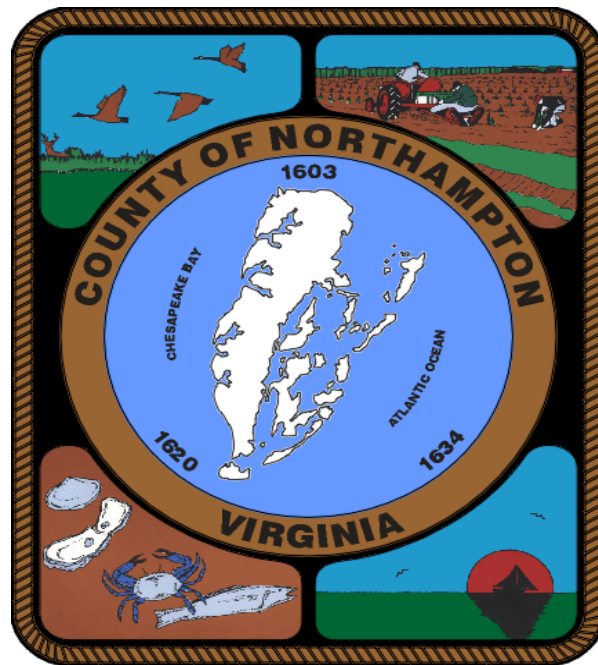


# COUNTY OF NORTHAMPTON, VIRGINIA



## Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021

## **About the Cover**

The official seal/logo of Northampton County was developed to reflect the County's history, its traditional way of life and its ties with the marine environment. It was adopted by the Board of Supervisors on July 13, 1987.

The gold rope which borders the logo represents the County's bond to the sea and, of course, its geographic location. The four panels represent its economy, its way of life, its unique life style and its relationship with the environment. The three dates represent: (1) the first recorded English landing in 1603 by Bartholomew Gilbert; (2) the first permanent settling of Northampton in 1620; and (3) in 1634, Northampton County, then known as Accomack County, became one of the original shires of the colony governed by England. The black stems separating the gold band holding the map of Northampton represent points of the compass normally associated with ties to the sea. The blue field, which surrounds the map, represents the pure hue of clear sky and sea. The gold band depicts the county as a "unique area" - very precious and rare. Northampton County, shown in white, represents sunlight - desiring to do good.

**COUNTY OF NORTHAMPTON, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

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Prepared By:

Northampton Department of Finance

COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021

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**COUNTY OF NORTHAMPTON, VIRGINIA**

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**Board of Supervisors**

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I. Dixon Leatherbury, Chairperson  
M. E. “Betsy” Mapp, Vice-Chairperson

John R. Coker  
Oliver H. Bennett

David Fauber

**County School Board**

---

Maxine Rasmussen, Chairperson  
William S. Oakley, Vice-Chairperson

Paul E. Bibbins, Jr.,  
Stephanie M. Castro  
Jo Ann P. Molera

Charlena Jones  
Randall D. Parks

**Board of Social Services**

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Edith E. Johnson, Chairperson

H. Spencer Murray

Janice Langley

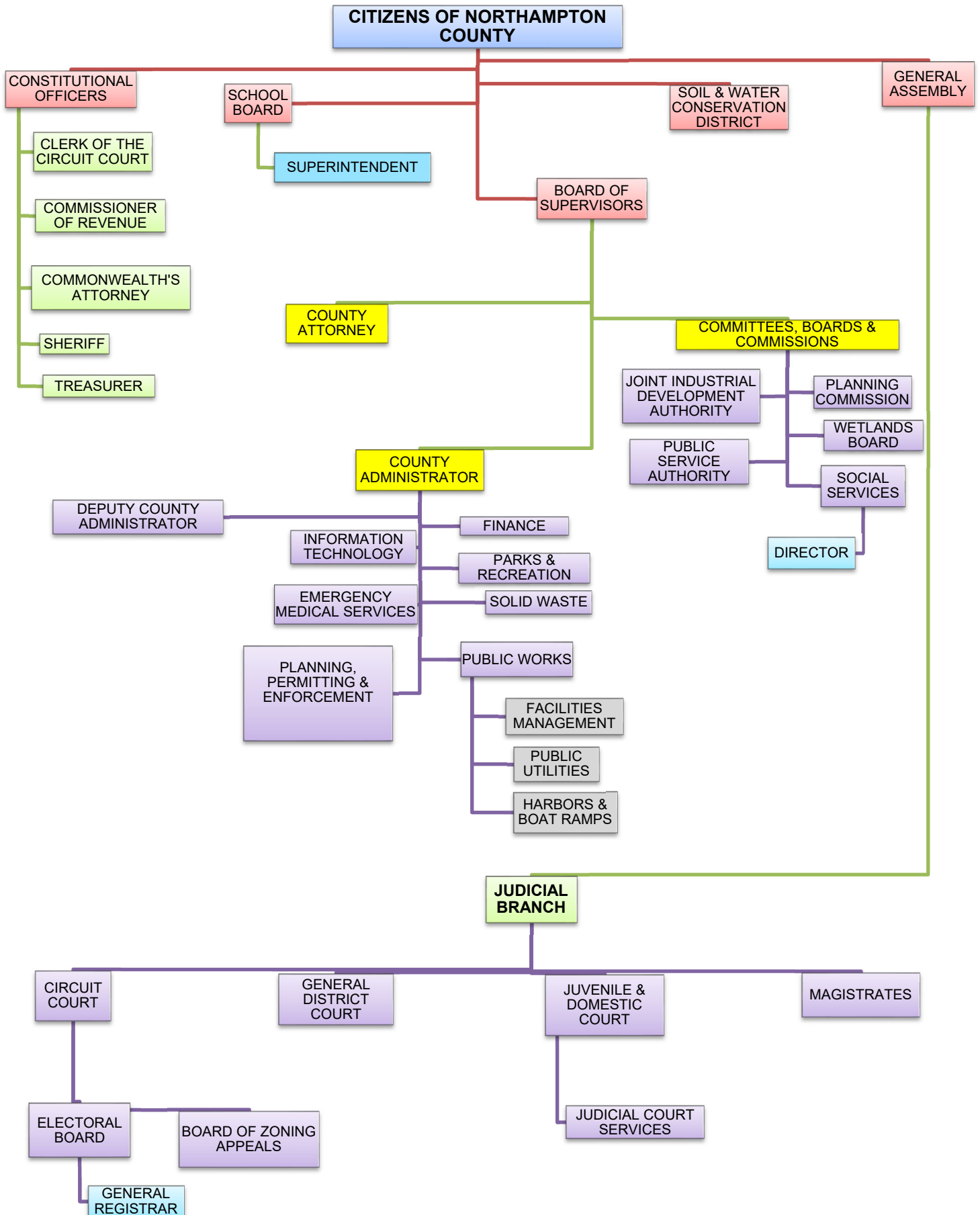
**Other Officials**

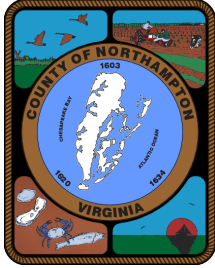
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County Administrator  
Clerk of the Circuit Court  
County/Commonwealth’s Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Director of Department of Social Services  
Director of Finance  
Registrar

Charles Kolakowski  
Traci L. Johnson  
Beverly P. Leatherbury  
Charlene Gray  
Cynthia S. Bradford  
David L. Doughty, Jr.  
Charles E. Lawrence  
Mozella Francis  
John D. Chandler  
Terrence P. Flynn

# ORGANIZATIONAL CHART





# *County of Northampton*

P.O. Box 66  
16404 Courthouse Rd.  
Eastville, VA 23347  
Phone: 757-678-0440 Fax: 757-678-0483

December 6, 2021

To the Board of Supervisors and the Citizens of Northampton County:

The Code of Virginia (§ 15.2-2511) requires that all localities publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, Northampton County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, has audited and issued an unmodified "clean" opinion on the financial statements of Northampton County for the fiscal year ended June 30, 2021. The Independent Auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Northampton County's MD&A can be found immediately following the report of the independent auditors.



Northampton County Courthouse

## **Profile of the Government**

Northampton County comprises the southernmost portion of



the Eastern Shore of Virginia, bordered on the north by



Accomack County, Virginia, on the west by the Chesapeake Bay, and on the east by the Atlantic Ocean. At the southern end of the County is the Chesapeake Bay Bridge-Tunnel, connecting the County to the Hampton Roads area of Virginia. The County encompasses a land area of approximately 355 square miles. The County's population was 12,282 according to the 2020 census vs. 12,389 in the 2010 census. The County is a full-service County and provides a variety of services to its citizens as authorized by the laws of the Commonwealth of Virginia. The County is authorized to issue general obligation bonds,

generally subject to voter referendum.

Northampton County was formed as an independent county in 1634 and is organized under the traditional county form of government. The Board of Supervisors, which establishes policies for the administration of the County, is the governing body of the County. The Board is composed of five members, one member elected from each of five election districts. A member must be a resident of the district in which he or she serves. Members are elected for four-year staggered terms, with either two or three-members' terms expiring every two years. Each year the Board elects a Chairman and Vice Chairman from among its members. In addition to the County Board, other elected County officials include the Commonwealth's Attorney, Commissioner of the Revenue, Treasurer, Sheriff, and Clerk of the Circuit Court.

The Board appoints a County Administrator to serve as the chief executive officer of the County. The County Administrator serves at the pleasure of the Board, implements its policies, directs business and administrative procedures, and recommends officials to be appointed by the Board. The County Administrator is currently assisted by eight staff departments and offices including Finance; Information Technology; Office of Planning, Permitting and Enforcement, comprised of Planning & Zoning, Code Compliance, and Building Inspections; Facilities Management; Solid Waste Services; Public Utilities; Emergency Medical Services; and Parks and Recreation.



Northampton County is also financially accountable for a legally separate school system which is reported as a discretely presented component unit in the audited financial statements. The Northampton County public schools are governed by the Northampton County School Board, which is composed of seven members who are elected by the citizens of Northampton County. A Superintendent is appointed by the School Board to administer the operations of the County's public schools. The School Board functions independently of the County Board but is required to prepare and submit an annual budget to the County Board of Supervisors for its consideration. Because the School Board can neither levy taxes nor incur indebtedness under Virginia law, the local costs of the school system are in large part provided by appropriation from the County's General Fund. The costs of constructing school facilities are generally provided by capital appropriations from the County's General Fund, through State Literary Fund loans, Qualified Zone Academy Bonds (QZAB), and through the Virginia Public School Authority.

In Virginia, cities and counties are not overlapping units of government. However, there are no incorporated cities within the boundaries of the County. There are six incorporated towns all or partly located in Northampton County, the largest of which are the Town of Exmore with a population of 1,356 and the Town of Cape Charles with a population of 1,045, and the others of which are the Towns of Cheriton (486), Eastville (300), Nassawadox (533) and Belle Haven. These towns are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. Property in these towns is subject to





County taxation and the County provides certain services to their residents. These towns may also incur general obligation indebtedness without the prior approval of the County.



The County operates under an annual operating budget adopted in accordance with the provisions of the Code of Virginia.

The budget is the legal basis of the budgetary



accounting system and the standard by which proposed expenditures are measured. The balanced budget must be adopted prior to the beginning of the fiscal year. The budget is subject to public inspection and a public hearing prior to its adoption. The budget is considered balanced when net revenue equals appropriations.

The operating budget is adopted on a departmental basis and is prepared using the modified accrual basis of accounting for all funds. Departmental appropriations that have not been expended by the end of the fiscal year are returned to the County's fund balance. Funds that are subject to carryover include unspent grant revenue or awards which must be presented to the Board for "re-appropriation."



Department Heads and Constitutional Officers may approve transfers within their own operating budgets with the exception of transfers affecting salaries and related accounts. The County Administrator is authorized to transfer budgeted amounts between departments, but any revisions that alter total expenditures must be approved by the Board of Supervisors through legislative action. All supplemental appropriations must be reported in a public meeting of the Board of Supervisors and made a matter of record in the minutes.

Appropriations designated for capital projects do not lapse at the end of the fiscal year but remain appropriations until the completion of the project or until the Board of Supervisors, by appropriate resolution, amends or eliminates the appropriation. Upon completion of a capital project, staff is authorized to close out the project and transfer to the funding source any remaining balances.

## Demographic Factors and Local Economy

From Colonial times to the present, agriculture has been the mainstay of the



Eastern Shore economy. Early farmers grew tobacco and later turned to livestock, some of which freely grazed on the seaside barrier islands. Eventually these farms raised grain crops and produce. Agriculture and Aquaculture are still estimated to represent approximately 15.9%



of the local workforce. During the 1880's, the arrival of the railroad stimulated the local economy and literally changed the face of the Eastern Shore. Built down the spine of the peninsula, towns and villages sprang up along the line.



Watermen have been active on the Shore for generations. Once abundant, oysters were a mainstay of the seafood industry along with the famed blue crab, clams and scallops. Waterfront villages and towns enjoyed a healthy economy as

watermen brought in their catch and seafood packing, oyster shucking and crab picking houses stayed busy. In recent years clams and oysters have seen a resurgence due to advances in aquaculture and



improvements in the health of the Chesapeake Bay. Blue crabs from the Eastern Shore are still a sought-after commodity.



Clam/Oyster

aquaculture or water farming is a multi-million-dollar industry with operations in many waterfront communities including Willis Wharf, Oyster, Chincoteague and Cherrystone Creek.

## Unemployment

The following table presents the County's and other jurisdictions' unemployment rates over the last ten years.

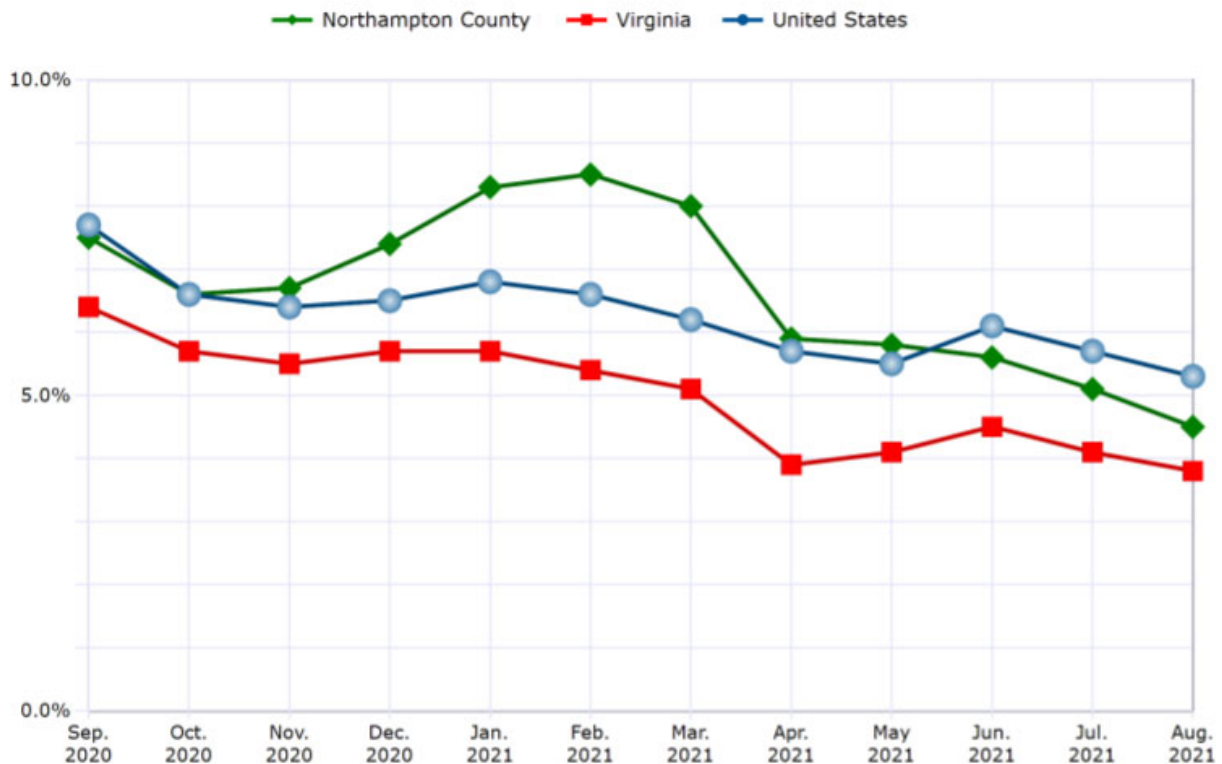
**Average Annual Unemployment Rates**

	Northampton County	Virginia	United States
<b>2010</b>	8.7%	7.3%	9.6%
<b>2011</b>	8.9%	6.6%	8.9%
<b>2012</b>	9.1%	5.9%	8.1%
<b>2013</b>	8.9%	5.6%	7.4%
<b>2014</b>	7.4%	5.1%	6.2%
<b>2015</b>	6.0%	4.4%	5.3%
<b>2016</b>	5.7%	4.0%	4.9%
<b>2017</b>	5.6%	3.7%	4.4%
<b>2018</b>	5.3%	2.9%	3.9%
<b>2019</b>	4.3%	2.7%	3.7%
<b>2020</b>	7.8%	6.2%	8.1%

