52,606
2026	-	-	-	-	68,000	50,348
2027	-	-	-	-	70,000	48,023
2028	-	-	-	-	72,000	45,630
2029	-	-	-	-	75,000	43,153
2030	-	-	-	-	77,000	40,592
2031	-	-	-	-	80,000	37,946
2032	-	-	-	-	83,000	35,200
2033	-	-	-	-	86,000	32,352
2034	-	-	-	-	89,000	29,403
2035	-	-	-	-	92,000	26,353
2036	-	-	-	-	95,000	23,202
2037	-	-	-	-	98,000	19,950
2038	-	-	-	-	101,000	16,597
2039	-	-	-	-	105,000	13,126
2040	-	-	-	-	109,000	9,520
2041	-	-	-	-	112,000	5,796
2042	-	-	-	-	116,000	1,956
Total	\$ 62,684	\$ 3,040	\$ 23,631	\$ 129	\$ 1,657,000	\$ 586,532

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

Details of long-term obligations are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Component Unit Activities	Amount Due Within One Year
<u>Component Unit School Board:</u>						
Compensated absences (payable from the School Fund)					\$ 453,759	\$ 45,376
Net OPEB liability (payable from the School Fund)					\$ 8,724,177	\$ -
<u>Lease liability:</u>						
Vehicle Fleet Management equipment	1.00%	07/01/21	06/30/24	70,251	\$ 23,631	\$ 22,631
Net pension liability (payable from the School Fund)					\$ 1,753,322	\$ -
<u>Direct borrowings and placements:</u>						
<u>Equipment purchase agreement:</u>						
Ameresco	4.85%	06/13/05	06/13/24	\$ 1,621,471	\$ 62,684	\$ 62,684
Total outstanding debt - component unit - School Board					\$ 11,017,573	\$ 130,691
<u>Component Unit IDA:</u>						
<u>Direct borrowings and placements:</u>						
<u>Notes payable:</u>						
Rural Development loan	3.37%	06/24/22	10/01/41	\$ 2,000,000	\$ 1,657,000	\$ 63,000
Total outstanding debt - component unit - IDA					\$ 1,657,000	\$ 63,000

Note 9—Leases Receivable:

The Component Unit - IDA leases a tower and parking spaces to tenants under the following lease contracts. In fiscal year 2023, the Component Unit IDA recognized lease revenue and interest revenue in the amount of \$39,180 and \$4,755, respectively. A description of the leases are as follows:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Tower	7/1/2021	10/1/2041	Monthly	0.98%	\$ 141,477
Parking spaces	7/1/2021	12/1/2024	Monthly	1.17%	25,849
Parking spaces	7/1/2021	7/1/2024	Monthly	1.00%	21,401
Total					\$ 188,727

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of 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. 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.

Plan Description

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 creditable service or age 50 with at least 30 years of creditable service. 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 creditable service. 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 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 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—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, and 1.85% for sheriffs and regional jail superintendents. 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, and 1.85% for sheriffs and regional jail superintendents. 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.

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:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	55	31
Inactive members:		
Vested inactive members	12	7
Non-vested inactive members	22	20
Inactive members active elsewhere in VRS	50	13
Total inactive members	84	40
Active members	78	34
Total covered employees	217	105

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

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 employer contribution rate for the year ended June 30, 2023 was 11.26% 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 \$457,172 and \$338,372 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 0.00% 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 \$0 and \$681 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

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 County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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:

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

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:

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

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

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (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:

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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—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. 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%.

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,

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

Discount Rate (Continued)

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.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 18,263,766	\$ 18,036,588	\$ 227,178
Changes for the year:			
Service cost	\$ 389,896	\$ -	\$ 389,896
Interest	1,235,481	-	1,235,481
Differences between expected and actual experience	36,290	-	36,290
Contributions - employer	-	338,371	(338,371)
Contributions - employee	-	177,736	(177,736)
Net investment income	-	(20,894)	20,894
Benefit payments, including refunds of employee contributions	(700,480)	(700,480)	-
Administrative expenses	-	(11,204)	11,204
Other changes	-	419	(419)
Net changes	\$ 961,187	\$ (216,052)	\$ 1,177,239
Balances at June 30, 2022	\$ 19,224,953	\$ 17,820,536	\$ 1,404,417

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2021	\$ 3,200,362	\$ 4,297,680	\$ (1,097,318)
Changes for the year:			
Service cost	\$ 61,961	\$ -	\$ 61,961
Interest	215,903	-	215,903
Differences between expected and actual experience	(143)	-	(143)
Contributions - employer	-	2,705	(2,705)
Contributions - employee	-	31,195	(31,195)
Net investment income	-	(3,612)	3,612
Benefit payments, including refunds of employee contributions	(127,523)	(127,523)	-
Administrative expenses	-	(2,690)	2,690
Other changes	-	99	(99)
Net changes	\$ 150,198	\$ (99,826)	\$ 250,024
Balances at June 30, 2022	\$ 3,350,560	\$ 4,197,854	\$ (847,294)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) 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		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 4,007,108	\$ 1,404,417	\$ (711,663)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (450,345)	\$ (847,294)	\$ (1,175,455)

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—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 and Component Unit School Board (nonprofessional) recognized pension expense of \$400,701 and (\$75,562), 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 pensions 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	\$ 244,393	\$ 27,842	\$ -	\$ 5,734
Change of assumptions	167,388	-	15,361	-
Net difference between projected and actual earnings on pension plan investments	-	506,942	-	124,267
Change in proportionate share	14,110	14,110	-	-
Employer contributions subsequent to the measurement date	457,172	-	-	-
Total	\$ 883,063	\$ 548,894	\$ 15,361	\$ 130,001

\$457,172 and \$0 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) 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	Component Unit School Board (nonprofessional)
2024	\$	174,050	\$ (38,781)
2025		(199,144)	(50,378)
2026		(344,266)	(83,571)
2027		246,357	58,090
Thereafter		-	-

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried 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 related to 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 political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer 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 division were \$1,437,191 and \$1,361,280 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.

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 \$8,724,177 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 0.09831% as compared to 0.09676% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$393,249. 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.

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—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)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 601,566
Change in assumptions	822,514	-
Net difference between projected and actual earnings on pension plan investments	-	1,137,450
Changes in proportion and differences between employer contributions and proportionate share of contributions	240,128	134,228
Employer contributions subsequent to the measurement date	1,437,191	-
Total	\$ 2,499,833	\$ 1,873,244

\$1,437,191 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 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 as follows:

Year ended June 30	
2024	\$ (308,197)
2025	(328,683)
2026	(720,129)
2027	546,407
2028	-

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—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):

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability (Continued)

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.

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		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 15,582,048	\$ 8,724,177	\$ 3,140,362

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.

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 883,063	\$ 548,894	\$ 1,404,417	\$ 400,701	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	15,361	130,001	(847,294)	(75,562)
School Board Professional	-	-	-	-	2,499,833	1,873,244	8,724,177	393,249
Totals	\$ 883,063	\$ 548,894	\$ 1,404,417	\$ 400,701	\$ 2,515,194	\$ 2,003,245	\$ 7,876,883	\$ 317,687

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 11—Risk Management:

The County is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12—Litigation:

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

Note 13—Surety Bond Information:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Deidre Martin, Clerk of the Circuit Court	\$ 25,000
L.O. Pfeiffer, Jr., Treasurer	300,000
Julie Phillips, Commissioner of the Revenue	3,000
Darrell Hodges, Sheriff	30,000
All Treasurer's office employees - blanket bond	50,000
Chip Jones, Superintendent of Schools	10,000
Clerk of the School Board	10,000
Board of Supervisors	10,000

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—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 Plan 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 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

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. Contributions to the Group Life Insurance Plan from the County were \$22,854 and \$20,309 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$48,375 and \$45,877 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$3,943 and \$3,578 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.

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 \$208,188 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$470,262 and \$36,725, respectively, 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 0.01730% as compared to 0.01720% at June 30, 2020. At June 30, 2022, the Component Unit School Board professional and nonprofessional groups' proportion was 0.04200% and 0.00310%, respectively as compared to 0.04130% and 0.00310%, respectively at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$5,524. For the year ended June 30, 2023, the Component Unit School Board professional group recognized GLI OPEB expense of \$12,148. For the year ended June 30, 2023, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$155). 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—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)

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 School Board (professional)		Component School Board (nonprofessional)	
	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	\$ 16,486	\$ 8,352	\$ 37,239	\$ 18,866	\$ 2,908	\$ 1,473
Net difference between projected and actual earnings on GLI OPEB plan investments	-	13,009	-	29,384	-	2,295
Change in assumptions	7,765	20,278	17,540	45,805	1,370	3,577
Changes in proportionate share	7,361	9,000	13,586	11,022	314	5,386
Employer contributions subsequent to the measurement date	22,854	-	48,375	-	3,943	-
Total	\$ 54,466	\$ 50,639	\$ 116,740	\$ 105,077	\$ 8,535	\$ 12,731

\$22,854, \$48,375 and \$3,943, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's 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 (professional)	Component Unit School Board (nonprofessional)
2024	\$ (4,774)	\$ (11,573)	\$ (1,971)
2025	(4,674)	(7,334)	(1,954)
2026	(11,060)	(20,874)	(2,952)
2027	2,829	5,033	(781)
2028	(1,348)	(1,964)	(481)
Thereafter	-	-	-

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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. 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (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
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan
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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Group Life Insurance (GLI) 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. 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 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 GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
Employers' Net GLI OPEB Liability (Asset)	\$	1,204,096
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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—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 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 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%.

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 302,938	\$ 208,188	\$ 131,617
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	684,286	470,262	297,301
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	53,439	36,725	23,218

GLI Plan Fiduciary Net Position

Detailed information about the GLI 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.

Note 15—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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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.