Source: Virginia Employment Commission



### Average Annual (past 12 months) Unemployment Rates

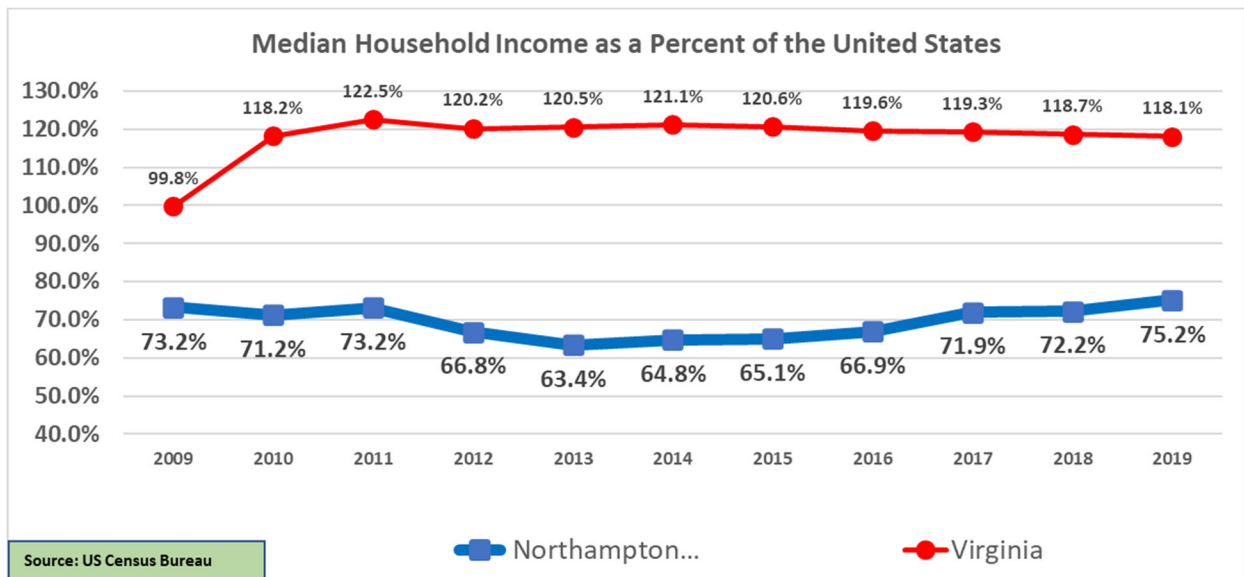
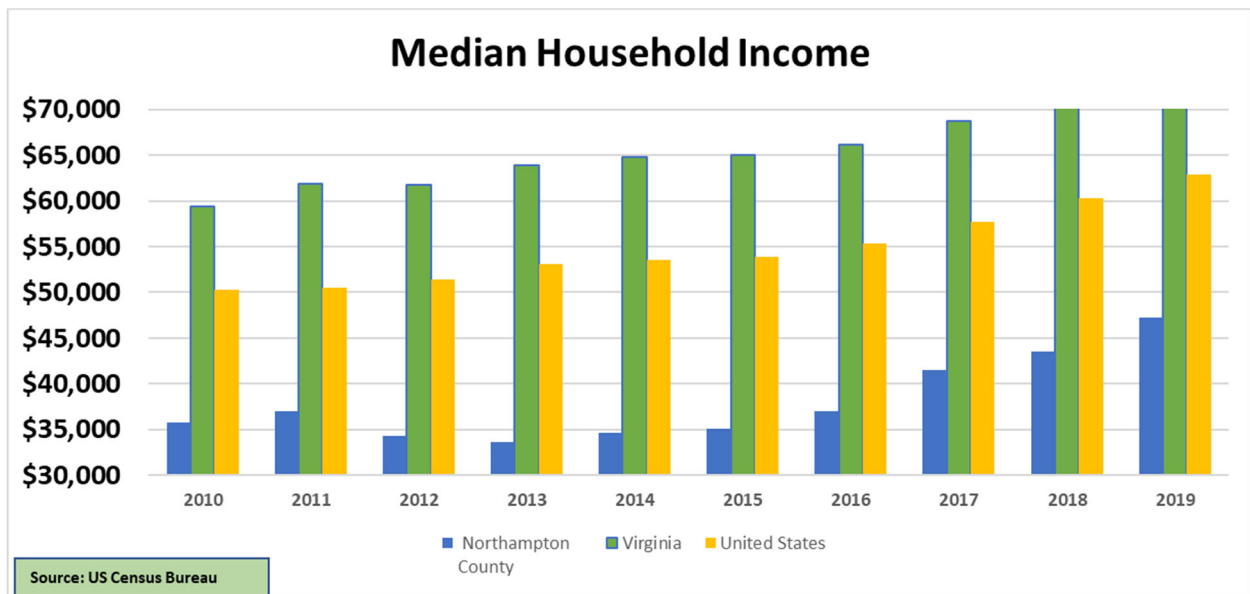


### INCOME

Median household income for Northampton County in 2020 was \$47,227, the latest census, vs. \$35,760 in 2010 or (32.1%) growth, outpacing the % change in Virginia (25%) & United States (25.1%) from 2010 to 2019. Median household income data for Northampton County, Virginia and the United States is as follows:

Year	Northampton County	% Change	Virginia	% Change	United States	% Change
2010	\$35,760	-1.9%	\$59,372	19.5%	\$50,221	0.9%
2011	\$36,965	3.4%	\$61,882	4.2%	\$50,502	0.6%
2012	\$34,304	-7.2%	\$61,741	-0.2%	\$51,371	1.7%
2013	\$33,635	-2.0%	\$63,907	3.5%	\$53,046	3.3%
2014	\$34,656	3.0%	\$64,792	1.4%	\$53,482	0.8%
2015	\$35,055	1.2%	\$65,015	0.3%	\$53,889	0.8%
2016	\$37,011	5.6%	\$66,149	1.7%	\$55,322	2.7%
2017	\$41,468	18.3%	\$68,766	5.8%	\$57,652	7.0%
2018	\$43,553	25.7%	\$71,564	10.5%	\$60,293	12.7%
2019	\$47,227	34.7%	\$74,222	14.2%	\$62,843	16.6%
% Change 2019 vs. 2010		32.1%		25.0%		25.1%

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Source: [apps.bea.gov/regional/bearfacts/action.cfm](https://apps.bea.gov/regional/bearfacts/action.cfm)



## Employment

The following table reflects the breakdown of the 50 largest employers in Northampton County.



Oyster, Virginia – overlooking Oyster Harbor

### 50 Largest Employers (FY20 rank)

- |  |   |
|--|---|
| 1. Northampton County Schools (1)          | 26. Aging Community Action (32)                       |
| 2. County of Northampton (2)               | 27. Ballard Brothers Fish Company (20)                |
| 3. Chesapeake Bay Bridge Tunnel (3)        | 28. Cobb Heritage LLC <b>(New)</b>                    |
| 4. Food Lion (6)                           | 29. Gingernut, LLC (34)                               |
| 5. David's Nursery (9)                     | 30. Riverside Regional Medical Center (38)            |
| 6. Ballard Fish & Oyster Company, Inc. (5) | 31. Town of Exmore (35)                               |
| 7. Eastern Shore Rural Health System (14)  | 32. Barrett Business Services, Inc. (41)              |
| 8. Nassawadox Opco Llc <b>(New)</b>        | 33. A Friend <u>In</u> Need Home Care LP <b>(New)</b> |
| 9. New Ravenna Acquisition, LLC (10)       | 34. Exxon Gas Station (27)                            |
| 10. Tankard Nurseries (11)                 | 35. Rommel's Ace Home Center (39)                     |
| 11. Bay Creek Resort LLC (12)              | 36. Shore Stop Store (43)                             |
| 12. Coastal Precast Systems (44)           | 37. Bagwell Enterprises, Inc. (37)                    |
| 13. McDonald's (13)                        | 38. Hermitage Farms Nursery (45)                      |
| 14. Broadwater Academy (15)                | 39. Lfc Agriculture Services, Inc. <b>(New)</b>       |
| 15. H M Terry Company, Inc. (19)           | 40. Bio Medical Applications (42)                     |
| 16. Hardee's (16)                          | 41. Wescoat Nurseries, Inc. (47)                      |
| 17. Pay Admin LLC (21)                     | 42. Cape Charles Yacht Center <b>(New)</b>            |
| 18. Royal Farms 79 (17)                    | 43. Exmore Diner, Inc. (33)                           |
| 19. Town of Cape Charles (24)              | 44. Wendell Distributing Company (49)                 |
| 20. J C Walker Brothers, Inc. (26)         | 45. Cape Charles Brewing Company (28)                 |
| 21. Rayfield's Pharmacy (29)               | 46. It Melts The Cheese LLC <b>(New)</b>              |
| 22. Postal Service (30)                    | 47. Lfc Management Services Inc (46)                  |
| 23. Cherrystone Creek, LLC (18)            | 48. Q. S. LLC <b>(New)</b>                            |
| 24. The Hungry Crab, LLC (22)              | 49. Shore Christian Academy <b>(New)</b>              |
| 25. Burger King (25)                       | 50. Sverdrup Technology <b>(New)</b>                  |

*Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (CQEW), 1<sup>st</sup> Quarter (January, February, March) 2021.*

### Not listed in 2021 list (FY20 ranking)

- |  |                                  |
|--|----------------------------------|
| Heritage Hall (4)                        | Pacific Tomato Growers, Ltd (7)  |
| Lfc Agricultural Services Inc (8)        | C&E Farms (23)                   |
| Virginia Department of Conservation (31) | Great Machipongo Clam Shack (36) |
| Dominion Concrete Contract, Inc. (40)    | Norfolk Cent YMCA (48)           |
| Bernie's Conchs, LLC (50)                |                                  |

The following table reflects the breakdown of employment by industry in Northampton County for the quarters ending June 2017, June 2018, June 2018, September 2020 and March 2021. The County employment levels have shrunk from October 2020 due to seasonality in workforce. Additionally, jobs are still short of the pre-COVID employment level of 4,393 by 520 overall jobs. Coastal Precast had a positive impact on manufacturing jobs posting 69 new positions partially filling the jobs that were negatively impacted with the departure of Bayshore Concrete. Additionally, there has not been a replacement for the void left by the relocation of Riverside Hospital causing a net loss of 445 jobs since 2016. Finally, Agriculture, Forestry, Fishing and Hunting is down 428 jobs since July 2018.

	July 2017		July 2018		October 2020		March 2021		Change 2021 vs. 2020
Industry	Employment	Percentage	Employment	Percentage	Employment	Percentage	Employment	Percentage	
Health Care and Social Assistance	514	13.24%	506	11.52%	483	12.25%	505	13.04%	22
Local Government	840	21.63%	848	19.30%	779	19.76%	784	20.24%	5
State Government	68	1.75%	75	1.71%	78	1.98%	68	1.76%	(10)
Federal Government	32	0.82%	34	0.77%	36	0.91%	33	0.85%	(3)
Agriculture, Forestry, Fishing and Hunting	639	16.46%	1024	23.31%	689	17.47%	596	15.39%	(93)
Accommodation and Food Service	481	12.39%	560	12.75%	458	11.62%	469	12.11%	11
Manufacturing	235	6.05%	327	7.44%	212	5.38%	281	7.26%	69
Wholesale Trade	45	1.16%	48	1.09%	41	1.04%	42	1.08%	1
Retail Trade	394	10.15%	446	10.15%	397	10.07%	409	10.56%	12
Other Services (except Public Administration)	149	3.84%	147	3.35%	104	2.64%	108	2.79%	4
Construction	89	2.29%	92	2.09%	109	2.76%	111	2.87%	2
Educational Services	98	2.52%	88	2.00%	82	2.08%	99	2.56%	17
Transportation and Warehousing	21	0.54%	21	0.48%	0	0.00%	0	0.00%	0
Finance and Insurance	69	1.78%	63	1.43%	80	2.03%	85	2.19%	5
Administrative Support and Waste Management	42	1.08%	47	1.07%	60	1.52%	54	1.39%	(6)
Professional, Scientific and Technical Service	42	1.08%	37	0.84%	40	1.01%	58	1.50%	18
Real Estate and Rental & Leasing	23	0.59%	24	0.55%	37	0.94%	44	1.14%	7
Unclassified	102	2.63%	6	0.14%	258	6.54%	127	3.28%	(131)
<b>TOTAL</b>	<b>3883</b>	<b>100.00%</b>	<b>4393</b>	<b>100.00%</b>	<b>3943</b>	<b>100.00%</b>	<b>3873</b>	<b>100.00%</b>	<b>(70)</b>
Government (Total)	940	24.21%	957	21.78%	893	22.65%	885	22.85%	(8)
							Top 5		Bottom 5

### Employers by Size of Establishment

	Northampton County	Virginia
0 to 4 employees	428	186,607
5 to 9 employees	76	39,572
10 to 19 employees	41	28,418
20 to 49 employees	27	20,226
50 to 99 employees	7	6,828
100 to 249 employees	5	3,493
250 to 499 employees	1	1,056
500 to 999 employees	0	354
1000 and over employees	0	248
	<b>585</b>	<b>286,802</b>

### Employment by Size of Establishment

	Northampton County	Virginia
0 to 4 employees	557	245,042
5 to 9 employees	481	262,561
10 to 19 employees	576	385,708
20 to 49 employees	809	605,838
50 to 99 employees	501	471,103
100 to 249 employees	622	522,125
250 to 499 employees	327	357,670
500 to 999 employees	0	239,237
1000 and over employees	0	660,864
	<b>3,873</b>	<b>3,750,148</b>

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 1<sup>st</sup> Quarter 2021.

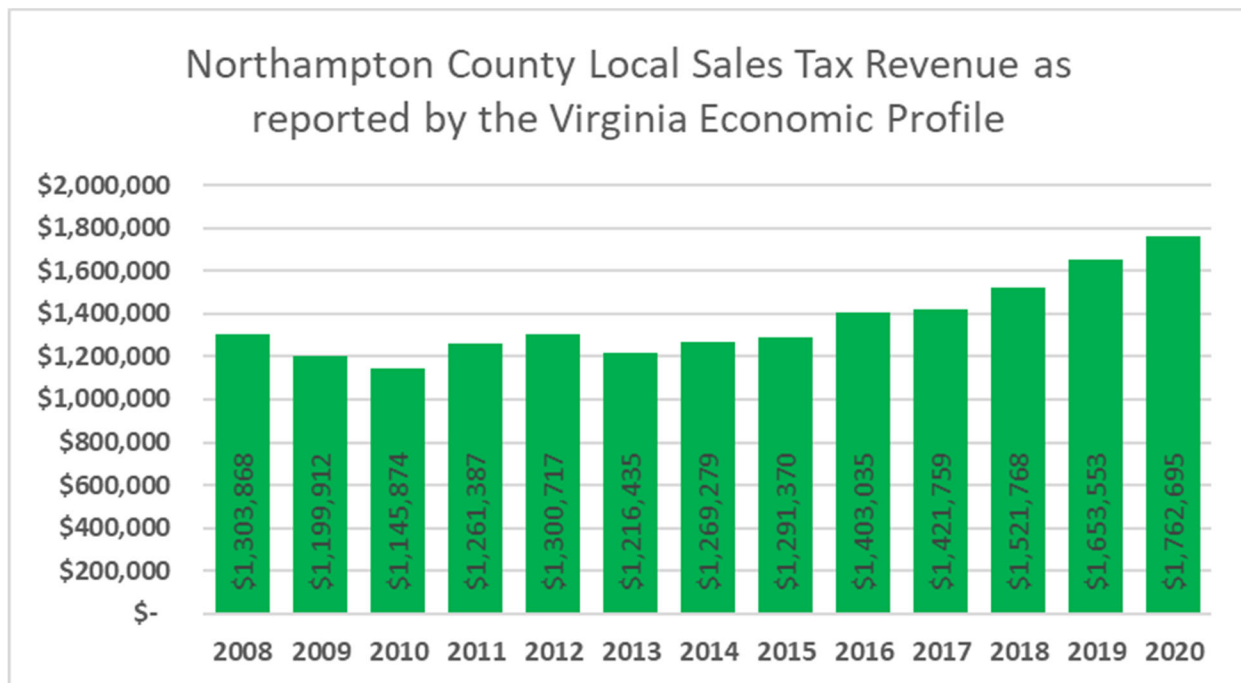


## Taxable Sales Revenue

Northampton County has experienced a fluctuation in taxable sales over the last ten years. In 2017 the County surpassed the pre-recession (2007) local sales tax revenue. Since 2015, sales tax revenues have been on an upward trend. Between FY2015 and FY2021, sales tax revenue increased 79.34%. A portion (approximately 13.29%) of the County's state sales tax is allocated to the local towns. The percentage of this allocation that each town receives is based on the school age population that resides in that township.