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	15
Total inactive members	15
Active members	34
Total covered employees	49

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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 School Board’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.41% 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 School Board to the HIC Plan were \$10,202 and \$7,604 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The School Board’s 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.

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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. 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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. 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—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 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 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 98,293	\$ 8,560	\$ 89,733
Changes for the year:			
Service cost	\$ 1,530	\$ -	\$ 1,530
Interest	6,629	-	6,629
Differences between expected and actual experience	(1,830)	-	(1,830)
Assumption changes	13,566	-	13,566
Contributions - employer	-	7,621	(7,621)
Net investment income	-	(96)	96
Benefit payments	(3,222)	(3,222)	-
Administrative expenses	-	(25)	25
Other changes	-	102	(102)
Net changes	\$ 16,673	\$ 4,380	\$ 12,293
Balances at June 30, 2022	\$ 114,966	\$ 12,940	\$ 102,026

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board's 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 Board's				
Net HIC OPEB Liability	\$	112,871	\$ 102,026	\$ 92,660

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 School Board recognized HIC Plan OPEB expense of \$10,350. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,406
Net difference between projected and actual earnings on HIC OPEB plan investments	167	-
Change in assumptions	11,180	-
Employer contributions subsequent to the measurement date	\$ 10,202	\$ -
Total	\$ 21,549	\$ 1,406

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 15—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: (Continued)

\$10,202 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s 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:

<u>Year Ended June 30</u>	
2024	\$ 2,997
2025	2,997
2026	2,910
2027	1,037
2028	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC 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.

Note 16—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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description (Continued)

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 Plan were \$108,943 and \$103,319 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 16—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 Plan OPEB

At June 30, 2023, the school division reported a liability of \$1,144,309 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 0.09812% as compared to 0.09647% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$85,158. 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 OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 46,644
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,148
Change of assumptions	33,431	2,922
Change in proportionate share and difference between actual and expected contributions	30,850	34,432
Employer contributions subsequent to the measurement date	108,943	-
Total	<u>\$ 173,224</u>	<u>\$ 85,146</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 16—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 Plan OPEB (Continued)

\$108,943 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. 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	\$	(9,785)
2025		(9,249)
2026		(4,613)
2027		4,656
2028		(826)
Thereafter		(1,048)

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 Teacher 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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. 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)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability (Continued)

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.

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 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 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 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 16—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 HIC 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	\$ 1,289,650	\$ 1,144,309	\$ 1,021,108

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.

Note 17 - Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17 - Line of Duty Act (LODA) (OPEB Benefits): (Continued)

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2023 was \$12,996.

Note 18—Summary of Other Postemployment Benefit Plans:

Aggregate OPEB Information

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 14):				
County	\$ 54,466	\$ 50,639	\$ 208,188	\$ 5,524
School Board Nonprofessional	8,535	12,731	36,725	(155)
School Board Professional	116,740	105,077	470,262	12,148
Health Insurance Credit Program (Note 15)	21,549	1,406	102,026	10,350
Teacher Health Insurance Credit Program (Note 16)	173,224	85,146	1,144,309	85,158
Totals	<u>\$ 374,514</u>	<u>\$ 254,999</u>	<u>\$ 1,961,510</u>	<u>\$ 113,025</u>

Note 19—Landfill Closure and Post Closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites after closure. The County will also incur the estimated total closure and post closure cost of \$11,883 over the next six years. All amounts recognized are based on what it would cost to perform all closure and post closure care at year-end. Actual cost may be higher due to inflation. If these estimates are inadequate or additional post closure requirements are determined (due to changes in technology or regulations, for example), this cost may need to be covered by charges to future landfill users or taxpayers. The County has 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 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 20—Commitments and Contingencies:

Federal programs in which the County and its component unit 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. Pursuant to the provisions of this circular 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, any future disallowance of current grant program expenditures, if any, would be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 11,152,719	\$ 11,468,527	\$ 11,532,341	\$ 63,814
Other local taxes	1,325,000	1,351,900	1,488,916	137,016
Permits, privilege fees and regulatory licenses	79,400	158,400	180,175	21,775
Fines and forfeitures	70,000	70,000	81,991	11,991
Revenue from use of money and property	38,000	302,000	386,900	84,900
Charges for services	308,160	375,972	428,058	52,086
Miscellaneous	629,857	1,811,504	483,165	(1,328,339)
Intergovernmental:				
Henrico County	1,131,900	1,131,900	1,131,900	-
Commonwealth	4,136,287	4,186,116	3,739,451	(446,665)
Federal	946,944	2,595,473	1,798,234	(797,239)
Total revenues	\$ 19,818,267	\$ 23,451,792	\$ 21,251,131	\$ (2,200,661)
Expenditures:				
Current:				
General government administration	\$ 1,865,980	\$ 2,013,958	\$ 1,964,239	\$ 49,719
Judicial administration	690,906	687,777	652,427	35,350
Public safety	3,931,062	5,865,729	5,085,359	780,370
Public works	1,611,448	2,016,448	2,033,617	(17,169)
Health and welfare	3,036,812	2,998,912	2,229,440	769,472
Education	4,886,481	4,892,381	2,689,513	2,202,868
Parks, recreation, and cultural	195,190	267,500	265,369	2,131
Community development	330,234	343,713	333,687	10,026
Nondepartmental	20,500	20,500	14,145	6,355
Debt service:				
Principal retirement	2,310,803	2,261,136	2,381,861	(120,725)
Interest and other fiscal charges	784,928	834,595	835,733	(1,138)
Total expenditures	\$ 19,664,344	\$ 22,202,649	\$ 18,485,390	\$ 3,717,259
Excess (deficiency) of revenues over (under) expenditures	\$ 153,923	\$ 1,249,143	\$ 2,765,741	\$ 1,516,598
Other financing sources (uses):				
Issuance of lease	\$ -	\$ -	\$ 110,018	\$ 110,018
Transfers in	-	-	30,100	30,100
Transfers (out)	(153,923)	(1,281,142)	(1,281,142)	-
Total other financing sources (uses)	\$ (153,923)	\$ (1,281,142)	\$ (1,141,024)	\$ 140,118
Net change in fund balance	\$ -	\$ (31,999)	\$ 1,624,717	\$ 1,656,716
Fund balance at beginning of year	-	31,999	9,959,985	9,927,986
Fund balance at end of year	\$ -	\$ -	\$ 11,584,702	\$ 11,584,702

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios -
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 389,896	\$ 383,350	\$ 401,805
Interest	1,235,481	1,069,698	1,043,129
Changes of assumptions	-	552,188	-
Differences between expected and actual experience	36,290	731,341	(407,486)
Benefit payments	(700,480)	(640,363)	(647,308)
Net change in total pension liability	\$ 961,187	\$ 2,096,214	\$ 390,140
Total pension liability - beginning	18,263,766	16,167,552	15,777,412
Total pension liability - ending (a)	\$ 19,224,953	\$ 18,263,766	\$ 16,167,552
Plan fiduciary net position			
Contributions - employer	\$ 338,371	\$ 320,646	\$ 267,758
Contributions - employee	177,736	168,545	180,459
Net investment income	(20,894)	3,911,937	272,792
Benefit payments	(700,480)	(640,363)	(647,308)
Administrator charges	(11,204)	(9,618)	(9,198)
Other	419	370	(322)
Net change in plan fiduciary net position	\$ (216,052)	\$ 3,751,517	\$ 64,181
Plan fiduciary net position - beginning	18,036,588	14,285,071	14,220,890
Plan fiduciary net position - ending (b)	\$ 17,820,536	\$ 18,036,588	\$ 14,285,071
County's net pension liability - ending (a) - (b)	\$ 1,404,417	\$ 227,178	\$ 1,882,481
Plan fiduciary net position as a percentage of the total pension liability	92.69%	98.76%	88.36%
Covered payroll	\$ 3,750,402	\$ 3,548,797	\$ 3,387,618
County's net pension liability as a percentage of covered payroll	37.45%	6.40%	55.57%

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.

2019	2018	2017	2016	2015	2014
\$ 369,121	\$ 362,667	\$ 363,229	\$ 367,059	\$ 357,908	\$ 352,993
981,023	933,127	911,967	857,886	795,647	755,446
465,961	-	16,935	-	-	-
201,760	(57,125)	(436,805)	58,650	239,099	-
(510,132)	(598,750)	(507,340)	(514,676)	(492,362)	(575,920)
\$ 1,507,733	\$ 639,919	\$ 347,986	\$ 768,919	\$ 900,292	\$ 532,519
14,269,679	13,629,760	13,281,774	12,512,855	11,612,563	11,080,044
\$ 15,777,412	\$ 14,269,679	\$ 13,629,760	\$ 13,281,774	\$ 12,512,855	\$ 11,612,563
\$ 270,220	\$ 317,501	\$ 305,607	\$ 306,917	\$ 303,955	\$ 341,947
163,250	164,944	166,588	158,417	156,837	152,078
898,241	928,489	1,375,517	196,283	489,630	1,460,970
(510,132)	(598,750)	(507,340)	(514,676)	(492,362)	(575,920)
(8,720)	(7,934)	(7,803)	(6,872)	(6,637)	(7,868)
(568)	(832)	(1,232)	(83)	(103)	77
\$ 812,291	\$ 803,418	\$ 1,331,337	\$ 139,986	\$ 451,320	\$ 1,371,284
13,408,599	12,605,181	11,273,844	11,133,858	10,682,538	9,311,254
\$ 14,220,890	\$ 13,408,599	\$ 12,605,181	\$ 11,273,844	\$ 11,133,858	\$ 10,682,538
\$ 1,556,522	\$ 861,080	\$ 1,024,579	\$ 2,007,930	\$ 1,378,997	\$ 930,025
90.13%	93.97%	92.48%	84.88%	88.98%	91.99%
\$ 3,366,412	\$ 3,386,248	\$ 3,241,811	\$ 3,183,996	\$ 3,132,238	\$ 3,034,140
46.24%	25.43%	31.61%	63.06%	44.03%	30.65%

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) 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
Total pension liability			
Service cost	\$ 61,961	\$ 69,519	\$ 75,126
Interest	215,903	197,712	191,500
Changes of assumptions	-	96,205	-
Differences between expected and actual experience	(143)	(35,454)	(57,234)
Benefit payments	(127,523)	(113,386)	(121,335)
Net change in total pension liability	\$ 150,198	\$ 214,596	\$ 88,057
Total pension liability - beginning	3,200,362	2,985,766	2,897,709
Total pension liability - ending (a)	\$ 3,350,560	\$ 3,200,362	\$ 2,985,766
Plan fiduciary net position			
Contributions - employer	\$ 2,705	\$ 2,636	\$ 7,657
Contributions - employee	31,195	30,725	34,392
Net investment income	(3,612)	937,875	64,734
Benefit payments	(127,523)	(113,386)	(121,335)
Administrator charges	(2,690)	(2,349)	(2,278)
Other	99	88	(78)
Net change in plan fiduciary net position	\$ (99,826)	\$ 855,589	\$ (16,908)
Plan fiduciary net position - beginning	4,297,680	3,442,091	3,458,999
Plan fiduciary net position - ending (b)	\$ 4,197,854	\$ 4,297,680	\$ 3,442,091
School Division's net pension liability (asset) - ending (a) - (b)	\$ (847,294)	\$ (1,097,318)	\$ (456,325)
Plan fiduciary net position as a percentage of the total pension liability	125.29%	134.29%	115.28%
Covered payroll	\$ 655,523	\$ 648,279	\$ 717,411
School Division's net pension liability (asset) as a percentage of covered payroll	-129.25%	-169.27%	-63.61%

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.

2019	2018	2017	2016	2015	2014
\$ 70,391	\$ 68,704	\$ 74,760	\$ 75,961	\$ 80,101	\$ 82,791
190,940	181,168	172,661	169,820	159,638	150,317
78,663	-	(11,480)	-	-	-
(109,281)	530	(18,587)	(109,876)	5,173	-
(121,444)	(100,141)	(91,510)	(99,132)	(99,786)	(100,104)
\$ 109,269	\$ 150,261	\$ 125,844	\$ 36,773	\$ 145,126	\$ 133,004
2,788,440	2,638,179	2,512,335	2,475,562	2,330,436	2,197,432
\$ 2,897,709	\$ 2,788,440	\$ 2,638,179	\$ 2,512,335	\$ 2,475,562	\$ 2,330,436
\$ 7,572	\$ 17,078	\$ 17,630	\$ 38,186	\$ 38,806	\$ 38,406
32,738	33,113	33,609	33,819	34,418	34,781
219,878	231,556	345,385	49,420	124,689	374,177
(121,444)	(100,141)	(91,510)	(99,132)	(99,786)	(100,104)
(2,207)	(2,001)	(1,994)	(1,754)	(1,709)	(2,023)
(138)	(206)	(307)	(21)	(25)	19
\$ 136,399	\$ 179,399	\$ 302,813	\$ 20,518	\$ 96,393	\$ 345,256
3,322,600	3,143,201	2,840,388	2,819,870	2,723,477	2,378,221
\$ 3,458,999	\$ 3,322,600	\$ 3,143,201	\$ 2,840,388	\$ 2,819,870	\$ 2,723,477
\$ (561,290)	\$ (534,160)	\$ (505,022)	\$ (328,053)	\$ (344,308)	\$ (393,041)
119.37%	119.16%	119.14%	113.06%	113.91%	116.87%
\$ 676,392	\$ 683,891	\$ 690,599	\$ 693,284	\$ 696,646	\$ 695,620
-82.98%	-78.11%	-73.13%	-47.32%	-49.42%	-56.50%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.09831%	\$ 8,724,177	\$ 8,495,741	102.69%	82.61%
2021	0.09676%	7,001,537	7,926,296	88.33%	85.46%
2020	0.09730%	13,196,905	7,899,423	167.06%	71.47%
2019	0.09530%	11,547,440	7,493,922	154.09%	73.51%
2018	0.09593%	10,456,093	7,082,218	147.64%	74.81%
2017	0.10205%	11,632,195	7,514,491	154.80%	72.92%
2016	10.21000%	13,267,119	7,834,253	169.35%	68.28%
2015	0.10414%	12,299,670	7,538,428	163.16%	70.68%
2014	0.09699%	11,721,000	7,075,901	165.65%	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.

Schedule of Employer Contributions -
Pension Plans

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 457,172	\$ 457,172	\$ -	\$ 4,225,917	10.82%
2022	338,372	338,372	-	3,750,402	9.02%
2021	320,646	320,646	-	3,548,797	9.04%
2020	269,354	269,354	-	3,387,618	7.95%
2019	270,178	270,178	-	3,366,412	8.03%
2018	317,500	317,500	-	3,386,248	9.38%
2017	305,607	305,607	-	3,241,811	9.43%
2016	310,440	310,440	-	3,183,996	9.75%
2015	305,393	305,393	-	3,132,238	9.75%
2014	342,251	342,251	-	3,034,140	11.28%
Component Unit School Board (nonprofessional)					
2023	\$ -	\$ -	\$ -	\$ 723,554	0.00%
2022	681	681	-	655,523	0.10%
2021	351	351	-	648,279	0.05%
2020	6,993	6,993	-	717,411	0.97%
2019	7,231	7,231	-	676,392	1.07%
2018	17,079	17,079	-	683,891	2.50%
2017	17,630	17,630	-	690,599	2.55%
2016	39,032	39,032	-	693,284	5.63%
2015	39,221	39,221	-	696,646	5.63%
2014	42,781	42,781	-	695,620	6.15%
Component Unit School Board (professional)					
2023	\$ 1,437,191	\$ 1,437,191	\$ -	\$ 8,958,333	16.04%
2022	1,361,280	1,361,280	-	8,495,741	16.02%
2021	1,275,993	1,275,993	-	7,926,296	16.10%
2020	1,190,332	1,190,332	-	7,899,423	15.07%
2019	1,124,004	1,124,004	-	7,493,922	15.00%
2018	1,155,818	1,155,818	-	7,082,218	16.32%
2017	1,101,624	1,101,624	-	7,514,491	14.66%
2016	1,101,496	1,101,496	-	7,834,253	14.06%
2015	1,093,072	1,093,072	-	7,538,428	14.50%
2014	825,062	825,062	-	7,075,901	11.66%

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

Notes to Required Supplementary Information -
Pension Plans
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 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

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

Schedule of County'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	0.01730% \$	208,188 \$	3,760,964	5.54%	67.21%
2021	0.01720%	200,254	3,551,494	5.64%	67.45%
2020	0.01656%	276,359	3,408,087	8.11%	52.64%
2019	0.01738%	282,818	3,406,576	8.30%	52.00%
2018	0.01781%	271,000	3,386,248	8.00%	51.22%
2017	0.01773%	267,000	3,241,811	8.24%	48.86%
Component Unit School Board (nonprofessional):					
2022	0.00310% \$	36,725 \$	662,536	5.54%	67.21%
2021	0.00310%	36,558	648,279	5.64%	67.45%
2020	0.00350%	58,242	717,411	8.12%	52.64%
2019	0.00345%	56,140	676,392	8.30%	52.00%
2018	0.00360%	55,000	683,891	8.04%	51.22%
2017	0.00374%	56,000	690,599	8.11%	48.86%
Component Unit School Board (professional):					
2022	0.04200% \$	470,262 \$	8,495,741	5.54%	67.21%
2021	0.04130%	446,921	7,926,296	5.64%	67.45%
2020	0.04140%	642,619	7,899,423	8.14%	52.64%
2019	0.04081%	615,011	7,454,473	8.25%	52.00%
2018	0.04069%	575,791	7,082,218	8.13%	51.22%
2017	0.04364%	612,127	7,514,491	8.15%	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.

Schedule of Employer Contributions -
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2023	\$ 22,854	\$ 22,854	\$ -	\$ 4,232,261	0.54%
2022	20,309	20,309	-	3,760,964	0.54%
2021	19,178	19,178	-	3,551,494	0.54%
2020	17,722	17,722	-	3,408,087	0.52%
2019	17,714	17,714	-	3,406,576	0.52%
2018	17,608	17,608	-	3,386,248	0.52%
2017	17,003	17,003	-	3,241,811	0.52%
Component Unit School Board (nonprofessional):					
2023	\$ 3,943	\$ 3,943	\$ -	\$ 730,227	0.54%
2022	3,578	3,578	-	662,536	0.54%
2021	3,501	3,501	-	648,279	0.54%
2020	3,731	3,731	-	717,411	0.52%
2019	3,517	3,517	-	676,392	0.52%
2018	3,556	3,556	-	683,891	0.52%
2017	3,591	3,591	-	690,599	0.52%
Component Unit School Board (professional):					
2023	\$ 48,375	\$ 48,375	\$ -	\$ 8,958,333	0.54%
2022	45,877	45,877	-	8,495,741	0.54%
2021	42,802	42,802	-	7,926,296	0.54%
2020	41,077	41,077	-	7,899,423	0.52%
2019	38,736	38,736	-	7,454,473	0.52%
2018	38,265	38,265	-	7,082,218	0.54%
2017	38,200	38,200	-	7,514,491	0.51%

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

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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Measurement Date of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 1,530	\$ 1,623	\$ -
Interest	6,629	6,029	-
Changes in benefit terms	-	-	89,327
Differences between expected and actual experience	(1,830)	-	-
Changes of assumptions	13,566	1,314	-
Benefit payments	(3,222)	-	-
Net change in total HIC OPEB liability	\$ 16,673	\$ 8,966	\$ 89,327
Total HIC OPEB Liability - beginning	98,293	89,327	-
Total HIC OPEB Liability - ending (a)	\$ 114,966	\$ 98,293	\$ 89,327
Plan fiduciary net position			
Contributions - employer	\$ 7,621	\$ 7,520	\$ -
Net investment income	(96)	1,074	-
Benefit payments	(3,222)	-	-
Administrator charges	(25)	(34)	-
Other	102	-	-
Net change in plan fiduciary net position	\$ 4,380	\$ 8,560	\$ -
Plan fiduciary net position - beginning	8,560	-	-
Plan fiduciary net position - ending (b)	\$ 12,940	\$ 8,560	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 102,026	\$ 89,733	\$ 89,327
Plan fiduciary net position as a percentage of the total HIC OPEB liability	11.26%	8.71%	0.00%
Covered payroll	\$ 655,523	\$ 648,279	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	15.56%	13.84%	0.00%

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.