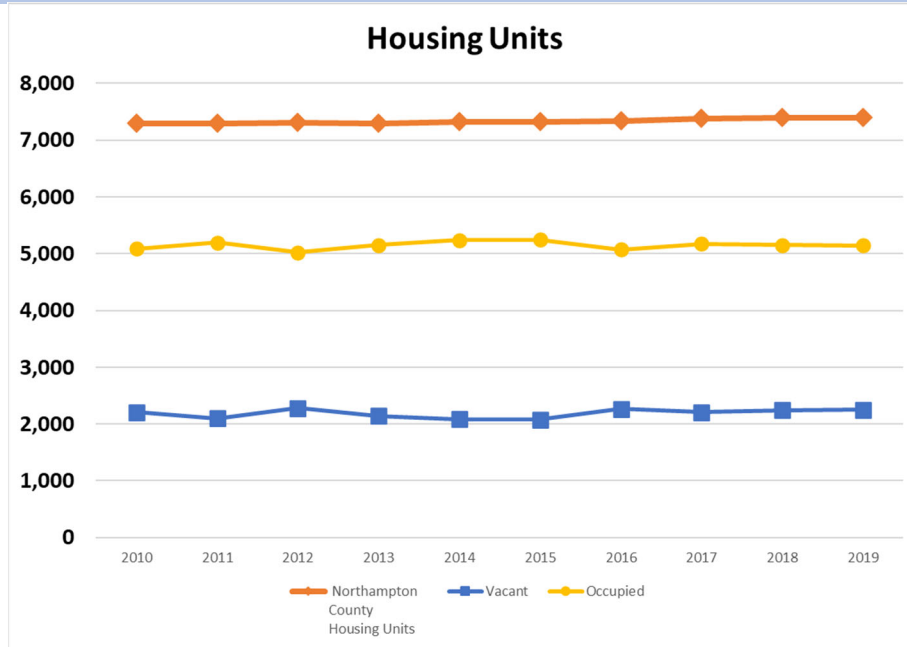
Mason Avenue - Downtown Cape Charles - At Altitude Gallery and Moonrise Jewelry storefronts



## Housing

According to information from the U.S. Census Bureau in 2019 there were 7,396 total housing units (including rental apartments) located in the County of Northampton, of which 5,148 were occupied. Of those occupied units, the following tables present data regarding their respective types of occupancy. Renter occupied units have increased by 21.8% since 2010 while owner occupied have declined by 7.2%.

Year	Northampton County Housing Units	% Change	Vacant	% Change	Occupied	% Change	Owner Occupied	% Change	Renter Occupied	% Change
2010	7,296		2,208		5,088		3,617		1,471	
2011	7,298	0.0%	2,103	-4.8%	5,195	2.1%	3,607	-0.3%	1,588	8.0%
2012	7,307	0.1%	2,282	8.5%	5,025	-3.3%	3,487	-3.3%	1,538	-3.1%
2013	7,294	-0.2%	2,145	-6.0%	5,149	2.5%	3,533	1.3%	1,616	5.1%
2014	7,322	0.4%	2,085	-2.8%	5,237	1.7%	3,662	3.7%	1,575	-2.5%
2015	7,323	0.0%	2,075	-0.5%	5,248	0.2%	3,614	-1.3%	1,634	3.7%
2016	7,342	0.3%	2,267	9.3%	5,075	-3.3%	3,412	-5.6%	1,663	1.8%
2017	7,384	0.8%	2,207	5.9%	5,177	-1.1%	3,344	-8.7%	1,833	16.4%
2018	7,397	0.2%	2,246	1.8%	5,151	-0.5%	3,371	0.8%	1,780	-2.9%
2019	7,396	0.7%	2,248	-0.8%	5,148	1.4%	3,356	-1.6%	1,792	7.8%
% Change 2019 vs. 2010		1.4%		1.8%		1.2%		-7.2%		21.8%



Source: U.S. Department of Commerce, Census Bureau, 2019 Census



The County's dependence on Real Estate property tax revenue has stabilized in recent years. For FY21 property tax revenue generated 50.19% compared to FY20 54.01% of General Fund revenues, 54.96 in FY19, 55.27% in FY18, 55.27% in FY17 and 56.27% in FY16.

## Travel and Tourism

Tourism remains one of the County's primary industries due to its location between the Atlantic Ocean and the Chesapeake Bay. According to the Virginia Tourism Corporation, 2020 figures indicate that travel expenditures on the Eastern Shore exceeded \$394 million (\$107.8M Northampton), an average of \$1,079,895 per day, with a 17.79% increase in visitor spending from 2014 to 2019. Tourism jobs increased 7.71% from 2014 to 2019 with a corresponding 20.31% in tourism payroll. Major tourism spots on the Eastern Shore of Virginia include Cape Charles Beach and Historic District, Assateague Island National Seashore, Chincoteague National Wildlife Refuge, Kiptopeke State Park, the Eastern Shore National Wildlife Refuge and the NASA/Wallops Island Visitor Center.



Northampton County's tourism program is directed by the Eastern Shore of Virginia Tourism Commission, a joint commission created by the Boards of Supervisors of Accomack and Northampton Counties in 1984. The Commission's mission is to advertise, promote, and market the two counties as a vacation destination and is funded jointly by each County. Additional funding is provided by local businesses in the form of tax-deductible patronships. Beginning in FY08, Northampton County raised the transient occupancy tax on lodging from 2% to 5% and dedicated the additional 3% to fund tourism

programs within the County. A portion of the funding is ear-marked for capital projects related to tourism within the County. Since FY09, a portion of these funds have been released as part of a local competitive grant program. The Eastern Shore Tourism Commission adopted a strategy for tourism on the Eastern Shore of Virginia. The stated vision includes transforming Virginia's Eastern Shore into a well-known brand used to market everything from the tourism experience to farm produce and shellfish. The vision would also promote the Eastern Shore of Virginia as an environmental beacon, where



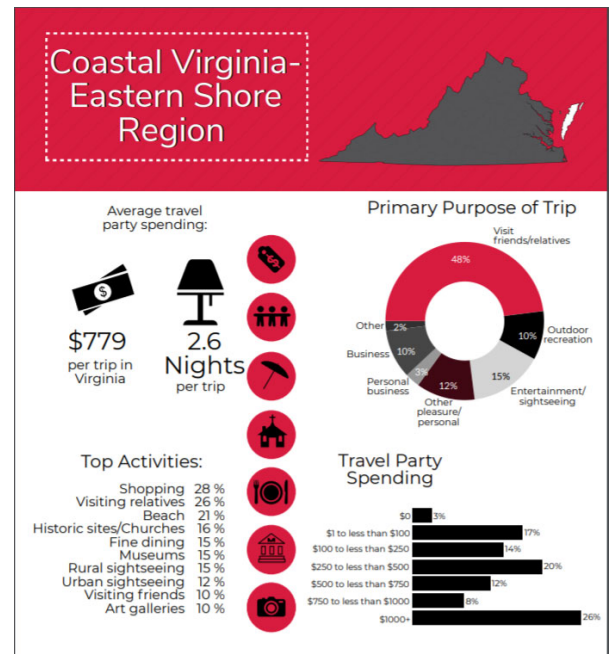
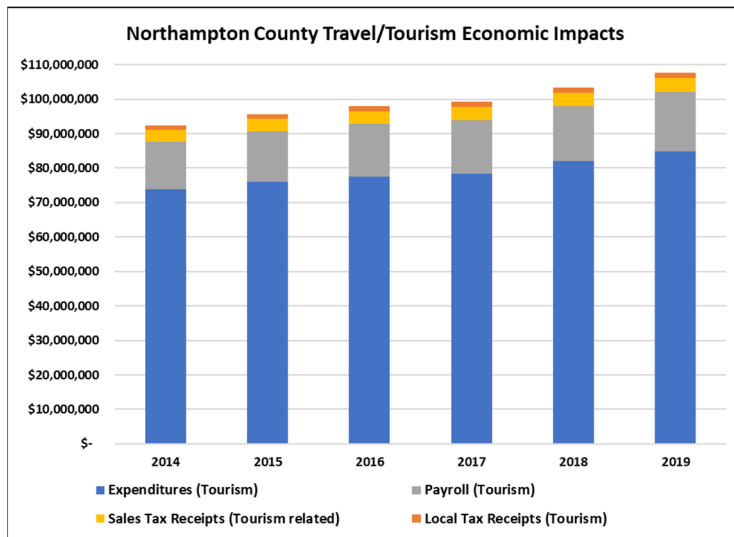
family farms and historic villages co-exist with a teeming fishery, rich oyster and clam beds, and a vast wilderness of marsh and barrier islands of global ecological significance. The Tourism Commission intends to promote the development of a high dollar-low impact tourism industry which plays to the natural strengths of the Shore, including its uniqueness. The Tourism Commission would encourage a vibrant tourist industry including eco-tourism, agri-tourism, and historical tourism to generate economic opportunities that capitalize on the special qualities of the Shore.





Accomack & Northampton Travel/Tourism Economic Impacts								
Accomack	2014	2015	2016	2017	2018	2019	% Change	% change (2014 vs. 2019)
Employment (Tourism)	2,043	2,103	2,214	2,257	2,219	2,223	0.18%	8.10%
Expenditures (Tourism)	\$ 180,681,609	\$ 185,206,622	\$ 196,143,807	\$ 207,052,168	\$ 210,331,124	\$ 222,065,042	5.28%	18.64%
Local Tax Receipts (Tourism)	\$ 5,269,888	\$ 5,579,720	\$ 6,024,613	\$ 6,252,620	\$ 6,224,256	\$ 6,567,707	5.23%	19.76%
Payroll (Tourism)	\$ 37,480,566	\$ 39,355,082	\$ 42,552,965	\$ 45,019,355	\$ 45,360,927	\$ 47,309,493	4.12%	20.78%
Sales Tax Receipts (Tourism related)	\$ 8,211,163	\$ 8,718,673	\$ 9,403,006	\$ 9,806,154	\$ 9,821,884	\$ 10,466,101	6.16%	21.55%
Total Tourism \$	\$ 231,643,226	\$ 238,860,097	\$ 254,124,391	\$ 268,130,297	\$ 271,738,191	\$ 286,408,343	5.12%	19.12%
Northampton	2014	2015	2016	2017	2018	2019	% Change	% change (2014 vs. 2019)
Employment (Tourism)	781	808	820	806	815	837	2.63%	6.69%
Expenditures (Tourism)	\$ 73,754,459	\$ 75,940,666	\$ 77,532,198	\$ 78,481,377	\$ 81,972,719	\$ 84,937,155	3.49%	13.17%
Local Tax Receipts (Tourism)	\$ 1,366,720	\$ 1,453,564	\$ 1,513,005	\$ 1,505,749	\$ 1,541,193	\$ 1,596,008	3.43%	14.37%
Payroll (Tourism)	\$ 13,899,341	\$ 14,659,949	\$ 15,280,975	\$ 15,502,432	\$ 16,060,589	\$ 17,167,037	6.45%	19.03%
Sales Tax Receipts (Tourism related)	\$ 3,393,569	\$ 3,619,478	\$ 3,763,152	\$ 3,763,251	\$ 3,875,594	\$ 4,053,032	4.38%	16.27%
Total Tourism \$	\$ 92,414,089	\$ 95,673,657	\$ 98,089,330	\$ 99,252,809	\$ 103,450,095	\$ 107,753,232	3.99%	14.24%
Combined (Accomack/Northampton)	2014	2015	2016	2017	2018	2019	% Change	% change (2014 vs. 2019)
Employment (Tourism)	2,824	2,911	3,034	3,063	3,034	3,060	0.85%	7.71%
Expenditures (Tourism)	\$ 254,436,068	\$ 261,147,288	\$ 273,676,005	\$ 285,533,545	\$ 292,303,843	\$ 307,002,197	4.79%	17.12%
Local Tax Receipts (Tourism)	\$ 6,636,608	\$ 7,033,284	\$ 7,537,618	\$ 7,758,369	\$ 7,765,449	\$ 8,163,715	4.88%	18.71%
Payroll (Tourism)	\$ 51,379,907	\$ 54,015,031	\$ 57,833,940	\$ 60,521,787	\$ 61,421,516	\$ 64,476,530	4.74%	20.31%
Sales Tax Receipts (Tourism related)	\$ 11,604,732	\$ 12,338,151	\$ 13,166,158	\$ 13,569,405	\$ 13,697,478	\$ 14,519,133	5.66%	20.07%
Total Tourism \$	\$ 324,057,315	\$ 334,533,754	\$ 352,213,721	\$ 367,383,106	\$ 375,188,286	\$ 394,161,575	4.81%	17.79%

Source: Virginia Tourism Corporation



## **Long-Term Financial Planning and Major Initiatives**

In January 2018, a new Board of Supervisors took office. The Board is in the process of adopting new strategic goals for the County through a Strategic Plan process. For the calendar year 2019, the Board adopted a list of priorities to govern the work plan for the County staff and the development of the Fiscal Year 2021 budget; the list is provided below.

- Fund required resources to complete all elements of the Comprehensive Plan (consultant, advertising, public meetings, Future Land Use Map (FLUM))
- Secure internal and external resources needed to update zoning ordinances (legal compliance, use definitions, districts and performance)
- Continue to work with the Architect, Waller, Todd & Sadler, to determine structural/programming needs in order to enhance the Northampton County High/Middle School
- Analyze, prioritize, and fund capital projects for County-owned assets (forecast 3-year plan)
- Supplement as possible the General Assembly budget funding for education and Compensation Board staff
- Evaluate funding alternatives for infrastructure expansion within the County and Towns
- Implement the plan for expansion of the Bayview Waste Collection Site
- Fill and maintain authorized staff levels
- Use grant funding to complete Brownfield studies and make recommendations based on results
- Support new business initiatives with timely responses to planning and permitting
- Equitable pay for all employees
- Required Capital enhancements to meet County needs
- Maintain existing equipment/assets in proper working order
- Increase collection % rates on Current Year Taxes due
- Maximize return on investment on County Cash balances
- Continue the program to demolish dangerous structures

## **Vision and Mission Statement**

The mission of the Northampton County Government is to provide the necessary services to protect the health, safety, welfare, environment and quality of life of our citizens consistent with the communities' values and priorities. This mission is accomplished by encouraging citizen involvement, by preserving the County's fiscal stability, traditional values and unity of our people through the implementation of effective and efficient government programs; consensus building; managing the County's natural, cultural, and historic resources; planning for the future; and representing citizen needs and desires to other levels of government.

## **Relevant Financial Policies**

The adopted fund balance policy states that unassigned fund balance should not fall below 10% of the combined operating expenditures of the General, Social Services, Eastern Shore Regional Jail and School Operating Funds (less interfund transfers). In addition, as a condition of its bond with the Virginia Resource Authority (VRA), the County pledges to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for FY2013 and annually thereafter through the term of the Lease with VRA through 2033.

At June 30, 2021, unassigned general fund balance was \$14,167,329 (\$2,484,342 increase from FY20) or 31.55% of combined operating expenditures as outlined above. This compares to FY20 increase of \$187,832 or 27.05% and FY19 \$1,160,075 increase from FY18 - \$1,020,167 from Income Statement, \$66,000 from reserve Broadband no longer required and \$73,908 from reserve E-Summons no longer required) or 27.68%. If at any time the unassigned fund balance falls below the minimum acceptable amount of 10% of combined budget expenditure, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level. The adopted Debt Service Policy established a limit of 4% of total outstanding debt (FY21 ended at 1.99%, well beneath the 4% limit) as a percentage of assessed value of real estate. The ratio of debt service expenditures as a percent of governmental fund expenditures is similarly limited to 12% (FY21 ended at 9.61%, well below the 12% threshold).



On November 9, 2021, Northampton County participated in the issuance of \$37,790,000 par bonds that will provide \$42,000,000 in project (Northampton Middle/High School Enhancement and HVAC improvements at Occohannock Elementary School) proceeds. The projects are estimated to begin in 2022 & both will be estimated to be completed by December 2024. With the additional debt load, Financial Advisor Davenport projects that Northampton County will maintain compliance with all current debt requirements. The bonds were issued during the Virginia Public School Authority (VPSA) 2021 fall pool.

This report reflects the results of the Board of Supervisors' strong financial policies. The Board's support and cooperation in planning and conducting the financial operations of the County is acknowledged and appreciated.