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

Component Unit School Board (nonprofessional)

For the Years Ended June 30, 2021 through June 30, 2023

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2023	\$ 10,202	\$ 10,202	\$ -	\$ 723,554		1.41%
2022	7,604	7,604	-	655,523		1.16%
2021	7,520	7,520	-	648,279		1.16%

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Component Unit School Board (nonprofessional)
 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:

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

Schedule of County 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	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
				Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.09812% \$	1,144,309 \$	8,538,760	13.40%	15.08%
2021	0.09647%	1,156,162	7,966,364	14.51%	13.15%
2020	0.09730%	1,185,140	7,854,333	15.09%	9.95%
2019	0.09539%	1,149,847	7,405,667	15.53%	8.97%
2018	0.09568%	1,124,604	7,082,218	15.88%	8.08%
2017	0.10200%	1,197,726	7,514,491	15.94%	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.

Schedule of Employer Contributions -
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2017 through June 30, 2023

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2023	\$ 108,943	\$ 108,943	\$ -	\$ 9,003,554	1.21%
2022	103,319	103,319	-	8,538,760	1.21%
2021	96,393	96,393	-	7,966,364	1.21%
2020	94,252	94,252	-	7,854,333	1.20%
2019	88,858	88,858	-	7,405,667	1.20%
2018	88,661	88,661	-	7,082,218	1.25%
2017	82,378	82,378	-	7,514,491	1.10%

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

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

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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Combining Statement of Net Position - Proprietary Funds
June 30, 2023

	Water	Sewer	Water and Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,985	\$ 26,401	\$ 42,386
Accounts receivable, net	11,473	24,679	36,152
Total current assets	\$ 27,458	\$ 51,080	\$ 78,538
Noncurrent assets:			
Restricted cash and cash equivalents	\$ 20,090	\$ 137,696	\$ 157,786
Capital Assets:			
Land	-	22,458	22,458
Equipment, net of depreciation	-	69,006	69,006
Infrastructure, net of depreciation	3,751,680	2,108,967	5,860,647
Buildings and improvements, net of depreciation	-	266,338	266,338
Total noncurrent assets	\$ 3,771,770	\$ 2,604,465	\$ 6,376,235
Total assets	\$ 3,799,228	\$ 2,655,545	\$ 6,454,773
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 23,714	\$ 19,332	\$ 43,046
OPEB related items	726	591	1,317
Total deferred outflows of resources	\$ 24,440	\$ 19,923	\$ 44,363
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,743	\$ 7,251	\$ 8,994
Customer deposits	1,113	1,114	2,227
Due to other funds	35,000	35,000	70,000
Long-term obligations, current portion	848	88,466	89,314
Total current liabilities	\$ 38,704	\$ 131,831	\$ 170,535
Noncurrent liabilities:			
Long-term obligations, noncurrent portion	\$ 35,378	\$ 1,685,463	\$ 1,720,841
Total liabilities	\$ 74,082	\$ 1,817,294	\$ 1,891,376
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 11,888	\$ 9,691	\$ 21,579
OPEB related items	483	393	876
Total deferred inflows of resources	\$ 12,371	\$ 10,084	\$ 22,455
Net Position			
Net investment in capital assets	\$ 3,751,680	\$ 722,373	\$ 4,474,053
Restricted:			
Debt Service	20,090	137,696	157,786
Unrestricted assets	(34,555)	(11,979)	(46,534)
Total Net Position	\$ 3,737,215	\$ 848,090	\$ 4,585,305

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

Combining Statement of Revenues, Expenses and Changes in Net Position -
 Proprietary Funds
 For the Year Ended June 30, 2023

	Water	Sewer	Water and Sewer Fund
Operating revenues:			
Water	\$ 124,755	\$ -	\$ 124,755
Sewer	-	268,346	268,346
Other charges for services	9,076	14,942	24,018
Total operating revenues	\$ 133,831	\$ 283,288	\$ 417,119
Operating expenses:			
Salaries	\$ 89,172	\$ 72,696	\$ 161,868
Fringe benefits	66,178	14,321	80,499
Contracted services	25,952	20,206	46,158
Other operating expenses	52,447	116,413	168,860
Depreciation	146,651	203,604	350,255
Total operating expenses	\$ 380,400	\$ 427,240	\$ 807,640
Operating income (loss)	\$ (246,569)	\$ (143,952)	\$ (390,521)
Nonoperating revenues (expenses):			
Interest income	\$ 1,955	\$ 5,420	\$ 7,375
Interest expense	(15,702)	(22,107)	(37,809)
Total nonoperating revenues (expenses)	\$ (13,747)	\$ (16,687)	\$ (30,434)
Net income (loss) before transfers	\$ (260,316)	\$ (160,639)	\$ (420,955)
Transfers in	78,416	63,927	142,343
Total transfers	\$ 78,416	\$ 63,927	\$ 142,343
Change in net position	\$ (181,900)	\$ (96,712)	\$ (278,612)
Net position, beginning of year	3,919,115	944,802	4,863,917
Net position, end of year	\$ 3,737,215	\$ 848,090	\$ 4,585,305

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

Combining Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	Custodial Funds		
	Special Welfare Fund	The Governor's School of Southside Virginia	Total
ASSETS			
Cash and cash equivalents	\$ 33,465	\$ 1,037,063	\$ 1,070,528
Prepaid items	-	4,322	4,322
Total assets	\$ 33,465	\$ 1,041,385	\$ 1,074,850
LIABILITIES			
Accrued payroll	\$ -	\$ 53,444	\$ 53,444
Total liabilities	\$ -	\$ 53,444	\$ 53,444
NET POSITION			
Restricted for:			
IndIndividuals, organizations,and other governments	\$ 33,465	\$ 987,941	\$ 1,021,406
Total net position	\$ 33,465	\$ 987,941	\$ 1,021,406

Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	Custodial Funds		
	Special Welfare Fund	The Governor's School of Southside Virginia	Total
ADDITIONS			
Contributions	\$ 26,765	\$ -	\$ 26,765
Investment earnings:			
Interest and dividends	-	12,293	12,293
Miscellaneous	-	15,235	15,235
Tuition payments	-	428,505	428,505
Revenue from the Commonwealth	-	632,472	632,472
Total additions	\$ 26,765	\$ 1,088,505	\$ 1,115,270
DEDUCTIONS			
Recipient payments	\$ 27,318	\$ -	\$ 27,318
Salaries and wages	-	693,296	693,296
Fringe benefits	-	257,379	257,379
Materials and supplies	-	43,580	43,580
Purchased services	-	44,534	44,534
Miscellaneous	-	69,120	69,120
Capital outlay	-	24,585	24,585
Total deductions	\$ 27,318	\$ 1,132,494	\$ 1,159,812
Net increase (decrease) in fiduciary net position	(553)	(43,989)	(44,542)
Net position, beginning	34,018	1,031,930	1,065,948
Net position, ending	\$ 33,465	\$ 987,941	\$ 1,021,406

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet -
Discretely Presented Component Unit - School Board
June 30, 2023

	School Operating	School Cafeteria	School Activity Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,229,433	\$ 450,867	\$ 263,672	\$ 1,943,972
Prepaid items	43,516	-	-	43,516
Due from other funds	-	14,646	-	14,646
Due from other governmental units	899,820	-	-	899,820
Total assets	<u>\$ 2,172,769</u>	<u>\$ 465,513</u>	<u>\$ 263,672</u>	<u>\$ 2,901,954</u>
LIABILITIES				
Accounts payable	\$ 107,720	\$ -	\$ -	\$ 107,720
Accrued liabilities	739,805	20,512	-	760,317
Unearned revenue	203,865	-	-	203,865
Due to other funds	14,646	-	-	14,646
Due to primary government	1,063,217	-	-	1,063,217
Total liabilities	<u>\$ 2,129,253</u>	<u>\$ 20,512</u>	<u>\$ -</u>	<u>\$ 2,149,765</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 43,516	\$ -	\$ -	\$ 43,516
Restricted:				
Special Revenue	-	445,001	263,672	708,673
Total fund balances	<u>\$ 43,516</u>	<u>\$ 445,001</u>	<u>\$ 263,672</u>	<u>\$ 752,189</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above			\$	752,189
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost			\$ 27,884,379	
Accumulated depreciation			<u>(12,816,855)</u>	15,067,524
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds:				
Net pension asset				847,294
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 2,515,194	
OPEB related items			<u>320,048</u>	2,835,242
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$ (453,759)	
Ameresco performance contract			(62,684)	
Lease liability			(23,631)	
Net pension liability			(8,724,177)	
Net OPEB liabilities			<u>(1,753,322)</u>	(11,017,573)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$ (2,003,245)	
OPEB related items			<u>(204,360)</u>	(2,207,605)
Net position of General Government Activities			\$	<u>6,277,071</u>

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

	School Operating	School Cafeteria	School Activity Funds	Total
Revenues:				
Charges for services	\$ -	\$ 69,654	\$ -	\$ 69,654
Miscellaneous	435,362	-	395,603	830,965
Intergovernmental:				
County contribution to School Board	2,678,891	-	-	2,678,891
Commonwealth	14,916,600	-	-	14,916,600
Federal	4,302,719	-	-	4,302,719
Total revenues	\$ 22,333,572	\$ 69,654	\$ 395,603	\$ 22,798,829
Expenditures:				
Education	\$ 21,143,945	\$ 1,132,837	\$ 283,681	\$ 22,560,463
Debt service:				
Principal retirement	23,397	-	-	23,397
Interest and other fiscal charges	363	-	-	363
Total expenditures	\$ 21,167,705	\$ 1,132,837	\$ 283,681	\$ 22,584,223
Excess (deficiency) of revenues over (under) expenditures	\$ 1,165,867	\$ (1,063,183)	\$ 111,922	\$ 214,606
Other financing sources (uses):				
Transfers in	\$ -	\$ 1,151,820	\$ -	\$ 1,151,820
Transfers (out)	(1,151,820)	-	-	(1,151,820)
Total other financing sources (uses)	\$ (1,151,820)	\$ 1,151,820	\$ -	\$ -
Net change in fund balances	\$ 14,047	\$ 88,637	\$ 111,922	\$ 214,606
Fund balance at beginning of year	29,469	356,364	151,750	537,583
Fund balance at end of year	\$ 43,516	\$ 445,001	\$ 263,672	\$ 752,189

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities -
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

		<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	214,606
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 expense. This is the amount by which the capital outlays exceeds depreciation expense in the current period.		
Capital outlay	\$ 1,629,242	
Depreciation expense	(1,059,131)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	<u>810,469</u>	1,380,580
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal retired on Ameresco performance contract		161,905
Principal retired on lease liability		23,397
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds		434,895
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.		
Pension expense	\$ 1,118,701	
OPEB expense	87,803	
Change in compensated absences	<u>10,346</u>	1,216,850
Change in net position of governmental activities	\$	<u><u>3,432,233</u></u>

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

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Miscellaneous	\$ 140,568	\$ 423,516	\$ 435,362	\$ 11,846
Intergovernmental:				
County contribution to School Board	4,881,738	4,881,738	2,678,891	(2,202,847)
Commonwealth	14,751,874	14,913,370	14,916,600	3,230
Federal	3,333,201	3,745,495	4,302,719	557,224
Total revenues	\$ 23,107,381	\$ 23,964,119	\$ 22,333,572	\$ (1,630,547)
Expenditures:				
Education	\$ 22,162,520	\$ 23,019,258	\$ 21,143,945	\$ 1,875,313
Debt service:				
Principal retirement	-	-	23,397	(23,397)
Interest and other fiscal charges	-	-	363	(363)
Total expenditures	\$ 22,162,520	\$ 23,019,258	\$ 21,167,705	\$ 1,851,553
Excess (deficiency) of revenues over (under) expenditures	\$ 944,861	\$ 944,861	\$ 1,165,867	\$ 221,006
Other financing sources (uses):				
Transfers (out)	(944,861)	(944,861)	(1,151,820)	(206,959)
Net change in fund balance	\$ -	\$ -	\$ 14,047	\$ -
Fund balance at beginning of year	-	-	29,469	-
Fund balance at end of year	\$ -	\$ -	\$ 43,516	\$ -

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2023

	Discretely Presented Component Unit - IDA
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,252
Lease interest receivable	372
Lease receivable, current portion	42,104
Inventory held for resale	<u>804,005</u>
Total current assets	\$ <u>847,733</u>
Noncurrent assets:	
Restricted assets	\$ 103,352
Lease receivable, net of current portion	146,623
Capital Assets:	
Land	535,846
Construction in progress	146,249
Buildings and improvements, net of depreciation	<u>1,153,549</u>
Total noncurrent assets	\$ <u>2,085,619</u>
Total Assets	\$ <u><u>2,933,352</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,252
Due to primary government	291,316
Long-term obligations, current portion	<u>63,000</u>
Total current liabilities	\$ <u>355,568</u>
Noncurrent liabilities:	
Long-term obligations, noncurrent portion	\$ <u>1,594,000</u>
Total Liabilities	\$ <u>1,949,568</u>
DEFERRED INFLOWS OF RESOURCES	
Lease deferrals	\$ <u>181,319</u>
Total Deferred Inflows of Resources	\$ <u>181,319</u>
NET POSITION	
Net investment in capital assets	\$ 178,644
Unrestricted assets	<u>623,821</u>
Total Net Position	\$ <u>802,465</u>
Total Liabilities and Net Position	\$ <u><u>2,933,352</u></u>

Statement of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2023

	<u>Discretely Presented Component Unit - IDA</u>
Operating revenues:	
Lease revenue	\$ 47,098
Total operating revenues	\$ 47,098
Operating expenses:	
Depreciation	\$ 42,642
Other operating expenses	46,261
Total operating expenses	\$ 88,903
Operating income (loss)	\$ (41,805)
Nonoperating revenues (expenses):	
Interest income	\$ 4,854
Interest expense	(43,638)
State grant	4,000
Contribution from County of Cumberland	112,163
Total nonoperating revenues (expenses)	\$ 77,379
Increase (decrease) in net position	\$ 35,574
Net position, beginning of year	766,891
Net position, end of year	\$ 802,465

Statement of Cash Flows -
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2023

	<u>Discretely Presented Component Unit - IDA</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 43,633
Payments for operating activities	<u>(45,620)</u>
Net cash provided by (used for) operating activities	\$ <u>(1,987)</u>
Cash flows from noncapital financing activities:	
Contribution from County of Cumberland	\$ 112,163
State grant	<u>4,000</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>116,163</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (74,000)
Interest paid on loans	<u>(43,638)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(117,638)</u>
Cash flows from investing activities:	
Interest income	\$ <u>4,854</u>
Net cash provided by (used for) investing activities	\$ <u>4,854</u>
Increase (decrease) in cash and cash equivalents	\$ 1,392
Cash and cash equivalents at beginning of year	<u>103,212</u>
Cash and cash equivalents at end of year	\$ <u><u>104,604</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (41,805)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Depreciation	42,642
Changes in operating assets and liabilities:	
(Increase) decrease in lease interest receivable	(154)
(Increase) decrease in leases receivable	70,371
Increase (decrease) in deferred inflows of resources	(73,682)
Increase (decrease) in accounts payable	<u>641</u>
Net cash provided by (used for) operating activities	\$ <u><u>(1,987)</u></u>

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SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,889,007	\$ 7,064,815	\$ 7,096,848	\$ 32,033
Real and personal public service corporation property taxes	950,000	950,000	808,771	(141,229)
Personal property taxes	2,779,410	2,919,410	3,026,937	107,527
Mobile homes	31,000	31,000	31,771	771
Airplane taxes	3,302	3,302	9,720	6,418
Machinery and tools taxes	210,000	210,000	220,245	10,245
Penalties	110,000	110,000	153,860	43,860
Interest	180,000	180,000	184,189	4,189
Total general property taxes	\$ 11,152,719	\$ 11,468,527	\$ 11,532,341	\$ 63,814
Other local taxes:				
Local sales and use taxes	\$ 700,000	\$ 726,900	\$ 798,760	\$ 71,860
Consumers' utility taxes	162,000	162,000	182,287	20,287
Business license taxes	109,000	109,000	115,018	6,018
Bank franchise tax	14,000	14,000	18,033	4,033
Motor vehicle licenses	238,000	238,000	250,577	12,577
Tax on deeds	20,000	20,000	28,858	8,858
Taxes on recordation and wills	82,000	82,000	95,383	13,383
Total other local taxes	\$ 1,325,000	\$ 1,351,900	\$ 1,488,916	\$ 137,016
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 3,402	\$ (2,598)
Building and related permits	65,500	144,500	171,975	27,475
Transfer fees	400	400	483	83
Land use and other general government fees	5,000	5,000	1,920	(3,080)
Zoning and other fees	2,500	2,500	2,395	(105)
Total permits, privilege fees and regulatory licenses	\$ 79,400	\$ 158,400	\$ 180,175	\$ 21,775
Fines and Forfeitures:				
Court fines and forfeitures	\$ 70,000	\$ 70,000	\$ 81,991	\$ 11,991
Total fines and forfeitures	\$ 70,000	\$ 70,000	\$ 81,991	\$ 11,991
Revenue from use of money and property:				
Revenue from use of money	\$ 18,000	\$ 264,000	\$ 345,062	\$ 81,062
Revenue from use of property	20,000	38,000	41,838	3,838
Total revenue from use of money and property	\$ 38,000	\$ 302,000	\$ 386,900	\$ 84,900

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's and other public safety fees	\$ 56,360	\$ 56,360	\$ 17,612	\$ (38,748)
Law library fees	1,400	1,400	1,482	82
DNA analysis fees	100	100	153	53
Courthouse maintenance fees	3,500	3,500	4,387	887
Jail admission fee	800	800	1,033	233
Courthouse security	20,000	20,000	37,818	17,818
Document reproduction fees	3,000	3,000	4,341	1,341
Court appointed attorney	200	200	120	(80)
Court clerks	1,000	1,000	1,238	238
Commonwealth attorney fees	500	500	863	363
Ambulance and rescue service fees	200,000	238,600	281,423	42,823
Sanitation and waste removal fees	500	500	1,917	1,417
Recreation fees	18,800	48,012	61,021	13,009
Planning and community development	2,000	2,000	14,650	12,650
Total charges for services	\$ 308,160	\$ 375,972	\$ 428,058	\$ 52,086
Miscellaneous:				
Miscellaneous	\$ 629,857	\$ 1,811,504	\$ 483,165	\$ (1,328,339)
Total miscellaneous	\$ 629,857	\$ 1,811,504	\$ 483,165	\$ (1,328,339)
Total revenue from local sources	\$ 13,603,136	\$ 15,538,303	\$ 14,581,546	\$ (956,757)
Intergovernmental:				
Local government:				
Henrico County - reservoir operation	\$ 1,131,900	\$ 1,131,900	\$ 1,131,900	\$ -
Total local government	\$ 1,131,900	\$ 1,131,900	\$ 1,131,900	\$ -
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 40,000	\$ 62,000	\$ 68,839	\$ 6,839
Noncategorical aid:				
Rental tax	\$ 5,000	\$ 5,000	\$ 2,321	\$ (2,679)
Mobile home titling taxes	30,000	30,000	71,385	41,385
Communication taxes	270,000	270,000	265,513	(4,487)
Rolling stock tax	-	-	157	157
Animal friendly plates	-	-	300	300
PPTRA	871,735	871,735	871,736	1
Total noncategorical aid	\$ 1,176,735	\$ 1,176,735	\$ 1,211,412	\$ 34,677