We also acknowledge and extend special recognition to the staffs of the Finance, Treasurer's and County Administration departments for their efficient and dedicated service to the County. Their efforts to maintain the accounting and financial reporting system of the County have led to the high quality of information being reported to the Board of Supervisors and citizens of the County, as well as present and potential investors.

Respectfully submitted,



Charles Kolakowski  
County Administrator



John D. Chandler  
Director of Finance



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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of June 30, 2021, 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.

## ***Change in Accounting Principle***

As described in Note 21 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 22 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***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 on pages 4-13, 104-105, and 106-126 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Northampton, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

*Supplementary and Other Information (Continued)*

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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the County of Northampton, 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 Northampton, 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 the County of Northampton, Virginia's internal control over financial reporting and compliance.

*Robinson, Farina, Cox Associate*

Richmond, Virginia  
November 30, 2021

## Management's Discussion and Analysis

As management of the County of Northampton (the County), 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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix through xxiii of this report.

In early spring of 2020, our community began to feel the impacts of COVID-19 on our citizens and employees. The crisis hit our area before many other parts of the Commonwealth began to feel the impacts while the County continued to provide all government services. On March 20<sup>th</sup> the County implemented a safety precaution to employees who continued to work and the citizens by closing all facilities to the public. This remained in effect until May 19<sup>th</sup>. During FY21, all County services remained open and available to the public. Throughout FY21 the County saw a rebound in many revenue areas including, Sales Tax, Transient Occupancy Tax (TOT) and Recordation Taxes. This was most likely fueled by the large increase in the number of people who have visited or relocated to Northampton County during the pandemic. Finally, due to the impact on local county government, the County received the second of two rounds of Coronavirus Aid, Relief, and Economic Security Act (CARES) support in the amount of \$1,021,652 on August 17, 2020, and the first tranche of America Rescue Plan Act (ARPA) funding in the amount of \$1,137,265 on June 1, 2021. The County spent remaining CARES Act funding during FY21; however, all the ARPA funding was deferred until FY22. The County spent a total of \$1,818,709 of CARES money in FY21 which included the remaining FY20 unspent portion along with the FY21 allocation.

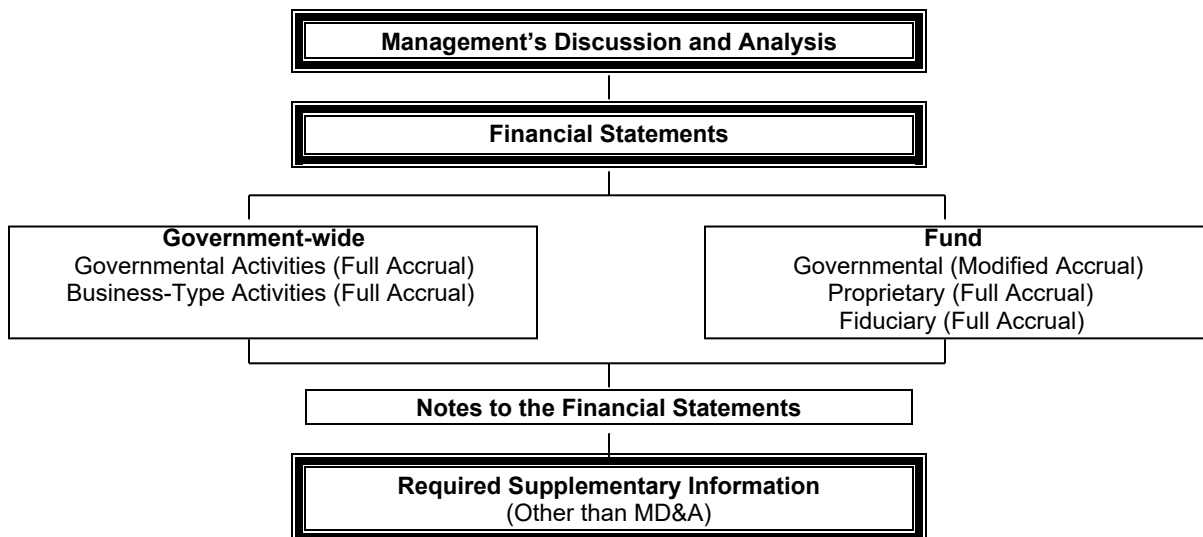
### Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$32,041,911 (*net assets*) a \$3,185,778 increase from FY20. The County's net investment in capital assets increased from \$12,791,941 to \$12,847,424. Unrestricted net assets increased by \$3,081,003 to \$17,225,766 from \$14,144,763 in FY20.
- At June 30, 2021, the Unassigned General Fund balance was \$14,167,329 or 31.55% of actual operating expenditures as defined by the County's fund balance policy. Total General fund balance increased by \$2,511,586 from FY 20, all from the income statement.
- On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$24,587,883 which were \$3,185,778 less than the general revenues of \$27,773,661.
- On a government-wide basis for business-type activities the County had expenses net of program revenue of \$55,064.

### Using the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. As illustrated in the chart below, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

#### Components of the Financial Section



The County's financial statements present two different kinds of statements (government-wide and fund), with two different approaches and views of the County's finances. The government-wide statements provide information on the overall financial status of the County. This method is more comparable to the method used in private industry. The fund financial statements focus on the individual funds of the County government, reporting the operations in more detail than the government-wide statements. When presented in a single report, both perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the County's accountability.

### **Government-wide Financial Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. These statements include all assets and liabilities using the accrual method of accounting. All of the year's revenue and expenses are taken into account regardless of when the cash is received or paid.

The two government-wide statements, the Statement of Net Assets and the Statement of Activities, report the County's net assets and changes in them. The County's net assets can be thought of as the difference between assets and liabilities, which is one way to measure the County's financial position. Over time, increases and decreases in net assets can be one indicator that the County's financial health is improving or deteriorating.

The Statement of Net Assets presents information on all the County's assets and liabilities. As discussed earlier, the difference between assets and liabilities is reported as net assets. Net assets are presented in three categories: net investment in capital assets, restricted, and unrestricted. To accurately use changes as an indicator of the County's financial health, the factors that contribute to the increases and decreases must be analyzed. Other factors such as the County's tax rate, changes in the property tax base, and the condition of capital assets must also be considered when using the Statement of Net Assets as a financial indicator.

The Statement of Activities provides information on how the net assets changed during the year. Since the government-wide financial statements use the accrual method of accounting, changes in net assets are recognized when an event occurs, regardless of the timing of cash. This will result in revenues and expenses being reported in this statement for some items that will not impact cash flow until a later time in another fiscal period.

The Statement of Net Assets and the Statement of Activities are divided into the following types of activities:

- Governmental Activities: These activities are supported primarily by property taxes and report the County's basic services such as general and judicial administration, public safety, parks and recreation, and community development.
- Business-Type Activities: These activities charge fees to customers to help cover the costs of the service. The County's Public Utilities Fund is its only business-type activity at the current time.
- Component Units: The Northampton County Public School Board is a component unit of the County. Component units are legally separate entities, but are reported in the County's financial statements because the County is financially accountable and provides operating and capital funding.

## **Fund Financial Statements**

Fund financial statements are the traditional governmental financial statements. They focus on the most significant funds instead of the County as a whole. Northampton County operates three types of funds.

- Governmental Funds: The governmental funds report most of the County's basic services. The governmental funds serve essentially the same function as the governmental activities in the government-wide financial statements. The governmental fund financial statements focus on near-term cash flows and the amount of spendable resources available at the end of the fiscal year. It provides the reader a short-term view of the financial position. Since the information provides a narrow focus, the government-wide statements will provide additional information. Reconciliation from the fund statements is provided to facilitate this comparison.
- Proprietary Funds: There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds report the same functions as the business-type activities in the government-wide financial statements. Internal service funds account for the goods and services provided by one department or agency to other departments or agencies of the County. The County of Northampton currently has one Enterprise Fund and no Internal Service Funds.
- Fiduciary Funds: Fiduciary funds are used to report assets held in trustee capacity for others and cannot be used to support the government's own programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Assets for several scholarships, the Eastern Shore of Virginia 911 Commission, NC Tourism Grant, ESVA Broadband Authority, EDA, Inmate Custodial and Special Welfare are held in fiduciary funds. These fiduciary activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

## **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. The notes to the financial statements can be found on pages 28-104 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Northampton County's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 105-127 of this report.

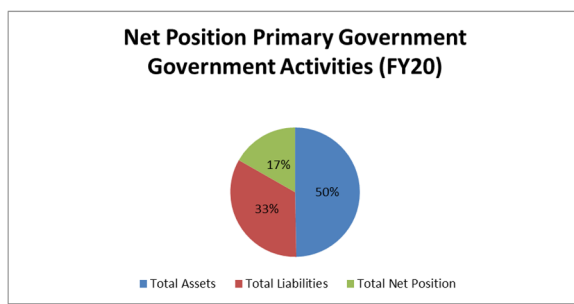
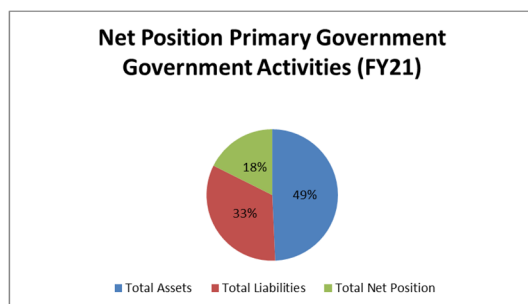
The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information on pension and other post-employment benefit plans. Combining and individual fund statements and schedules can be found on pages 128-142 of this report.

## Government-wide Financial Analysis

The following table presents the condensed Statement of Net Position:

Northampton County, VA  
Summary Statement of Net Position

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 53,937,500	\$ 52,099,785	\$ 154,078	\$ 146,634	\$ 3,924,671	\$ 2,869,665
Capital Assets (net)	35,615,302	33,482,684	66,293	27,740	7,727,208	8,039,658
<b>Total Assets</b>	<b>\$ 89,552,802</b>	<b>\$ 85,582,469</b>	<b>\$ 220,371</b>	<b>\$ 174,374</b>	<b>\$ 11,651,879</b>	<b>\$ 10,909,323</b>
Deferred outflow s of resources	\$ 3,221,204	\$ 1,909,232	\$ 15,441	\$ 10,859	\$ 4,502,091	\$ 3,445,480
Long-term Liabilities	\$ 54,160,358	\$ 54,447,812	\$ 26,703	\$ 22,243	\$ 2,288,164	\$ 1,788,845
Other Liabilities	5,972,181	3,297,963	10,633	17,784	20,235,234	19,463,988
<b>Total Liabilities</b>	<b>\$ 60,132,539</b>	<b>\$ 57,745,775</b>	<b>\$ 37,336</b>	<b>\$ 40,027</b>	<b>\$ 22,523,398</b>	<b>\$ 21,252,833</b>
	\$ 599,556	\$ 889,793	\$ 2,704	\$ 4,498	\$ 2,239,137	\$ 2,289,763
Deferred inflow s of resources						
<b>Net Assets:</b>						
Net investment in capital asse	\$ 12,847,424	\$ 12,791,941	\$ 66,293	\$ 27,740	\$ 7,646,256	\$ 7,806,488
Restricted	1,968,721	1,919,429	-	-	-	-
Unrestricted	17,225,766	14,144,763	129,479	112,968	(16,254,821)	(16,994,281)
<b>Total Net Assets</b>	<b>\$ 32,041,911</b>	<b>\$ 28,856,133</b>	<b>\$ 195,772</b>	<b>\$ 140,708</b>	<b>\$ (8,608,565)</b>	<b>\$ (9,187,793)</b>



The Primary Government's governmental combined net assets increased by \$3,185,778, from \$28,856,133 to \$32,041,911. The Primary Government's governmental unrestricted net assets increased from \$14,144,763 to \$17,225,766. This was largely due to increases in construction-in-progress and increases in revenues. Due to the addition of usage charges and the delay of the completion of ongoing capital improvements, the proprietary fund ended the year with assets and deferred outflows in excess of its liabilities by \$195,772.



The following table presents the condensed statement of changes in net position:

Northampton County, VA Summary Statement of Changes in Net Assets						
	Primary Government				Component Unit	
	Governmental Activities	Business-type Activities			School Board	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program Revenues						
Charges for Service	\$ 2,289,306	\$ 2,042,537	\$ 224,988	\$ 336,989	\$ 136,199	\$ 245,465
Operating Grants & Contributions	8,178,573	6,309,865	-	-	12,722,300	11,786,278
Capital Grants & Contributions	313,673	69,347	-	-	-	-
General Revenues						
Real Estate & Personal Property Taxes	19,860,840	19,688,827	-	-	-	-
Other Taxes	4,219,131	3,224,406	-	-	-	-
Unrestricted Revenue from use of money and property	144,449	602,166	-	-	-	-
Grants and Contributions not restricted to specific programs	1,903,845	2,164,551	-	-	-	-
Miscellaneous	181,048	169,872	-	-	321,859	194,107
Transfers	1,464,348	1,738,169	-	(4,275)	9,410,553	9,343,231
<b>Total Revenues</b>	<b>\$38,555,213</b>	<b>\$ 36,009,740</b>	<b>\$ 224,988</b>	<b>\$ 332,714</b>	<b>\$ 22,590,911</b>	<b>\$ 21,569,081</b>
<b>Expenses:</b>						
General Administration	\$ 2,966,512	\$ 3,195,073	\$ -	\$ -	\$ -	\$ -
Judicial Administration	936,664	805,032	-	-	-	-
Public Safety	11,579,210	10,763,461	-	-	-	-
Public Works	3,245,658	3,148,791	-	-	-	-
Public Utilities	-	-	169,924	260,122	-	-
Health & Welfare	3,193,313	2,921,111	-	-	-	-
Education	9,640,932	9,982,925	-	-	22,373,403	21,421,483
Parks, Recreation, and Cultural	653,310	442,455	-	-	-	-
Community Development	2,255,067	1,486,382	-	-	-	-
Interest on long-term debt	898,769	1,124,481	-	-	-	-
<b>Total Expenses</b>	<b>\$35,369,435</b>	<b>\$ 33,869,711</b>	<b>\$ 169,924</b>	<b>\$ 260,122</b>	<b>\$ 22,373,403</b>	<b>\$ 21,421,483</b>
<b>Change in Net Assets</b>	<b>\$ 3,185,778</b>	<b>\$ 2,140,029</b>	<b>\$ 55,064</b>	<b>\$ 72,592</b>	<b>\$ 217,508</b>	<b>\$ 147,598</b>
<b>Net Assets, Beginning, As Restated</b>	<b>28,856,133</b>	<b>26,716,104</b>	<b>140,708</b>	<b>68,116</b>	<b>(8,826,073)</b>	<b>(9,335,391)</b>
<b>Net Assets, Ending</b>	<b>\$32,041,911</b>	<b>\$ 28,856,133</b>	<b>\$ 195,772</b>	<b>\$ 140,708</b>	<b>\$ (8,608,565)</b>	<b>\$ (9,187,793)</b>

### Revenues

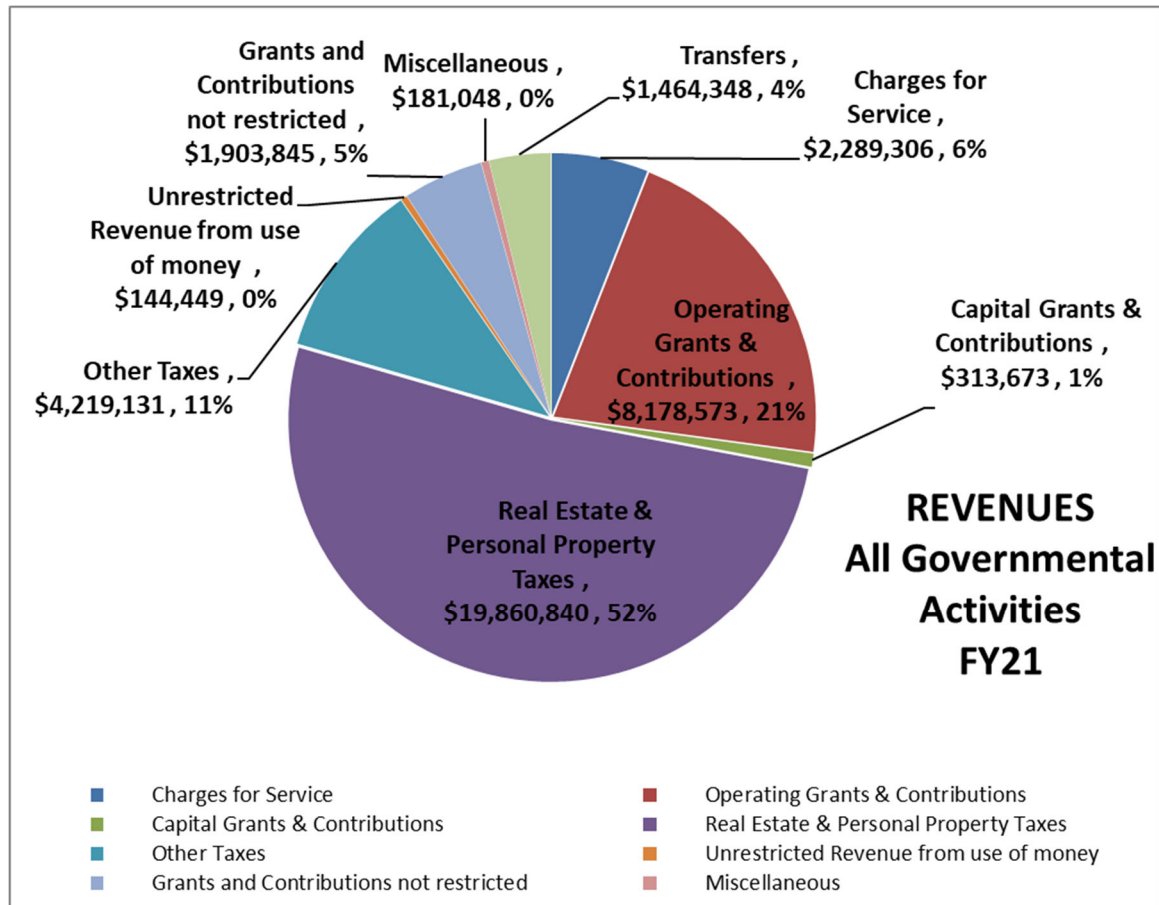
For the fiscal year ended June 30, 2021, revenues generated by the Primary Government's governmental activities totaled \$38,555,213. General property taxes, the County's largest revenue source, were \$19,860,840, a 0.87% increase vs. FY20. Included in this total are real and personal property levies, which are due on December 5<sup>th</sup> each year. The real estate tax rate for FY21 was \$0.835 per \$100 of assessed value. The FY21 tax rate increased \$0.005 from the FY 20 tax rate due to reassessment calculations.

FY21 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The new PPTRA became effective with the 2006 tax year and is based on the amount collected for 2004 taxes through December 2005. The total amount Northampton County receives under the new program is \$1,421,967. This amount enabled the County to provide car tax relief of 48.75% up to the first \$20,000 in value for FY21.

The other local tax category includes sales tax, consumer utilities tax, motor vehicle licenses, occupancy tax, recordation tax, and food and beverage tax. This category of income reflects an overall increase of \$994,725 from the previous year, totaling \$4,219,131 in FY21. This increase was mostly due to a \$513,920 increase in Sales Tax receipts, \$238,316 increase in Recordation taxes from increased real estate transactions and a \$187,407 increase in TOT tax revenue.

Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues for governmental activities were \$10,781,552. Program revenues in the governmental funds include a "charges for services" category that totaled \$2,289,306, charges for waste disposal, recreation programs, and building permits. Also included in Program Revenues are Operating and Capital Grants and Contributions. This category increased significantly from the previous fiscal year due to CARES Act funding.

The remaining \$3,693,690 is mostly made up of transfers and Grants and Contributions that were not restricted.



### Expenses

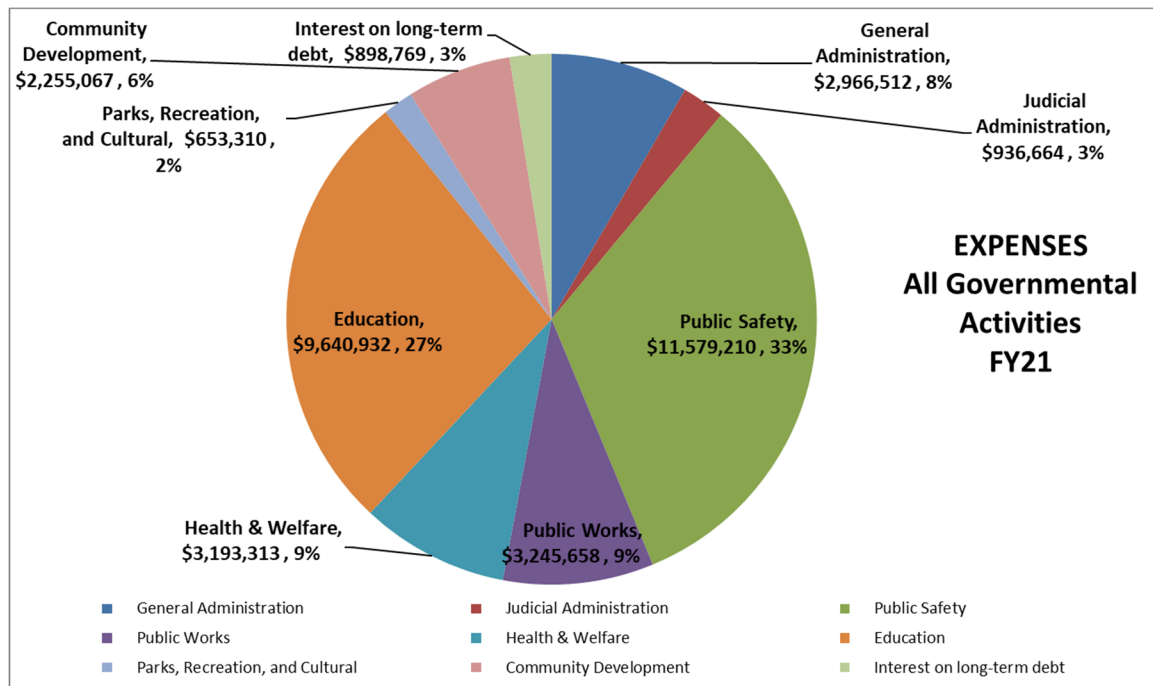
For the fiscal year ended June 30, 2021, expenses for governmental activities totaled \$35,369,435, an increase of \$1,499,724 from FY20. For FY21, interest expense on long-term debt was \$898,769, a decrease of \$225,712 from FY20 due to the reduction of debt and twelve months of interest vs fifteen during FY20 for the first year of the 2019 VPSA Bond issuance.

The County's health insurance plan continues to be trending down with the change to The Local Choice and the addition of our wellness program resulting in a decrease in the annual premiums for the second year. The County's contribution was reduced from \$7,800 per employee to \$6,972 for all employees and increased from \$1,200 for wellness program participants to \$1,536 in FY21. Even with these changes health insurance contributions for all employees either went down or remained the same. The employer contribution into the Virginia Retirement System increased from 8.14% to 8.89% of the employee's salary. The new rate of 8.89% remained for FY22.

Public Works increased by \$96,867 while Public Safety increased by \$815,749 due to the recently implemented salary study, increased EMS staffing required in Exmore due to reduction in volunteers, COVID-19 related staffing requirements and additional expenses relating to CARES COVID-19 response. Parks, Recreation and Cultural expenses increased by \$272,202 vs. FY20 due to the reinstatement of many programs and the addition of extended "summer camp" which provided assistance to parents with remote learning students.

Community Development expenses increased vs. FY20 by \$768,685, mostly due to \$548,447 in small business CARES Community Assistance support that was provided to 113 qualifying applicants.

The County's Proprietary Fund expenses reflected a total of \$169,924, a \$90,198 decrease compared to FY20. Even with the continued reduction in rates charged to Bayview customers who do not exceed the minimum 4,000-gallon usage, the County received revenue of \$224,988, a \$112,001 decrease vs. FY20, creating a \$55,064 surplus which will be used to continue to minimize the effect of large capital needs on the rates charged to customers in Bayview.



## Financial Analysis of the Government's Funds

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

For the fiscal year ended June 30, 2021, the County's governmental funds reflect a combined fund balance of \$47,534,027, most of which is restricted, committed or assigned for specific purposes such as capital outlay and debt service. This is a decrease of \$980,890, mostly due to progress on the High/Middle School Enhancement Project. Fund balance in the General Fund increased by \$2,511,586.

When fund balance is used, it can be identified under two categories: one-time, capital items and operational budget funding. Historically, fund balance has not been utilized to support the operational departmental Budget; however, the Board of Supervisors determined that the use of fund balance to assist in the budget development was in keeping with their financial policies and goals to maintain a reasonable tax structure while staying in guidelines of its adopted policy.

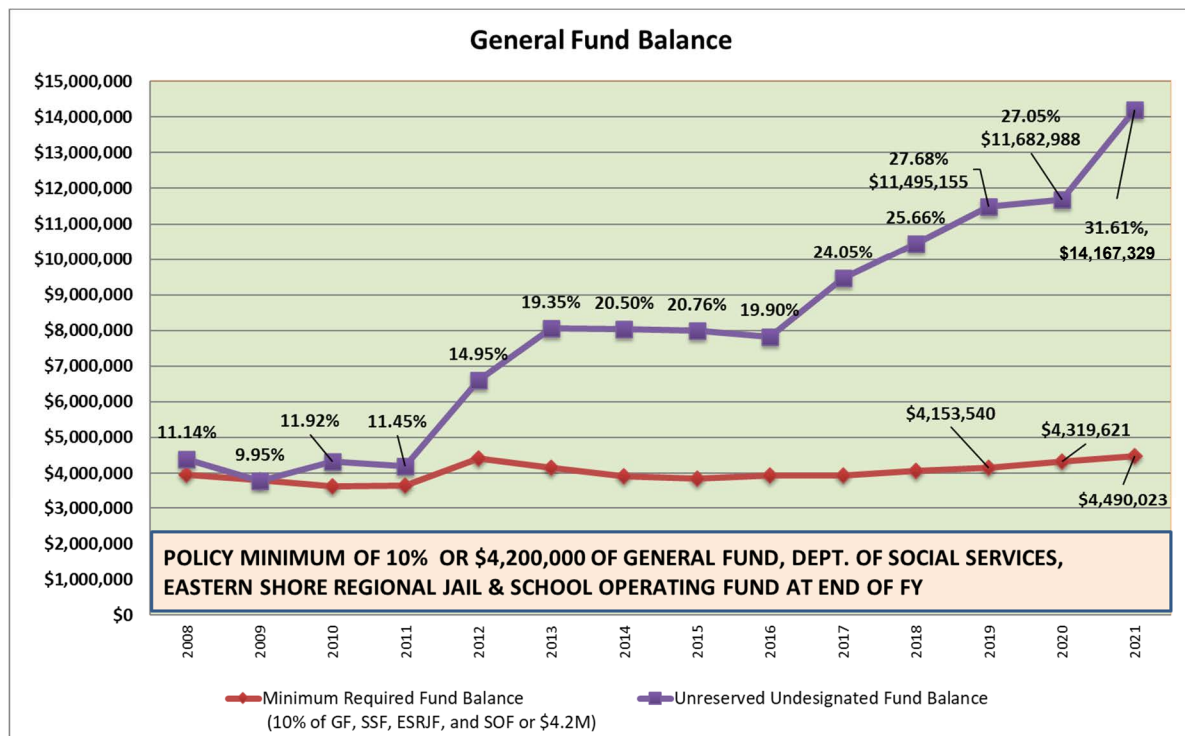
The Social Service and School Funds have not historically accumulated a separate fund balance (except for sick leave liability, a small amount designated for scholarships, etc.); therefore, general fund balance must be sufficient to cover unexpected cash flow needs and lagging revenue collections in those funds when necessary. For Fiscal Year 2021, the Board took the following actions:

Any remaining unspent appropriations in the School Operating Fund for FY21 shall be transferred to the School Capital Fund (Fund 395) and shall be utilized for funding projects in the adopted School's Capital Improvement Plan.

In the event that there are Local revenues in excess of expenditures at the end of future years, the governing body shall consider the future use of said funds after consultation with the Northampton County School Board and prior to any appropriation of same.

Fund Balances in the capital project funds fluctuated with the issuance of new debt and the on-going project expenses of each fund.

In the General Fund, unassigned fund balance is \$14,167,329 with a total fund balance of \$14,194,573 compared to \$11,682,987 for FY20, a \$2,484,342 increase in unassigned fund balance. In August 2013, the Board of Supervisors revised the fund balance policy which increased the minimum level of acceptable unassigned General Fund balance from 8% to 10% of the combined actual operating expenditures of the General Fund, Department of Social Service Fund, Eastern Shore Regional Jail Fund and School Operating Funds (net of interfund transfers). At June 30, 2021, the unassigned General Fund balance increased from 27.05% of actual operating expenditures as defined in the policy in FY20 to FY21's total of 31.55%. If at any time the unassigned fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenses in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level.



## General Fund Budgetary Highlights

Differences between the original operating budget and the final operating budget resulted in a net increase of \$8,127,861 in additional appropriations. Highlights General Fund budget amendments (those in excess of \$50,000) are as follows:

- \* Transfers due to vacancy savings in the ESRJ to Sheriff Department \$94,147
- \* Carry forward of FY20 capital from vacancy savings for two Sheriff vehicles \$57,765
- \* American Rescue Plan Act (ARPA) \$2,274,530
- \* USDA Grant/Loan for Solid Waste Wheel Loader \$180,000
- \* USDA Grant/Loan for Facilities Management Excavator/Truck/Trailer \$76,500
- \* CARES Act sharing from the Commonwealth of Virginia \$1,930,365
- \* ABM Bundled Energy Solution \$2,730,694
- \* Former Middle School Generator Commonwealth \$350k /Local \$150k \$500,000
- \* NC Tourism TOT "true-up" due to increased revenue \$134,057

## Capital Assets

The County of Northampton's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$35,615,302 (net of accumulated depreciation) while business -type activities were \$66,293. This investment in capital assets includes land, construction in progress, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.

### Northampton County, VA

#### Primary Government

#### Change in Capital Assets

	Balance 30-Jun-20	Net Increase/ (Decrease)	Balance 30-Jun-21
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,540,007	\$ -	\$ 2,540,007
Construction in Progress	194,089	162,841	356,930
Jointly Construction in Progress	\$ -	\$ 3,320,511	\$ 3,320,511
Other Capital Assets			
Buildings	\$ 48,891,626	\$ (36,377)	\$ 48,855,249
Furniture & Other Equipment	5,423,285	325,367	5,748,652
Improvements other than Buildings	2,902,563	312,046	3,214,609
Jointly Owned Improvements	2,859,970	-	2,859,970
Less: Accumulated Depreciation	(29,328,856)	(1,951,770)	(31,280,626)
Net Capital Assets	<u>\$ 33,482,684</u>	<u>\$ 2,132,618</u>	<u>\$ 35,615,302</u>

School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit (School Board) for as long as the County owes general obligation debt on such assets. The County reports depreciation on these assets as an element of its share of the costs of the public school system. Readers desiring more detailed information on capital asset activity should refer to Note 5 on pages 43-46 in the notes to the financial statements.

## Long-Term Debt

The County operates debt service funds for debt associated with the school system and other general debt including the County Complex, Regional Jail, Landfill Closure and Transfer Station. Funding for the repayment of school debt comes directly from the County's General Fund. For the remaining debt, debt service is funded in accordance with a plan developed by the County's financial advisors. The County is currently contributing to a debt service fund which is designed to cover all current and future debt service anticipated as part of the County's Capital Improvement Plan. For FY21, in accordance with the plan, \$0.153 cents of the real estate property tax levy billed while \$0.211 was actually transferred due to actual collections for Real Estate taxes to this fund to adequately cover the required debt service. Revenues in the General Debt Service Fund are generated through a combination of the special tax levy, growth in the existing tax base; savings achieved through the bond program and rent payments from the department of Social Services for their new building.

The County and School occasionally uses short-term lease-purchase financing (capital leases) to acquire large equipment items as approved in the annual operating budget process. During fiscal year 2021, the School Board did not enter into any new leases. Buses and Equipment were paid through the School Capital fund and will be reimbursed with equal payments over the next five years.

The Constitution of Virginia, Article VII, Section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. The Northampton County Board of Supervisors adopted a local policy during FY05 which states that the ratio of debt service expenditures as a percentage of governmental fund expenditures should not exceed 12%. For FY21, this ratio was 9.61% vs. 7.03% in FY20. The policy also set a limit for total outstanding debt

at no more than 4% of the assessed value of real estate. For FY21, this ratio was approximately 1.99% vs. 1.83% in FY20 due to the VPSA 2019 Bond issuance.

All debt secured by the general obligation of the County must be approved by the Board of Supervisors and a public referendum, with the exception of Virginia Public School Authority (VPSA) Bonds and State Literary Fund Loans which do not need approval by referendum.