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 167,302	\$ 167,302	\$ 185,104	\$ 17,802
Sheriff	769,508	769,508	745,235	(24,273)
Commissioner of the Revenue	123,847	123,847	116,862	(6,985)
Treasurer	106,580	106,580	106,367	(213)
Registrar/electoral board	36,910	36,910	58,109	21,199
Clerk of the Circuit Court	233,524	233,524	237,995	4,471
DMV	36,000	36,000	41,441	5,441
Total shared expenses	\$ 1,473,671	\$ 1,473,671	\$ 1,491,113	\$ 17,442
Other categorical aid:				
Litter control	\$ 5,000	\$ 5,000	\$ 11,000	\$ 6,000
Fire programs grant	37,000	37,000	36,727	(273)
Victim/witness program	-	-	7,086	7,086
E-911 wireless	45,150	45,150	47,815	2,665
Records preservant grant - courts	26,688	26,688	55,529	28,841
Emergency management grant	11,653	11,653	-	(11,653)
Peer to peer vehicle sharing	500	500	102	(398)
Emergency medical services	-	12,119	12,119	-
School resource officer grant	61,333	61,333	115,174	53,841
REPP grant	-	710	2,100	1,390
Tourism grant	-	15,000	15,000	-
Comprehensive Services Act	575,000	575,000	228,677	(346,323)
Public assistance and welfare	683,557	683,557	436,758	(246,799)
Total other categorical aid	\$ 1,445,881	\$ 1,473,710	\$ 968,087	\$ (505,623)
Total categorical aid	\$ 2,919,552	\$ 2,947,381	\$ 2,459,200	\$ (488,181)
Total revenue from the Commonwealth	\$ 4,136,287	\$ 4,186,116	\$ 3,739,451	\$ (446,665)
Revenue from the Federal Government:				
Categorical aid:				
Public assistance and welfare	\$ 921,944	\$ 921,944	\$ 803,989	\$ (117,955)
Victim/witness program	-	-	47,622	47,622
Comprehensive Services Act - SSBG	-	-	17,494	17,494
Law enforcement block grant	-	4,139	4,139	-
Social services cost allocation reimbursement	25,000	25,000	37,611	12,611
American Rescue Plan Act	-	1,644,390	887,379	(757,011)
Total categorical aid	\$ 946,944	\$ 2,595,473	\$ 1,798,234	\$ (797,239)
Total revenue from the Federal Government	\$ 946,944	\$ 2,595,473	\$ 1,798,234	\$ (797,239)
Total General Fund	\$ 19,818,267	\$ 23,451,792	\$ 21,251,131	\$ (2,200,661)

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,224	\$ 1,224
Total County Capital Projects Fund	\$ -	\$ -	\$ 1,224	\$ 1,224
Sheriff's Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 35	\$ 35
Revenue from the Commonwealth:				
Other categorical aid:				
Asset forfeiture funds	\$ 25,000	\$ 25,000	\$ 7,429	\$ (17,571)
Total Sheriff's Forfeiture Fund	\$ 25,000	\$ 25,000	\$ 7,464	\$ (17,536)
Total Revenues -- Primary Government	\$ 19,843,267	\$ 23,476,792	\$ 21,259,819	\$ (2,216,973)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 140,568	\$ 423,516	\$ 435,362	\$ 11,846
Total revenue from local sources	\$ 140,568	\$ 423,516	\$ 435,362	\$ 11,846
Intergovernmental:				
Revenue from local governments:				
County contribution to School Board	\$ 4,881,738	\$ 4,881,738	\$ 2,678,891	\$ (2,202,847)
Total revenue from local governments	\$ 4,881,738	\$ 4,881,738	\$ 2,678,891	\$ (2,202,847)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,821,638	\$ 1,821,638	\$ 1,920,565	\$ 98,927
Basic school aid	4,718,439	4,718,439	5,062,808	344,369
Special education	524,593	524,593	661,974	137,381
FICA - instructional	280,293	280,293	302,198	21,905
VRS - instructional	654,018	654,018	703,759	49,741
Group life - instructional	19,912	19,912	21,351	1,439
Remedial education	254,255	254,255	312,968	58,713
Textbook payments	101,380	101,380	108,709	7,329
Vocational education	274,933	274,933	290,760	15,827
State lottery	310,518	310,518	331,753	21,235
At risk	2,225,362	2,225,362	1,988,976	(236,386)
Reduced K-3	472,961	472,961	353,274	(119,687)
Technology	154,000	154,000	128,000	(26,000)
Compensation supplement	321,116	321,116	321,422	306
Remedial summer	139,017	139,017	64,233	(74,784)
School construction	1,420,656	1,420,656	1,305,723	(114,933)
Hold harmless	345,159	345,159	345,159	-
Other state funds	713,624	875,120	692,968	(182,152)
Total categorical aid	\$ 14,751,874	\$ 14,913,370	\$ 14,916,600	\$ 3,230
Total revenue from the Commonwealth	\$ 14,751,874	\$ 14,913,370	\$ 14,916,600	\$ 3,230

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2023 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 469,449	\$ 469,449	\$ 430,777	\$ (38,672)
Title VI-B -- Special Education	326,951	326,951	465,331	138,380
School food	-	-	1,136,349	1,136,349
ESSER	1,900,000	1,900,000	1,679,358	(220,642)
ARPA	-	132,883	144,994	12,111
Other federal funds	636,801	916,212	445,910	(470,302)
Total categorical aid	\$ 3,333,201	\$ 3,745,495	\$ 4,302,719	\$ 557,224
Total revenue from the federal government	\$ 3,333,201	\$ 3,745,495	\$ 4,302,719	\$ 557,224
Total School Operating Fund	\$ 23,107,381	\$ 23,964,119	\$ 22,333,572	\$ (1,630,547)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 65,559	\$ 65,559	\$ 69,654	\$ 4,095
Total School Cafeteria Fund	\$ 65,559	\$ 65,559	\$ 69,654	\$ 4,095
School Activity Funds:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 395,603	\$ 395,603
Total School Activity Funds	\$ -	\$ -	\$ 395,603	\$ 395,603
Total Revenues -- Component Unit -- School Board	\$ 23,172,940	\$ 24,029,678	\$ 22,798,829	\$ (1,230,849)

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

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 44,716	\$ 65,116	\$ 62,971	\$ 2,145
General and financial administration:				
County administrator	\$ 266,609	\$ 287,059	\$ 284,337	\$ 2,722
Legal services	66,425	46,425	44,302	2,123
Independent Auditor	68,000	98,000	92,912	5,088
Commissioner of the revenue	291,965	291,965	278,972	12,993
Assessor	75,000	140,000	135,874	4,126
Treasurer	333,761	371,229	364,307	6,922
Accounting	250,254	250,254	247,304	2,950
Data Processing	318,714	316,374	311,325	5,049
Total general and financial administration	\$ 1,670,728	\$ 1,801,306	\$ 1,759,333	\$ 41,973
Board of Elections:				
Electoral board and officials	\$ 27,979	\$ 29,979	\$ 28,122	\$ 1,857
Registrar	122,557	117,557	113,813	3,744
Total board of elections	\$ 150,536	\$ 147,536	\$ 141,935	\$ 5,601
Total general government administration	\$ 1,865,980	\$ 2,013,958	\$ 1,964,239	\$ 49,719
Judicial administration:				
Courts:				
Circuit court	\$ 19,050	\$ 19,050	\$ 16,735	\$ 2,315
General district court	5,080	5,080	2,936	2,144
Special magistrates	625	1,125	998	127
Law library	1,200	1,400	1,389	11
Victim / witness	65,726	65,726	55,240	10,486
Clerk of the circuit court	345,679	345,679	335,466	10,213
Total courts	\$ 437,360	\$ 438,060	\$ 412,764	\$ 25,296
Commonwealth's attorney:				
Commonwealth's attorney	\$ 253,546	\$ 249,717	\$ 239,663	\$ 10,054
Total judicial administration	\$ 690,906	\$ 687,777	\$ 652,427	\$ 35,350

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff and other law enforcement	\$ 1,887,090	\$ 2,053,801	\$ 2,046,851	\$ 6,950
School resource officer	89,082	79,082	60,048	19,034
Total law enforcement and traffic control	\$ 1,976,172	\$ 2,132,883	\$ 2,106,899	\$ 25,984
Fire and rescue services:				
Fire and rescue services	\$ 1,194,596	\$ 2,925,027	\$ 2,182,287	\$ 742,740
Total fire and rescue services	\$ 1,194,596	\$ 2,925,027	\$ 2,182,287	\$ 742,740
Correction and detention:				
Correction and detention	\$ 377,000	\$ 391,000	\$ 390,578	\$ 422
Total correction and detention	\$ 377,000	\$ 391,000	\$ 390,578	\$ 422
Inspections:				
Building	\$ 142,916	\$ 148,441	\$ 148,340	\$ 101
Total inspections	\$ 142,916	\$ 148,441	\$ 148,340	\$ 101
Other protection:				
Animal control	\$ 131,428	\$ 159,428	\$ 154,919	\$ 4,509
E-911	107,350	107,350	100,937	6,413
Probation office	1,400	1,400	1,299	101
Medical examiner (coroner)	200	200	100	100
Total other protection	\$ 240,378	\$ 268,378	\$ 257,255	\$ 11,123
Total public safety	\$ 3,931,062	\$ 5,865,729	\$ 5,085,359	\$ 780,370
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 833,871	\$ 978,871	\$ 1,001,770	\$ (22,899)
Total sanitation and waste removal	\$ 833,871	\$ 978,871	\$ 1,001,770	\$ (22,899)