The Primary Government's outstanding debt at July 1, 2021 is as follows:

<b>General</b>		
USDA Loan	\$	269,482
2012 Bond VRA Refinancing		<u>15,151,473</u>
<b>Subtotal</b>	<b>\$</b>	<b>15,420,955</b>
<b>Schools</b>		
Lease-Purchase Obligations (School Operating Fund)	\$	80,952
2006 QZAB		2,214,428
Literary Loans		12,129
2019 VPSA Gen. Obligation School Bond		27,051,534
2012 VPSA Gen. Obligation School Bond		<u>808,823</u>
<b>Subtotal</b>	<b>\$</b>	<b>30,167,866</b>
<b>Grand Total</b>	<b>\$</b>	<b><u>45,588,821</u></b>

Additional information on the County's long-term debt can be found in Note 7 on pages 48-54 of this report.

## Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to John Chandler, Finance Director [jchandler@co.northampton.va.us](mailto:jchandler@co.northampton.va.us), P O Box 66, Eastville, VA 23347, telephone 757-678-0440 ext. 550 or visit the County's web site at [www.co.northampton.va.us](http://www.co.northampton.va.us).

Statement of Net Position  
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and investments	\$ 23,162,789	\$ 152,531	\$ 23,315,320	\$ 2,824,805
Receivables (net of allowance for uncollectibles):				
Taxes receivable	891,129	-	891,129	-
Accounts receivable	572,288	1,547	573,835	44,093
Due from other governmental units	1,277,986	-	1,277,986	1,044,573
Prepaid items	27,244	-	27,244	11,200
Restricted assets:				
Cash and cash equivalents (in custody of others)	1,816,140	-	1,816,140	-
Investments (in custody of others)	26,189,924	-	26,189,924	-
Capital assets (net of accumulated depreciation):				
Land	2,540,007	-	2,540,007	373,276
Buildings and improvements	25,602,663	-	25,602,663	3,979,493
Improvements other than buildings	1,785,611	11,744	1,797,355	1,051,254
Machinery and equipment	2,009,580	9,351	2,018,931	2,312,985
Construction in progress	3,677,441	45,198	3,722,639	10,200
Total assets	<u>\$ 89,552,802</u>	<u>\$ 220,371</u>	<u>\$ 89,773,173</u>	<u>\$ 11,651,879</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 2,830,959	\$ 12,893	\$ 2,843,852	\$ 3,935,865
OPEB related items	390,245	2,548	392,793	566,226
Total deferred outflows of resources	<u>\$ 3,221,204</u>	<u>\$ 15,441</u>	<u>\$ 3,236,645</u>	<u>\$ 4,502,091</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,429,715	\$ 7,888	\$ 3,437,603	\$ 563,643
Accrued liabilities	915,817	2,745	918,562	1,702,856
Accrued interest payable	478,161	-	478,161	-
Unearned revenue	1,148,488	-	1,148,488	21,665
Long-term liabilities:				
Due within one year	2,112,982	13	2,112,995	125,337
Due in more than one year	52,047,376	26,690	52,074,066	20,109,897
Total liabilities	<u>\$ 60,132,539</u>	<u>\$ 37,336</u>	<u>\$ 60,169,875</u>	<u>\$ 22,523,398</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 76,869	\$ 402	\$ 77,271	\$ 1,712,127
OPEB related items	337,184	2,302	339,486	527,010
Deferred revenue - property taxes	31,007	-	31,007	-
Deferred revenue - jail phone	154,496	-	154,496	-
Total deferred inflows of resources	<u>\$ 599,556</u>	<u>\$ 2,704</u>	<u>\$ 602,260</u>	<u>\$ 2,239,137</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 12,847,424	\$ 66,293	\$ 12,913,717	\$ 7,646,256
Restricted:				
Forfeited assets	69,974	-	69,974	-
CDBG projects	71,161	-	71,161	-
Purchase of development rights	11,446	-	11,446	-
Debt service and bond covenants	1,816,140	-	1,816,140	-
Unrestricted (deficit)	17,225,766	129,479	17,355,245	(16,254,821)
Total net position	<u>\$ 32,041,911</u>	<u>\$ 195,772</u>	<u>\$ 32,237,683</u>	<u>\$ (8,608,565)</u>

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

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,966,512	\$ -	\$ 296,102	\$ -
Judicial administration	936,664	345,436	507,958	-
Public safety	11,579,210	1,036,314	4,387,041	-
Public works	3,245,658	817,127	3,413	91,000
Health and welfare	3,193,313	-	2,047,479	-
Education	9,640,932	39,294	-	-
Parks, recreation, and cultural	653,310	51,135	19,173	222,673
Community development	2,255,067	-	917,407	-
Interest on long-term debt	898,769	-	-	-
Total governmental activities	\$ 35,369,435	\$ 2,289,306	\$ 8,178,573	\$ 313,673
Business-type activities:				
Public utilities	\$ 169,924	\$ 224,988	\$ -	\$ -
Total business-type activities	\$ 169,924	\$ 224,988	\$ -	\$ -
Total primary government	\$ 35,539,359	\$ 2,514,294	\$ 8,178,573	\$ 313,673
COMPONENT UNIT:				
School Board	\$ 22,373,403	\$ 136,199	\$ 12,722,300	\$ -
Total component unit	\$ 22,373,403	\$ 136,199	\$ 12,722,300	\$ -

General revenues and transfers:

General property taxes  
Local sales and use tax  
Consumer utility tax  
Motor vehicle licenses  
Restaurant food taxes  
Hotel and motel room taxes  
Other local taxes  
Unrestricted revenues from use of money and property  
Miscellaneous  
Grants and contributions not restricted to specific programs  
Payment from Northampton County  
Payment from Northampton County School Board  
Total general revenues and transfers  
Change in net position  
Net position - beginning, as restated  
Net position - ending

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



Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,670,410)	\$ -	\$ (2,670,410)	\$ -
(83,270)	-	(83,270)	-
(6,155,855)	-	(6,155,855)	-
(2,334,118)	-	(2,334,118)	-
(1,145,834)	-	(1,145,834)	-
(9,601,638)	-	(9,601,638)	-
(360,329)	-	(360,329)	-
(1,337,660)	-	(1,337,660)	-
(898,769)	-	(898,769)	-
<u>\$ (24,587,883)</u>	<u>\$ -</u>	<u>\$ (24,587,883)</u>	<u>\$ -</u>
\$ -	\$ 55,064	\$ 55,064	\$ -
\$ -	\$ 55,064	\$ 55,064	\$ -
<u>\$ (24,587,883)</u>	<u>\$ 55,064</u>	<u>\$ (24,532,819)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (9,514,904)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,514,904)</u>
\$ 19,860,840	\$ -	\$ 19,860,840	\$ -
1,957,466	-	1,957,466	-
328,659	-	328,659	-
374,220	-	374,220	-
362,177	-	362,177	-
663,301	-	663,301	-
533,308	-	533,308	-
144,449	-	144,449	-
181,048	-	181,048	321,859
1,903,845	-	1,903,845	-
-	-	-	9,410,553
1,464,348	-	1,464,348	-
<u>\$ 27,773,661</u>	<u>\$ -</u>	<u>\$ 27,773,661</u>	<u>\$ 9,732,412</u>
\$ 3,185,778	\$ 55,064	\$ 3,240,842	\$ 217,508
28,856,133	140,708	28,996,841	(8,826,073)
<u>\$ 32,041,911</u>	<u>\$ 195,772</u>	<u>\$ 32,237,683</u>	<u>\$ (8,608,565)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Eastern Shore Regional Jail	Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 14,759,632	\$ 121,090	\$ -
Receivables (net of allowance for uncollectibles):			
Taxes receivable	891,129	-	-
Accounts receivable	511,181	54,905	-
Due from other funds	-	-	469,544
Due from other governmental units	784,764	220,153	-
Prepaid items	27,244	-	-
Restricted assets:			
Cash and cash equivalents	8,098	-	1,808,042
Investments	-	-	-
Total assets	<u>\$ 16,982,048</u>	<u>\$ 396,148</u>	<u>\$ 2,277,586</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 383,654	\$ 59,104	\$ -
Accrued liabilities	500,376	182,548	-
Reconciled overdraft payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	1,148,488	-	-
Total liabilities	<u>\$ 2,032,518</u>	<u>\$ 241,652</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 754,957	\$ -	\$ -
Unavailable revenue - jail phone	-	154,496	-
Total deferred inflows of resources	<u>\$ 754,957</u>	<u>\$ 154,496</u>	<u>\$ -</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 27,244	\$ -	\$ -
Restricted	-	-	1,816,140
Committed	-	-	461,446
Assigned	-	-	-
Unassigned	14,167,329	-	-
Total fund balances	<u>\$ 14,194,573</u>	<u>\$ -</u>	<u>\$ 2,277,586</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,982,048</u>	<u>\$ 396,148</u>	<u>\$ 2,277,586</u>

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

Exhibit 3

Capital Projects	Other Governmental Funds	Total
\$ 8,084,849	\$ 265,873	\$ 23,231,444
-	-	891,129
-	6,202	572,288
-	-	469,544
-	273,069	1,277,986
-	-	27,244
-	-	1,816,140
26,189,924	-	26,189,924
\$ <u>34,274,773</u>	\$ <u>545,144</u>	\$ <u>54,475,699</u>
\$ 2,850,491	\$ 136,466	\$ 3,429,715
129,898	102,995	915,817
-	68,655	68,655
469,544	-	469,544
-	-	1,148,488
\$ <u>3,449,933</u>	\$ <u>308,116</u>	\$ <u>6,032,219</u>
\$ -	\$ -	\$ 754,957
-	-	154,496
\$ <u>-</u>	\$ <u>-</u>	\$ <u>909,453</u>
\$ -	\$ -	\$ 27,244
22,739,991	152,581	24,708,712
8,084,849	-	8,546,295
-	84,447	84,447
-	-	14,167,329
\$ <u>30,824,840</u>	\$ <u>237,028</u>	\$ <u>47,534,027</u>
\$ <u>34,274,773</u>	\$ <u>545,144</u>	\$ <u>54,475,699</u>

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	47,534,027
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$	66,895,928	
Accumulated depreciation		<u>(31,280,626)</u>	35,615,302

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue or not reported in the funds.

Unavailable revenue - property taxes	723,950
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Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	2,830,959	
OPEB related items		<u>390,245</u>	3,221,204

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

Bonds and loans payable	\$	(45,507,869)	
Accrued interest payable		(478,161)	
Net OPEB liability		(1,674,133)	
Net pension liability		(3,185,621)	
Landfill post-closure liability		(2,923,212)	
Compensated absences		<u>(869,523)</u>	(54,638,519)

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

Pension related items	\$	(76,869)	
OPEB related items		<u>(337,184)</u>	<u>(414,053)</u>

Net position of governmental activities	\$	<u><u>32,041,911</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	General	Eastern Shore Regional Jail	Debt Service
<b>REVENUES</b>			
General property taxes	\$ 20,092,815	\$ -	\$ -
Other local taxes	4,219,131	-	-
Permits, privilege fees, and regulatory licenses	154,123	-	-
Fines and forfeitures	296,670	-	-
Revenue from the use of money and property	54,417	-	40,558
Charges for services	1,716,642	106,785	-
Miscellaneous	72,004	10,272	-
Recovered costs	169,846	2,463	161,139
Intergovernmental:			
Local government	-	-	-
Commonwealth	3,839,006	2,189,770	-
Federal	2,092,570	-	-
Total revenues	\$ <u>32,707,224</u>	\$ <u>2,309,290</u>	\$ <u>201,697</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 2,532,056	\$ -	\$ -
Judicial administration	789,639	-	-
Public safety	6,829,840	4,214,745	-
Public works	3,033,477	-	-
Health and welfare	792,934	-	-
Education	8,895,171	-	-
Parks, recreation, and cultural	440,021	-	-
Community development	2,103,469	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	2,239,465
Interest and other fiscal charges	-	-	1,809,515
Total expenditures	\$ <u>25,416,607</u>	\$ <u>4,214,745</u>	\$ <u>4,048,980</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>7,290,617</u>	\$ <u>(1,905,455)</u>	\$ <u>(3,847,283)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 187,111	\$ 2,002,103	\$ 3,996,906
Transfers out	(5,222,642)	(96,648)	-
Issuance of notes payable	256,500	-	-
Total other financing sources (uses)	\$ <u>(4,779,031)</u>	\$ <u>1,905,455</u>	\$ <u>3,996,906</u>
Net change in fund balances	\$ 2,511,586	\$ -	\$ 149,623
Fund balances - beginning	11,682,987	-	2,127,963
Fund balances - ending	\$ <u>14,194,573</u>	\$ <u>-</u>	\$ <u>2,277,586</u>

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

Exhibit 5

	Capital Projects	Other Governmental Funds	Total
\$	-	\$ -	\$ 20,092,815
	-	-	4,219,131
	-	-	154,123
	-	-	296,670
	49,474	-	144,449
	-	15,086	1,838,513
	-	98,772	181,048
	-	-	333,448
	1,464,348	-	1,464,348
	-	910,344	6,939,120
	-	1,364,401	3,456,971
\$	<u>1,513,822</u>	<u>\$ 2,388,603</u>	<u>\$ 39,120,636</u>
\$	-	\$ -	\$ 2,532,056
	-	-	789,639
	-	-	11,044,585
	-	-	3,033,477
	-	2,364,688	3,157,622
	130,400	-	9,025,571
	-	-	440,021
	-	124,167	2,227,636
	3,804,432	254,007	4,058,439
	-	-	2,239,465
	-	-	1,809,515
\$	<u>3,934,832</u>	<u>\$ 2,742,862</u>	<u>\$ 40,358,026</u>
\$	<u>(2,421,010)</u>	<u>\$ (354,259)</u>	<u>\$ (1,237,390)</u>
\$	13,691	\$ 487,010	\$ 6,686,821
	(1,263,377)	(104,154)	(6,686,821)
	-	-	256,500
\$	<u>(1,249,686)</u>	<u>\$ 382,856</u>	<u>\$ 256,500</u>
\$	(3,670,696)	\$ 28,597	\$ (980,890)
	34,495,536	208,431	48,514,917
\$	<u>30,824,840</u>	<u>\$ 237,028</u>	<u>\$ 47,534,027</u>

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	(980,890)
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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 asset additions	\$	5,057,580	
Depreciation expense		(2,515,275)	
Jointly owned asset allocation of assets		<u>(409,687)</u>	2,132,618

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in unavailable property taxes	(231,975)
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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.

Issuance of long-term debt	\$	(256,500)	
Principal payments		2,239,465	
Increase in landfill post-closure liability		<u>(22,804)</u>	1,960,161

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	\$	(47,898)	
OPEB expense		14,277	
Pension expense		(410,122)	
Amortization of bond issuance premiums		409,945	
(Increase) decrease in accrued interest payable		<u>339,662</u>	305,864

Change in net position of governmental activities	\$	<u>3,185,778</u>
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The notes to the financial statements are an integral part of this statement.

## Statement of Net Position

## Proprietary Fund

June 30, 2021

	Enterprise Fund Public Utilities Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 152,531
Accounts receivable	1,547
Total current assets	\$ 154,078
Noncurrent assets:	
Capital assets:	
Machinery and equipment	\$ 42,497
Improvements other than buildings	18,875
Construction in progress	45,198
Less accumulated depreciation	(40,277)
Total capital assets	\$ 66,293
Total noncurrent assets	\$ 66,293
Total assets	\$ 220,371
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 12,893
OPEB related items	2,548
Total deferred outflows of resources	\$ 15,441
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 7,888
Accrued liabilities	2,745
Compensated absences - current portion	13
Total current liabilities	\$ 10,646
Noncurrent liabilities:	
Net OPEB liabilities	\$ 10,230
Net pension liability	16,348
Compensated absences - net of current portion	112
Total noncurrent liabilities	\$ 26,690
Total liabilities	\$ 37,336
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 402
OPEB related items	2,302
Total deferred inflows of resources	\$ 2,704
<b>NET POSITION</b>	
Investment in capital assets	\$ 66,293
Unrestricted	129,479
Total net position	\$ 195,772

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



## Statement of Revenues, Expenses, and Changes in Net Position

## Proprietary Fund

For the Year Ended June 30, 2021

	Enterprise Fund Public Utilities Fund
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 98,520
Wastewater revenues	116,678
Miscellaneous	9,790
Total operating revenues	<u>\$ 224,988</u>
<b>OPERATING EXPENSES</b>	
Personnel	\$ 33,597
Fringe benefits	19,752
Contractual services	72,667
Depreciation	6,645
Other charges	37,263
Total operating expenses	<u>\$ 169,924</u>
Change in net position	\$ 55,064
Net position - beginning	140,708
Net position - ending	<u>\$ 195,772</u>

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

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2021

	Enterprise Fund Public Utilities Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 223,983
Payments to suppliers	(117,081)
Payments to and for employees	(55,265)
Net cash provided by (used for) operating activities	<u>\$ 51,637</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	\$ (45,198)
Net cash provided by (used for) capital and related financing activities	<u>\$ (45,198)</u>
Net increase (decrease) in cash and cash equivalents	\$ 6,439
Cash and cash equivalents - beginning	146,092
Cash and cash equivalents - ending	<u><u>\$ 152,531</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 55,064
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 6,645
(Increase) decrease in accounts receivable	(1,005)
(Increase) decrease in deferred outflows of resources	(4,582)
Increase (decrease) in accounts payable	(7,085)
Increase (decrease) in accrued liabilities	(66)
Increase (decrease) in net OPEB liabilities	(2,168)
Increase (decrease) in deferred inflows of resources	(1,794)
Increase (decrease) in net pension liability	11,326
Increase (decrease) in compensated absences	(4,698)
Total adjustments	<u>\$ (3,427)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 51,637</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2021

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,157,706
Accounts receivable	342,398
Total assets	\$ <u>1,500,104</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 34,868
Accrued liabilities	118,133
Reconciled overdraft payable	189,900
Total liabilities	\$ <u>342,901</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals	\$ 270,903
Other organizations	234,260
Other governments	652,040
Total net position	\$ <u><u>1,157,203</u></u>

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

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2021

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Other governmental entities	\$ 2,673,191
Participant fees	384,862
Miscellaneous	551,058
State grants	29,061
Investment earnings:	
Interest and dividends	48
Total additions	\$ <u>3,638,220</u>
<b>DEDUCTIONS</b>	
Recipient payments	\$ 354,158
Payments for professional services	245,686
Grants to other organizations	118,147
Payments for other charges	208,807
Payments for capital outlay	195,760
Payments for personnel	2,126,469
Purchases of supplies	103,973
Total deductions	\$ <u>3,353,000</u>
Net increase (decrease) in fiduciary net position	\$ <u>285,220</u>
Net position - beginning - as restated	\$ 871,983
Net position - ending	\$ <u><u>1,157,203</u></u>

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

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The County of Northampton, Virginia (the "County") is governed by an elected five-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer fire protection and rescue services, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Northampton, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. 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, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. 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).