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 777,577	\$ 1,037,577	\$ 1,031,847	\$ 5,730
Total maintenance of general buildings and grounds	\$ 777,577	\$ 1,037,577	\$ 1,031,847	\$ 5,730
Total public works	\$ 1,611,448	\$ 2,016,448	\$ 2,033,617	\$ (17,169)
Health and welfare:				
Health:				
Supplement of local health department	\$ 125,440	\$ 125,440	\$ 115,755	\$ 9,685
Contributions to area agency	11,523	11,523	11,523	-
Total health	\$ 136,963	\$ 136,963	\$ 127,278	\$ 9,685
Mental health and mental retardation:				
Chapter X board	\$ 37,000	\$ 37,000	\$ 37,000	\$ -
Total mental health and mental retardation	\$ 37,000	\$ 37,000	\$ 37,000	\$ -
Welfare:				
Welfare administration & public assistance	\$ 2,030,598	\$ 2,030,598	\$ 1,612,873	\$ 417,725
CSA - management	57,251	19,351	14,599	4,752
CSA - at risk youth	775,000	775,000	437,690	337,310
Total welfare	\$ 2,862,849	\$ 2,824,949	\$ 2,065,162	\$ 759,787
Total health and welfare	\$ 3,036,812	\$ 2,998,912	\$ 2,229,440	\$ 769,472
Education:				
Contributions to community colleges	\$ 4,743	\$ 10,643	\$ 10,622	\$ 21
Contributions to school board component unit	4,881,738	4,881,738	2,678,891	2,202,847
Total education	\$ 4,886,481	\$ 4,892,381	\$ 2,689,513	\$ 2,202,868
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 76,836	\$ 149,146	\$ 147,015	\$ 2,131
Library:				
Local library	\$ 118,354	\$ 118,354	\$ 118,354	\$ -
Total parks, recreation and cultural	\$ 195,190	\$ 267,500	\$ 265,369	\$ 2,131

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 108,114	\$ 108,114	\$ 100,456	\$ 7,658
Contribution to IDA	91,624	112,163	112,163	-
Other community development	68,343	68,343	68,343	-
Total planning and community development	\$ 268,081	\$ 288,620	\$ 280,962	\$ 7,658
Environmental management:				
Cooperative extension program	\$ 62,153	\$ 55,093	\$ 52,725	\$ 2,368
Total environmental management	\$ 62,153	\$ 55,093	\$ 52,725	\$ 2,368
Total community development	\$ 330,234	\$ 343,713	\$ 333,687	\$ 10,026
Nondepartmental:				
Miscellaneous	\$ 20,500	\$ 20,500	\$ 14,145	\$ 6,355
Total nondepartmental	\$ 20,500	\$ 20,500	\$ 14,145	\$ 6,355
Debt service:				
Principal retirement	\$ 2,310,803	\$ 2,261,136	\$ 2,381,861	\$ (120,725)
Interest and fiscal charges	784,928	834,595	835,733	(1,138)
Total debt service	\$ 3,095,731	\$ 3,095,731	\$ 3,217,594	\$ (121,863)
Total General Fund	\$ 19,664,344	\$ 22,202,649	\$ 18,485,390	\$ 3,717,259
County Capital Projects Fund:				
General government administration:				
Energy project	\$ -	\$ 467,000	\$ 467,000	\$ -
Total general government administration	\$ -	\$ 467,000	\$ 467,000	\$ -
Public Works:				
Equipment purchase	\$ 30,100	\$ 671,799	\$ 452,597	\$ 219,202
Total County Capital Projects Fund	\$ 30,100	\$ 1,138,799	\$ 919,597	\$ 219,202
Sheriff's Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Asset forfeiture	\$ 25,000	\$ 25,000	\$ 4,100	\$ 20,900
Total Sheriff's Forfeiture Fund	\$ 25,000	\$ 25,000	\$ 4,100	\$ 20,900
Total Expenditures -- Primary Government	\$ 19,719,444	\$ 23,366,448	\$ 19,409,087	\$ 3,957,361

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2023 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction - general	\$ 15,233,865	\$ 16,090,603	\$ 14,457,527	\$ 1,633,076
Administration, attendance and health	1,327,120	1,327,120	1,395,721	(68,601)
Pupil transportation services	2,128,267	2,128,267	1,906,458	221,809
Operation and maintenance services	2,936,517	2,936,517	2,729,993	206,524
Technology	536,751	536,751	654,246	(117,495)
Total education	\$ 22,162,520	\$ 23,019,258	\$ 21,143,945	\$ 1,875,313
Debt service:				
Principal retirement	\$ -	\$ -	\$ 23,397	\$ (23,397)
Interest and fiscal charges	-	-	363	(363)
Total debt service	\$ -	\$ -	\$ 23,760	\$ (23,760)
Total School Operating Fund	\$ 22,162,520	\$ 23,019,258	\$ 21,167,705	\$ 1,851,553
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services	\$ 1,010,420	\$ 1,010,420	\$ 1,132,837	\$ (122,417)
Total School Cafeteria Fund	\$ 1,010,420	\$ 1,010,420	\$ 1,132,837	\$ (122,417)
School Activity Funds:				
Education:				
School activity funds	\$ -	\$ -	\$ 283,681	\$ (283,681)
Total School Activity Funds	\$ -	\$ -	\$ 283,681	\$ (283,681)
Total Expenditures--Component Unit-- School Board	\$ 23,172,940	\$ 24,029,678	\$ 22,584,223	\$ 1,445,455

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OTHER STATISTICAL INFORMATION

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COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General										Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Interest on Debt	Water & Sewer	
2013-14 \$	1,342,469	\$ 570,586	\$ 2,473,338	\$ 1,458,828	\$ 1,857,983	\$ 6,332,577	\$ 206,844	\$ 294,208	\$ 1,480,431	\$ 690,967	\$ 16,708,231
2014-15	1,214,016	554,421	2,554,065	1,464,246	1,932,796	7,070,705	204,057	297,632	1,374,340	730,577	17,396,855
2015-16	1,465,910	511,441	2,475,680	1,342,077	2,206,638	6,149,408	189,675	344,232	1,273,467	751,153	16,709,681
2016-17	1,509,663	611,572	2,790,135	1,398,307	2,265,269	8,217,856	164,143	183,331	1,262,892	733,133	19,136,301
2017-18	1,478,516	538,262	2,915,478	1,478,367	2,391,382	5,291,812	183,975	294,050	931,241	758,193	16,261,276
2018-19	2,989,532	577,704	3,140,217	1,569,264	3,117,946	5,223,117	183,441	264,624	906,410	744,703	17,396,855
2019-20	1,884,084	564,236	2,999,562	1,774,395	2,679,781	5,168,754	170,359	298,486	830,854	657,608	17,028,119
2020-21	1,678,442	653,309	4,225,169	1,854,140	2,342,261	5,475,875	161,249	580,618	681,651	826,530	18,479,244
2021-22	1,670,472	701,593	4,139,086	1,693,714	2,091,999	5,292,241	200,813	308,676	721,336	813,517	17,633,447
2022-23	2,290,426	736,927	4,284,393	2,493,041	2,247,631	4,319,347	264,401	338,490	578,651	845,449	18,398,756

Table 2

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COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General		Other		Permit Privilege		Revenues from the		Charges for		Inter- govern- mental		Total
	Property Taxes	Local Taxes	Fees & Regulatory Licenses	Fines & Forfeitures	Use of Money & Property	Services	Miscellaneous	govern- mental					
2013-14	\$ 8,514,952	\$ 947,716	\$ 58,837	\$ 155,961	\$ 79,467	\$ 896,444	\$ 775,774	\$ 15,720,847	\$ 27,149,998				
2014-15	8,297,371	984,107	61,476	147,655	81,272	2,833,525	693,876	16,360,294	29,459,576				
2015-16	8,535,525	978,723	53,823	102,033	83,689	350,882	605,095	16,289,560	26,999,330				
2016-17	9,189,650	1,036,014	54,021	121,288	71,328	364,036	429,620	16,363,309	27,629,266				
2017-18	9,393,834	1,138,808	102,103	147,244	99,569	319,046	421,306	16,519,805	28,141,715				
2018-19	9,684,537	1,201,850	72,881	117,394	92,365	1,070,139	550,214	17,838,743	30,628,123				
2019-20	9,975,711	1,268,451	98,319	81,157	86,762	674,506	679,813	17,901,041	30,765,760				
2020-21	10,392,323	1,409,015	78,074	64,232	51,482	275,279	733,528	20,424,003	33,427,936				
2021-22	10,945,123	1,580,619	92,894	77,933	36,192	367,780	1,084,584	20,563,315	34,748,440				
2022-23	11,532,341	1,488,916	180,175	81,991	386,935	497,712	1,314,130	25,896,333	41,378,533				

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and the Discretely Presented Component Unit School Board.