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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.

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 state and 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 the 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 Northampton (the primary government) and its component unit. 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 combined financial statements to emphasize it is legally separate from the government.

#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units to be included for the fiscal year ended June 30, 2021.

*Discretely Presented Component Units.* The Seven School Board members are elected by the voters of Northampton County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021.



COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**C. Other Related Organizations Included in the County's Financial Report**

None

**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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 45 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 as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

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

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.

1. Governmental Funds - are those through which most governmental functions typically are financed. The County reports the General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund and Capital Projects Fund as major governmental funds.

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 in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, 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.

Special Revenue Funds - account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. The County reports the Eastern Shore Regional Jail Fund as a major Special Revenue Fund. Revenues are derived primarily from the Commonwealth of Virginia and charges for services.

Debt Service Fund - accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. Payment of principal and interest on the County and School System's general long-term debt is provided by appropriations from the General Fund.

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 reports the following nonmajor governmental funds:

Special Revenue Funds - The County reports the following nonmajor Special Revenue Funds: Forfeited Asset Sharing, Purchase of Development Rights, CDBG Projects, Virginia Public Assistance, Brownfield Community Assessment, and Harbor Improvement.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

2. Fiduciary Funds - (Trust and Custodial Funds) - account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Custodial Funds. Private Purpose Trust and Custodial Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which include social services clients, tourism commission, E-911 programs and IDA funds. The County reports the following Custodial Funds: Joint IDA Operating, Virginia Broadband Authority, Special Welfare, NC Tourism Commission, 911 Capital, 911 Operating, Building Inspection Fees, and Inmate Custodial.
3. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund 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 distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's major Enterprise Fund consists of the Public Utilities Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system.

4. Component Unit

The Northampton County School Board has the following funds:

**Governmental Fund:**

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Northampton School Board and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

**Special Revenue Funds:**

School Grants Fund - This fund accounts for the revenues and expenditures for all federal grants of the School Board. The School Grants Fund is considered a major fund for financial reporting purposes.

School Cafeteria Fund - This fund is the operating fund of the school cafeteria and accounts for all revenues and expenditures applicable to the general operations of the school nutrition system. Revenues are derived primarily from charges for services and state and federal grants. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

School Retiree Health Insurance Fund - This fund accounts for the revenues and expenditures for the retiree health insurance program. The School Retiree Health Insurance Fund is considered a major fund for financial reporting purposes.

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

##### **4. Component Unit (Continued)**

###### **Special Revenue Funds: (Continued)**

School Activity Fund - School activity funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from all activities of the school involving personnel, students, or property. The School Activity Fund is considered a nonmajor fund of the School Board for financial reporting purposes.

#### **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.

#### **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. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

#### **G. 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 either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of the 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 \$269,545 at June 30, 2021 and is comprised solely of property taxes.

##### **Real and Personal Property Tax Data:**

The tax calendars for real and personal property taxes are summarized below.

	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1
Collection Date	December 5	December 5

The County bills and collects its own property taxes.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

##### **H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. There was no capitalized interest in the current year.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Improvements other than buildings	20
Machinery and equipment	5-15

##### **I. Compensated Absences**

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. 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 is estimated will be taken as "terminal leave" prior to retirement.

##### **J. 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.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**K. Net Position**

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

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

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

**L. 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 Plans' fiduciary net 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.

**M. 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 (nonprofessional) and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net 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.



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**M. Other Postemployment Benefits (OPEB) (Continued)**

**Medical, Dental and Disability Pay-As-You Go**

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the County's and School Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the County and School Board's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**N. Long-term Obligations**

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

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

**O. Prepaid Items**

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost. Prepaid expenditures in governmental funds are reported as nonspendable fund balance.

**P. Restricted Assets**

Restricted assets of \$1,816,140 represent amounts set aside in a sinking fund for debt service at June 30, 2021 and \$26,689,647 represent Virginia State Non-Arbitrage Pool funds held for school construction.

**Q. Fund Balance**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are 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;

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Q. Fund Balance**

- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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 a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this 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). Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts for a specific purpose (such as the purchase of capital assets, construction, or other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unforeseen emergencies of an amount equal to 10% of the combined budgeted expenditures of the General Fund, VPA Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers).

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Q. Fund Balance**

The details of governmental fund balances, as presented in aggregate on Exhibits 3 and 39, are as follows:

	Primary Government					Component Unit School Board
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total	Total
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 27,244	\$ -	\$ -	\$ -	\$ 27,244	\$ 11,200
Total Nonspendable	\$ 27,244	\$ -	\$ -	\$ -	\$ 27,244	\$ 11,200
Restricted:						
Debt sinking fund	\$ -	\$ 1,816,140	\$ -	\$ -	\$ 1,816,140	\$ -
School construction	-	-	22,739,991	-	22,739,991	-
Forfeited asset sharing	-	-	-	69,974	69,974	-
CDBG projects	-	-	-	71,161	71,161	-
Purchase of development rights	-	-	-	11,446	11,446	-
Total Restricted	\$ -	\$ 1,816,140	\$ 22,739,991	\$ 152,581	\$ 24,708,712	\$ -
Committed:						
Capital projects	\$ -	\$ -	\$ 8,084,849	\$ -	\$ 8,084,849	\$ -
Debt service	-	461,446	-	-	461,446	-
School capital improvement plan	-	-	-	-	-	447,786
School sick leave payout reserve	-	-	-	-	-	390,554
School federal grant programs	-	-	-	-	-	116,505
School cafeteria operations	-	-	-	-	-	273,924
School retiree health insurance	-	-	-	-	-	49,651
School activity	-	-	-	-	-	346,887
Total Committed	\$ -	\$ 461,446	\$ 8,084,849	\$ -	\$ 8,546,295	\$ 1,625,307
Assigned:						
Harbor improvements	\$ -	\$ -	\$ -	\$ 84,447	\$ 84,447	\$ -
Total Assigned	\$ -	\$ -	\$ -	\$ 84,447	\$ 84,447	\$ -
Unassigned	\$ 14,167,329	\$ -	\$ -	\$ -	\$ 14,167,329	\$ -
Total Fund Balances	\$ 14,194,573	\$ 2,277,586	\$ 30,824,840	\$ 237,028	\$ 47,534,027	\$ 1,636,507

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**R. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 the measurement of the net pension asset/liability and the net OPEB asset/liabilities and contributions to the pension and net OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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, and amounts prepaid on the future tax levies, and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on future tax levies are reported as deferred inflows of resources. Jail inmate telephone commission funds received are reported as deferred inflows of resources until expended. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB asset/liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:**

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

1. During the month of April, the County Administrator submits to the Board of Supervisors a proposed operating 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 required to be 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 fund level. The appropriation totals for each fund can only be revised by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds and Debt Service Fund of the Primary Government. The Discretely Presented Component Unit is integrated only at the level of legal adoption.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (Continued)**

6. All budgets of the County are adopted on a modified accrual basis. Annual budgets are adopted for all governmental funds. The budgets of the Discretely Presented Component Unit are adopted on a cash basis but differences between cash and accrual/modified accrual basis budgets are not considered to be material.
7. Appropriations lapse on June 30, for all County units.

#### **Expenditures and Appropriations**

Expenditures exceeded appropriations in the Brownfield Community Assessment Fund and the Harbor Improvement Fund at June 30, 2021.

#### **NOTE 3—DEPOSITS AND INVESTMENTS:**

##### **Deposits**

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

##### **Investments**

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and 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).

##### **Custodial Credit Risk (Investments)**

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2021 were held by the County or in the County’s name by the County’s custodial banks.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<b>County's Rated Debt Investments' Values</b>	
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 20,833,075
Virginia State Non-Arbitrage Pool	26,189,924
Total	<u>\$ 47,022,999</u>

**Interest Rate Risk**

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than one year.

<b>Investment Maturities (in years)</b>		
<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Less Than 1 Year</u></b>
Local Government Investment Pool	\$ 20,833,075	\$ 20,833,075
Virginia State Non-Arbitrage Pool	26,189,924	26,189,924
Total	<u>\$ 47,022,999</u>	<u>\$ 47,022,999</u>

**External Investment Pool**

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 4—DUE FROM OTHER GOVERNMENTS:**

At June 30, 2021, the County has amounts due from other governments as follows:

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
Local sales tax	\$ 419,296	\$ -
Local communication sales tax	58,323	-
Victim witness	4,400	-
Games of skill distribution	5,328	-
Mobile home titling tax	1,430	-
Rescue squad assistance	91,115	-
Four for Life	25,148	-
VPA funds	18,819	-
State sales tax	-	270,389
Constitutional officer reimbursements	368,669	-
MVC Rolling stock tax	1,607	-
Auto rental tax	1,199	-
Federal Government:		
School funds	-	774,184
VRA funds	94,903	-
Department of Emergency Management grant	7,500	-
VPA funds	32,340	-
Victim witness	13,200	-
Port Authority grant	125,073	-
Other federal funds	9,636	-
Total due from other governments	\$ <u>1,277,986</u>	\$ <u>1,044,573</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 5—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

**Primary Government:**

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 2,540,007	\$ -	\$ -	\$ 2,540,007
Construction in progress	194,089	188,186	25,345	356,930
Jointly owned construction in progress	-	3,320,511	-	3,320,511
Total capital assets not subject to depreciation	\$ 2,734,096	\$ 3,508,697	\$ 25,345	\$ 6,217,448
Capital assets subject to depreciation:				
Buildings and improvements	\$ 48,891,626	\$ 46,772	\$ 83,149	\$ 48,855,249
Improvements other than buildings	2,902,563	312,046	-	3,214,609
Machinery and equipment	5,423,285	805,723	480,356	5,748,652
Jointly owned assets	2,859,970	-	-	2,859,970
Total capital assets subject to depreciation	\$ 60,077,444	\$ 1,164,541	\$ 563,505	\$ 60,678,480
Accumulated depreciation:				
Buildings and improvements	\$ (22,535,356)	\$ (1,832,353)	\$ (83,149)	\$ (24,284,560)
Improvements other than buildings	(1,279,405)	(149,593)	-	(1,428,998)
Machinery and equipment	(3,817,539)	(401,889)	(480,356)	(3,739,072)
Jointly owned assets	(1,696,556)	(131,440)	-	(1,827,996)
Total accumulated depreciation	\$ (29,328,856)	\$ (2,515,275)	\$ (563,505)	\$ (31,280,626)
Total capital assets being depreciated, net	\$ 30,748,588	\$ (1,350,734)	\$ -	\$ 29,397,854
Governmental activities capital assets, net	\$ 33,482,684	\$ 2,157,963	\$ 25,345	\$ 35,615,302

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
<b>Business-type activities:</b>				
Capital assets not subject to depreciation:				
Construction in progress	\$ -	\$ 45,198	\$ -	\$ 45,198
Total capital assets not subject to depreciation	\$ -	\$ 45,198	\$ -	\$ 45,198
Capital assets subject to depreciation:				
Improvements other than buildings	\$ 18,875	\$ -	\$ -	\$ 18,875
Machinery and equipment	42,497	-	-	42,497
Total capital assets subject to depreciation	\$ 61,372	\$ -	\$ -	\$ 61,372
Accumulated depreciation:				
Improvements other than buildings	\$ (5,872)	\$ (1,259)	\$ -	\$ (7,131)
Machinery and equipment	(27,760)	(5,386)	-	(33,146)
Total accumulated depreciation	\$ (33,632)	\$ (6,645)	\$ -	\$ (40,277)
Total capital assets being depreciated, net	\$ 27,740	\$ (6,645)	\$ -	\$ 21,095
Business-type activities capital assets, net	\$ 27,740	\$ 38,553	\$ -	\$ 66,293

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

**Component Unit - School Board**

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 373,276	\$ -	\$ -	\$ 373,276
Construction in progress	8,520	10,200	8,520	10,200
Total capital assets not subject to depreciation	\$ 381,796	\$ 10,200	\$ 8,520	\$ 383,476
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,544,115	\$ 8,952	\$ -	\$ 11,553,067
Improvements other than buildings	2,939,544	8,520	162,923	2,785,141
Machinery and equipment	8,078,227	610,627	854,965	7,833,889
Total capital assets subject to depreciation	\$ 22,561,886	\$ 628,099	\$ 1,017,888	\$ 22,172,097
Accumulated depreciation:				
Buildings and improvements	\$ (7,325,729)	\$ (247,845)	\$ -	\$ (7,573,574)
Improvements other than buildings	(1,759,994)	(136,816)	(162,923)	(1,733,887)
Machinery and equipment	(5,818,301)	(557,568)	(854,965)	(5,520,904)
Total accumulated depreciation	\$ (14,904,024)	\$ (942,229)	\$ (1,017,888)	\$ (14,828,365)
Total capital assets being depreciated, net	\$ 7,657,862	\$ (314,130)	\$ -	\$ 7,343,732
Governmental activities capital assets, net	\$ 8,039,658	\$ (303,930)	\$ 8,520	\$ 7,727,208

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	981,836
Judicial administration		176,655
Public safety		923,849
Public works		223,725
Health and welfare		50,168
Education		131,440
Parks, recreation and cultural		<u>27,602</u>
Total Governmental activities	\$	<u><u>2,515,275</u></u>

Enterprise activities:

Public utilities	\$	<u><u>6,645</u></u>
Component Unit School Board	\$	<u><u>942,229</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Northampton, Virginia for the year ended June 30, 2021, is that school financed assets in the amount of \$4,352,485 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 187,111	\$ 5,222,642
Eastern Shore Regional Jail	2,002,103	96,648
Debt Service	3,996,906	-
Capital Projects	13,691	1,263,377
Other Governmental Funds	<u>487,010</u>	<u>104,154</u>
Total Governmental Funds	\$ <u>6,686,821</u>	\$ <u>6,686,821</u>
 Total-All Funds	 \$ <u><u>6,686,821</u></u>	 \$ <u><u>6,686,821</u></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.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS:**

**Primary Government:**

A summary of long-term obligation transactions for the year ended June 30, 2021 is as follows:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Direct borrowings and placements:					
Lease revenue bonds	\$ 14,360,000	\$ -	\$ 2,125,000	\$ 12,235,000	\$ 1,890,000
Add deferred amounts:					
For issuance premium	3,159,513	-	243,040	2,916,473	-
Notes payable	35,316	256,500	22,334	269,482	38,901
Landfill post-closure liability	2,900,408	22,804	-	2,923,212	-
Compensated absences	821,625	130,060	82,162	869,523	86,952
Net pension liability	958,698	4,108,075	1,881,152	3,185,621	-
Net OPEB liabilities	1,866,302	381,823	573,992	1,674,133	-
Total incurred by County	\$ 24,101,862	\$ 4,899,262	\$ 4,927,680	\$ 24,073,444	\$ 2,015,853
Incurred by School Board:					
Direct borrowings and placements:					
State literary fund loans	\$ 24,260	\$ -	\$ 12,131	\$ 12,129	\$ 12,129
General obligation bonds	27,084,428	-	80,000	27,004,428	85,000
Add deferred amounts:					
For issuance premium	3,237,262	-	166,905	3,070,357	-
Total incurred by School Board	\$ 30,345,950	\$ -	\$ 259,036	\$ 30,086,914	\$ 97,129
Total Governmental Activities	\$ 54,447,812	\$ 4,899,262	\$ 5,186,716	\$ 54,160,358	\$ 2,112,982
Business-type Activities:					
Compensated absences	\$ 4,823	\$ 125	\$ 4,823	\$ 125	\$ 13
Net pension liability	5,022	21,082	9,756	16,348	-
Net OPEB liabilities	12,398	2,215	4,383	10,230	-
Total Business-type Activities	\$ 22,243	\$ 23,422	\$ 18,962	\$ 26,703	\$ 13