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Debt Service	Non-Departmental	Total
2013-14 \$	1,332,303	\$ 485,454	\$ 2,384,014	\$ 1,383,846	\$ 1,854,124	\$ 15,504,216	\$ 203,510	\$ 293,126	\$ 3,855,932	\$ 9,887	\$ 27,296,525
2014-15	1,392,027	474,705	2,595,776	1,439,178	1,960,970	16,879,087	203,446	300,431	3,830,264	14,324	29,090,208
2015-16	1,455,925	426,292	2,452,995	1,340,675	2,223,773	15,672,638	193,257	347,466	3,799,866	10,842	27,923,729
2016-17	1,491,707	516,789	2,867,416	1,342,372	2,263,105	15,537,401	161,631	175,965	19,597,731	9,870	43,963,987
2017-18	1,555,263	462,981	3,140,058	1,441,125	2,419,759	15,391,420	184,439	295,323	3,093,828	8,070	27,992,266
2018-19	1,714,215	511,135	3,079,674	1,799,939	3,095,439	16,097,741	183,870	264,727	3,102,756	1,307,586	31,157,082
2019-20	1,633,092	470,031	3,057,596	1,717,501	2,669,642	16,068,576	168,712	297,371	6,182,711	179,932	32,445,164
2020-21	1,694,924	552,203	4,294,998	1,721,556	2,333,604	17,424,460	159,684	576,229	3,123,499	8,326	31,889,483
2021-22	1,633,932	621,709	4,008,749	1,572,341	2,047,779	18,660,484	197,265	308,925	4,098,537	13,288	33,163,009
2022-23	1,964,239	652,427	5,089,459	2,033,617	2,229,440	22,571,085	265,369	333,687	3,217,594	14,145	38,371,062

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and the Discretely Presented Component Unit School Board.

(2) Does not include nondepartmental expenditures and contributions from the Primary Government to the Component Unit School Board.

COUNTY OF CUMBERLAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Current		Percent of Levy Collected	Delinquent		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding		Percent of Delinquent Taxes to Tax Levy
	Total (1) Tax Levy	Tax (1) Collections		(1) Tax (2) Collections	(1, 3) Delinquent Taxes					
2013-14	\$ 9,087,831	\$ 8,776,534	97%	\$ 349,633	\$ 9,126,167	100%	\$ 1,038,108	11%		
2014-15	8,978,881	8,670,652	97%	390,400	9,061,052	101%	1,012,552	11%		
2015-16	9,273,465	8,907,664	96%	321,394	9,229,058	100%	1,099,043	12%		
2016-17	9,755,229	9,342,283	96%	333,592	9,061,063	101%	1,216,729	11%		
2017-18	9,990,333	9,661,505	97%	338,316	9,999,821	100%	1,197,911	12%		
2018-19	10,133,475	9,887,658	98%	315,597	10,203,255	101%	1,243,039	12%		
2019-20	10,481,679	10,072,765	96%	400,489	10,473,254	100%	1,155,574	11%		
2020-21	9,891,003	10,546,321	107%	397,680	10,944,001	111%	1,087,439	11%		
2021-22	10,567,837	11,035,016	104%	432,894	11,467,910	109%	997,673	9%		
2022-23	11,200,443	11,634,608	104%	431,419	12,066,027	108%	979,915	9%		

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes personal and real property

COUNTY OF CUMBERLAND, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
2013-14	\$ 809,456,777	\$ 57,899,353	\$ 7,131,049	\$ 84,616,150	\$ 1,759,366	\$ 2,237,038	\$ 963,099,733
2014-15	754,161,126	57,654,972	5,097,583	89,308,219	1,282,000	2,607,358	910,111,258
2015-16	755,647,443	57,656,604	5,141,805	99,504,783	989,730	3,548,241	922,488,606
2016-17	759,331,246	62,781,046	5,221,031	103,601,117	986,126	4,289,336	936,209,902
2017-18	763,102,189	64,737,067	5,284,455	113,931,238	954,838	4,258,997	952,268,784
2018-19	768,962,086	64,743,501	5,472,864	121,991,999	989,886	7,356,394	969,516,730
2019-20	817,125,241	67,196,108	5,643,297	117,466,679	739,243	6,306,924	1,014,477,492
2020-21	866,196,783	67,987,956	3,884,726	120,792,910	685,900	6,244,312	1,065,792,587
2021-22	904,633,564	75,959,688	4,063,794	127,645,052	465,900	5,757,301	1,118,525,299
2022-23	946,269,353	86,253,061	4,184,576	119,920,065	1,584,600	5,941,446	1,164,153,101

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
2013-14	\$ 0.68/0.74	\$ 4.50	\$ 0.68/0.74	\$ 0.50	\$ 3.75
2014-15	0.68/0.74	4.50	0.68/0.74	0.50	3.75
2015-16	0.74/0.78	4.50	0.74/0.78	0.50	3.75
2016-17	0.78/0.78	4.50	0.78/0.78	0.50	3.75
2017-18	0.78/0.78	4.50	0.78/0.78	0.50	3.75
2018-19	0.78/0.78	4.50	0.78/0.78	0.50	3.75
2019-20	0.78/0.77	4.50	0.78/0.77	0.50	3.75
2020-21	0.77/0.75	4.50	0.77/0.75	0.50	3.75
2021-22	0.75/0.75	4.50	0.75/0.75	0.50	3.75
2022-23	0.75/0.75	4.50	0.75/0.75	0.50	3.75

COUNTY OF CUMBERLAND, VIRGINIA

Table 7

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 (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation	
					Debt to Assessed Value	Net Bonded Debt per Capita
2013-14	10,052	\$ 963,099,733	\$ 39,735,906	\$ 39,735,906	0.0413	\$ 3,953
2014-15	10,052	910,111,258	37,344,422	37,344,422	0.0410	3,715
2015-16	10,052	922,488,606	34,889,571	34,889,571	0.0378	3,471
2016-17	10,052	936,209,902	31,309,519	31,309,519	0.0334	3,115
2017-18	10,052	952,268,784	29,692,266	29,692,266	0.0312	2,954
2018-19	10,052	969,516,730	27,859,529	27,859,529	0.0287	2,772
2019-20	10,052	1,014,477,492	25,938,223	25,938,223	0.0256	2,580
2020-21	9,675	1,065,792,587	23,882,055	23,882,055	0.0224	2,468
2021-22	9,675	1,118,525,299	21,798,202	21,798,202	0.0195	2,253
2022-23	9,675	1,164,153,101	19,685,285	19,685,285	0.0169	2,035

(1) Bureau of the Census.

(2) From Table 6

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes capital leases, and compensated absences.

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Cumberland
Cumberland, 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 County of Cumberland, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Cumberland, Virginia's basic financial statements, and have issued our report thereon dated April 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Cumberland, 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 County of Cumberland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Cumberland, 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 County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Cumberland, Virginia's financial statements are free of 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farnum, Cox Associates

Richmond, Virginia
April 9, 2024



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Cumberland, 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 Cumberland, Virginia's major federal programs for the year ended June 30, 2023. County of Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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 Cumberland, 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.

Robinson, Farnum, Cox Associates

Richmond, Virginia
April 9, 2024

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	39001-10220	\$ 47,622
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	4,139
Total Department of Justice			\$ 51,761
<u>DEPARTMENT OF TREASURY:</u>			
<u>Pass through payments:</u>			
Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	Unknown	\$ 1,032,373
Total Department of Treasury			\$ 1,032,373
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	\$ 257,612
Department of Agriculture:			
Child and Adult Care Food Program (CACFP)	10.558	Unknown	\$ 6,164
COVID-19 - Pandemic EBT Administrative Costs	10.649	Unknown	3,135
Child Nutrition Cluster:			
Food distribution - National School Lunch Program	10.555	Unknown	\$ 44,251
Department of Education:			
National School Lunch Program	10.555	406230	766,717
Total 10.555			810,968
School Breakfast Program	10.553	405910	316,082
Total Child Nutrition Cluster			1,127,050
Total Department of Agriculture			\$ 1,393,961
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
Title VI-E Prevention Program	93.472	1140122	\$ 2,223
Guardianship Assistance	93.090	1110122	56
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122	1,868
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122	453
Low Income Home Energy Assistance	93.568	0600422	24,363
Stephanie Tubbs Jones Child Welfare Service Programs	93.645	0900122	237
Foster Care Title IV - E	93.658	1100122	71,077
Adoption Assistance	93.659	1120122	75,641
Social Services Block Grant	93.667	1000122	137,056
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122	1,667
Elder Abuse Prevention Interventions Program	93.747	8000221	4,278
Children's Health Insurance Program	93.767	0540122	1,142
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122	132,555
Temporary Assistance for Needy Families	93.558	0400122	120,323
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122	28,543
Virginia Department of Education:			
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	402970	87,552
Total Department of Health and Human Services			\$ 689,034

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
<u>Pass through payments:</u>			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 422,370
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710, 871380	465,331
Special Education - Preschool grants	84.173	625210	13,532
Total Special Education Cluster (IDEA):			478,863
Career and Technical Education - Basic Grants to States	84.048	610950, 866470	37,159
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	614800	61,786
Twenty-First Century Community Learning Centers	84.287	605650	143,807
Rural Education	84.358	434810	21,842
Student Support and Academic Enrichment Program	84.424	S424A170048	61,798
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	70037	\$ 13,682
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	60177, 50195, 60041	650,257
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	50193	1,011,820
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief -Homeless Children and Youth	84.425W	Unknown	3,598
Total 84.425			1,679,357
English Language Acquisition State Grants	84.365	605120	2,568
Total Department of Education			\$ 2,909,550
DEPARTMENT OF DEFENSE:			
<u>Direct payments:</u>			
ROTC Language and Culture Training Grants	12.357	n/a	\$ 24,274
Total Department of Defense			\$ 24,274
Total Expenditures of Federal Awards			\$ 6,100,953

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the County of Cumberland, 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 reporting 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 the County of Cumberland, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Cumberland, 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 the 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.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 7 - Relationship to 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	\$ 1,798,234
Total primary government	\$ 1,798,234
Component Unit School Board:	
School Operating Fund	\$ 4,302,719
Total Component Unit School Board	\$ 4,302,719
Total federal expenditures per basic financial statements	\$ 6,100,953
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,100,953

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs 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? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
84.425	Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

There are no findings from the prior year.

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