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

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

Year Ending June 30,	Governmental Activities			
	Bonds and Notes Payable from Direct Borrowings and Direct Placements			
	Lease Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2022	\$ 1,890,000	\$ 528,875	\$ 38,901	\$ 5,847
2023	1,985,000	429,578	39,844	4,904
2024	1,970,000	328,231	40,801	3,947
2025	2,065,000	227,934	37,508	3,034
2026	930,000	155,662	34,113	2,223
2027	980,000	111,281	18,564	1,572
2028	365,000	81,703	18,983	1,153
2029	380,000	66,087	19,418	718
2030	395,000	49,854	19,859	277
2031	410,000	35,019	1,491	3
2032	425,000	21,653	-	-
2033	440,000	7,425	-	-
Total	\$ <u>12,235,000</u>	\$ <u>2,043,302</u>	\$ <u>269,482</u>	\$ <u>23,678</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

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

Year Ending June 30,	Governmental Activities			
	Loans and Bonds from Direct Borrowings and Direct Placements			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 12,129	\$ 365	\$ 85,000	\$ 960,993
2023	-	-	2,299,428	957,126
2024	-	-	90,000	954,032
2025	-	-	95,000	951,685
2026	-	-	1,240,000	920,707
2027	-	-	1,300,000	859,185
2028	-	-	1,370,000	793,573
2029	-	-	1,440,000	724,171
2030	-	-	1,405,000	653,385
2031	-	-	1,475,000	580,665
2032	-	-	1,550,000	504,284
2033	-	-	1,630,000	423,989
2034	-	-	1,700,000	356,906
2035	-	-	1,750,000	304,294
2036	-	-	1,805,000	250,080
2037	-	-	1,860,000	196,514
2038	-	-	1,915,000	143,664
2039	-	-	1,970,000	88,042
2040	-	-	2,025,000	29,615
Total	\$ 12,129	\$ 365	\$ 27,004,428	\$ 10,652,910

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# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

#### Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities:</u>							
Compensated absences (payable from the General Fund)						\$ 869,523	\$ 86,952
Net OPEB liabilities (payable from the General Fund)						\$ 1,674,133	\$ -
Net pension liability (payable from the General Fund)						\$ 3,185,621	\$ -
Landfill post-closure liability						\$ 2,923,212	\$ -
Direct borrowings and direct placements:							
<u>Lease Revenue Bonds:</u>							
VRA Virginia Pooled Financing Program bonds outstanding \$12,235,000 plus unamortized premium of \$2,916,473	(a)	2.73%	08/02/12	10/01/32	28,430,000	\$ 15,151,473	\$ 1,890,000
<u>Notes Payable:</u>							
USDA promissory note payable, secured by public works equipment		3.00%	12/20/19	12/20/24	39,000	\$ 27,861	\$ 7,681
USDA promissory note payable, secured by public works equipment		2.25%	07/09/20	07/09/30	180,000	165,121	16,591
USDA promissory note payable, secured by public works equipment		2.25%	06/22/21	06/22/26	76,500	76,500	14,629
Total Notes payable						\$ 269,482	\$ 38,901
Total long-term obligations incurred by the County						\$ 24,073,444	\$ 2,015,853
Direct borrowings and direct placements:							
<u>State Literary Fund Loans:</u>							
State Literary Fund Loan issued through the Commonwealth of Virginia	(b)	3.00%	01/25/02	01/25/22	242,615	\$ 12,129	\$ 12,129
<u>General Obligation Bonds:</u>							
VPSA Bond outstanding \$750,000 plus unamortized premium of \$58,823.	(b)	2.05% to 5.05%	11/15/12	07/15/28	1,290,000	\$ 808,823	\$ 85,000
QZAB School general obligation bond issued through the Joint Industrial Development Authority of Northampton and Towns	(c)	2.35	12/28/06	12/28/22	2,214,428	2,214,428	-
VPSA Bond outstanding \$24,040,000 plus unamortized premium of \$3,011,534.	(b)	2.80% to 5.05%	11/12/19	07/15/39	24,040,000	27,051,534	-
Total General Obligation Bonds						\$ 30,074,785	\$ 85,000
Total Direct Borrowings and Direct Placements						\$ 30,086,914	\$ 97,129
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 30,086,914	\$ 97,129
Total outstanding debt - governmental activities						\$ 54,160,358	\$ 2,112,982

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

#### Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Business-type Activities</u>	<u>Amount Due Within One Year</u>
<u>Business-type Activities:</u>							
Compensated absences (payable from the Enterprise Fund)						\$ 125	\$ 13
Net OPEB liabilities (payable from the Enterprise Fund)						\$ 10,230	\$ -
Net pension liability (payable from the Enterprise Fund)						\$ 16,348	\$ -
Total outstanding debt - business-type activities						\$ 26,703	\$ 13

#### Notes:

- Title to leased real estate and improvements (Northampton County Jail) are held by the County. In the event of default, the lender may declare the entire unpaid rental payments due and payable and may take possession of the real estate and improvements and sell or sublease property to satisfy the payments due to VRA.
- In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.
- Sinking fund installments are due annually. The bank will hold a lien on the securities held within the sinking fund for payment of the bond. Default remedies include any available lawful remedy.

#### Capital Lease

The Component Unit School Board has entered into a lease agreement as lessee for financing the acquisition of school buses and technology equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	<u>Component Unit-School Board</u>
Asset:	
3 School buses	\$ 300,374
Classroom technology equipment	112,299
Less: Accumulated depreciation	(240,026)
	<u>\$ 172,647</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Capital Lease: (Continued)**

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Component Unit- School Board</u></b>
2022	\$ <u>82,650</u>
Total minimum lease payments	\$ 82,650
Less: amount representing interest	<u>(1,698)</u>
Present value of minimum lease payments	\$ <u><u>80,952</u></u>

**Component Unit—School Board:**

The following is a summary of long-term obligation transactions of the Component Unit—School Board for the year ended June 30, 2021:

	<b><u>Balance at July 1, 2020</u></b>	<b><u>Issuances/ Increases</u></b>	<b><u>Retirements/ Decreases</u></b>	<b><u>Balance at June 30, 2021</u></b>	<b><u>Amounts Due Within One Year</u></b>
Compensated absences (payable from the School Fund)	\$ 491,321	\$ 1,658	\$ 49,132	\$ 443,847	\$ 44,385
Capital leases	233,170	-	152,218	80,952	80,952
Net pension liability	14,918,820	5,891,392	4,874,721	15,935,491	-
Net OPEB liabilities	3,820,677	677,694	723,427	3,774,944	-
Total	\$ <u><u>19,463,988</u></u>	\$ <u><u>6,570,744</u></u>	\$ <u><u>5,799,498</u></u>	\$ <u><u>20,235,234</u></u>	\$ <u><u>125,337</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Component Unit—School Board: (Continued)**

	<b><u>Amount Outstanding</u></b>
<b><u>Details of Long-term Indebtedness:</u></b>	
<b><u>Capital Lease:</u></b>	
\$387,739 school equipment and bus lease purchase agreement (payable from the School Fund) issued November 3, 2017, due in bi-annual installments of \$41,325 through 2020. Interest payable semi-annually at a rate of 2.79%.	\$ 80,952
Compensated absences (payable from the School Fund)	443,847
Net pension liability (payable from the School Fund)	15,935,491
Net OPEB liabilities (payable from the School Fund)	<u>3,774,944</u>
Total Long-Term Obligations Incurred by School Board	<u><u>\$ 20,235,234</u></u>

	<b><u>Component Unit Obligation</u></b>	
<b><u>Year Ending June 30</u></b>	<b><u>Capital Lease</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2022	\$ <u>80,952</u>	\$ <u>1,698</u>
Total	\$ <u><u>80,952</u></u>	\$ <u><u>1,698</u></u>

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### **NOTE 8—LANDFILL POST CLOSURE COSTS:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Under the modified accrual basis of accounting, general fund expenditures and liabilities are to be recognized only to the extent that such costs are expected to be paid from available, expendable resources. Since the County does not expect to pay any portion of the postclosure care or corrective action costs from available, expendable resources as of June 30, 2021, the fund financial statements do not include any fund expenditure or liability relating to postclosure care or corrective action costs of its landfill site. The \$2,923,212 reported as a long-term liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$1,923,212 is based on what it would cost to perform all postclosure care in fiscal year 2021 and the amount of \$1,000,000 represents corrective action costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County closed the current landfill site in fiscal year 2011.

The applicable laws and regulations require the County to select and meet one of several approved financial assurance mechanisms to demonstrate financial responsibility for closure care costs described above. The County has selected the Financial Ratio Test method for this purpose, and has made the requisite filings with the Virginia Department of Environmental Quality.

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

### **NOTE 9—DEFERRED AND UNAVAILABLE REVENUE:**

At June 30, 2021, deferred and unavailable revenue related to unspent jail telephone commission funds and property taxes are reported as follows:

	<b><u>Government- wide Statements</u></b>	<b><u>Balance Sheet</u></b>
	<b><u>Governmental Activities</u></b>	<b><u>Governmental Funds</u></b>
Unavailable revenue representing unspent jail telephone commission funds not available for funding of current expenditures.	\$ 154,496	\$ 154,496
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	723,950
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	31,007	31,007
Total	<u>\$ 185,503</u>	<u>\$ 909,453</u>

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 10—COMMITMENTS AND CONTINGENCIES:**

Federal programs in which the County and the discretely presented 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 the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

#### **NOTE 11—LITIGATION:**

At June 30, 2021, 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 to such entities.

#### **NOTE 12—RISK MANAGEMENT:**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other cities and counties in the Virginia Local Government Risk Management Plan (VARISK2), a public entity risk pool currently operating as a common risk management and insurance program for several member cities and counties in Virginia. The County pays an annual premium to VARISK2 for its public officials general liability and public officials law enforcement liability insurance coverage. The agreement for formation of the VARISK2 provides that VARISK2 will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

Through the Virginia Municipal League, the County has joined together with other cities and counties in the Virginia Municipal Group Self Insurance Association (VMGSIA) and the Virginia Association of Counties Group Self Insurance Risk Pool (VACORP), public entity risk pools currently operating as common risk management and insurance programs for several member cities and counties in Virginia. The County pays an annual premium to VMGSIA for its workers' compensation and employer's liability insurance coverage, and to VACORP for its general liability, commercial automotive, property, and crime coverage. The agreements for formation of the VMGSIA and VACORP provide that they will be self-sustaining through member premiums. Workers' compensation coverage provides the benefits as set forth in the Virginia Workers' Compensation Act. VACORP will reinsure through commercial insurance companies for claims in excess of \$250,000 for general liability, \$250,000 for automotive liability, and \$100,000 for property coverage.

The County carries commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 13—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.

##### ***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service 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 creditable service 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 NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 13—PENSION PLANS: (CONTINUED)**

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2019 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	104	25
Inactive members:		
Vested inactive members	23	8
Non-vested inactive members	60	15
Inactive members active elsewhere in VRS	56	8
Total inactive members	139	31
Active members	209	44
Total covered employees	452	100

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 13—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, 2021 was 8.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$832,901 and \$752,740 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 4.71% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$38,567 and \$45,909 for the years ended June 30, 2021 and June 30, 2020, respectively.

##### ***Net Pension Liability (Asset)***

The net pension liability (asset) (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 (assets) were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities, were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 13—PENSION PLANS: (CONTINUED)**

***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, 2019, 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, 2020.

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*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### **NOTE 13—PENSION PLANS: (CONTINUED)**

#### ***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

#### ***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, 2019, 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, 2020.

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*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 13—PENSION PLANS: (CONTINUED)**

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### NOTE 13—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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

#### *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, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 13—PENSION PLANS: (CONTINUED)**

***Discount Rate (Continued)***

actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, 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, 2020 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 (Asset) (a) - (b)
Balances at June 30, 2019	\$ 36,376,422	\$ 35,412,702	\$ 963,720
Changes for the year:			
Service cost	\$ 1,092,317	\$ -	\$ 1,092,317
Interest	2,402,528	-	2,402,528
Difference between expected and actual experience	610,469	-	610,469
Contributions - employer	-	752,177	(752,177)
Contributions - employee	-	465,393	(465,393)
Net investment income	-	673,237	(673,237)
Benefit payments, including refunds of employee contributions	(1,566,844)	(1,566,844)	-
Administrative expenses	-	(22,886)	22,886
Other changes	-	(856)	856
Net changes	\$ 2,538,470	\$ 300,221	\$ 2,238,249
Balances at June 30, 2020	\$ 38,914,892	\$ 35,712,923	\$ 3,201,969

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 13—PENSION PLANS: (CONTINUED)**

*Changes in Net Pension Liability (Asset)*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 3,751,263	\$ 3,797,724	\$ (46,461)
Changes for the year:			
Service cost	\$ 90,741	\$ -	\$ 90,741
Interest	245,863	-	245,863
Difference between expected and actual experience	(79,808)	-	(79,808)
Contributions - employer	-	45,909	(45,909)
Contributions - employee	-	45,563	(45,563)
Net investment income	-	71,695	(71,695)
Benefit payments, including refunds of employee contributions	(217,707)	(217,707)	-
Administrative expenses	-	(2,509)	2,509
Other changes	-	(167)	167
Net changes	\$ 39,089	\$ (57,216)	\$ 96,305
Balances at June 30, 2020	\$ 3,790,352	\$ 3,740,508	\$ 49,844

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 13—PENSION PLANS: (CONTINUED)**

***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		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's			
Net Pension Liability (Asset)	\$ 7,928,213	\$ 3,201,969	\$ (740,808)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 412,904	\$ 49,844	\$ (260,491)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,245,821 and \$32,071 respectively. At June 30, 2021, 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	\$ 498,519	\$ 77,271	\$ -	\$ 53,550
Changes of assumptions	442,841	-	17,341	-
Net difference between projected and actual earnings on plan investments	1,069,591	-	111,472	-
Employer contributions subsequent to the measurement date	832,901	-	38,567	-
Total	\$ 2,843,852	\$ 77,271	\$ 167,380	\$ 53,550

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 13—PENSION PLANS: (CONTINUED)**

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

\$832,901 and \$38,567 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 in the fiscal year ending June 30, 2022. 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)
2022	\$ 463,002	\$ (24,118)
2023	682,432	24,923
2024	447,339	38,398
2025	340,907	36,060
2026	-	-
Thereafter	-	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Component Unit School Board (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 can be included in the first section of this note.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$1,475,811 and \$1,450,509 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 13—PENSION PLANS: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

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

At June 30, 2021, the school division reported a liability of \$15,885,647 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.10920% as compared to 0.11336% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,460,184. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 931,144
Change in assumptions	1,084,395	-
Net difference between projected and actual earnings on pension investments	1,208,279	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	727,433
Employer contributions subsequent to the measurement date	<u>1,475,811</u>	<u>-</u>
Total	<u>\$ 3,768,485</u>	<u>\$ 1,658,577</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 13—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)***

\$1,475,811 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. 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	
2022	\$	(244,265)
2023		221,429
2024		397,863
2025		300,692
2026		(41,622)
Thereafter		-

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 13—PENSION PLANS: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)**Component Unit School Board (professional) (Continued)**

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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		
	<u>1% Decrease</u>		<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>		<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 23,307,812	\$	15,885,647	\$ 9,746,578

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 13—PENSION PLANS: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,843,852	\$ 77,271	\$ 3,201,969	\$ 1,245,821	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	167,380	53,550	49,844	32,071
School Board Professional	-	-	-	-	3,768,485	1,658,577	15,885,647	1,460,184
Totals	\$ 2,843,852	\$ 77,271	\$ 3,201,969	\$ 1,245,821	\$ 3,935,865	\$ 1,712,127	\$ 15,935,491	\$ 1,492,255

**NOTE 14—SURETY BONDS:**

	Amount
<u>Commonwealth of Virginia - Division of Risk Management - Surety</u>	
Travelers Casualty and Surety Company of America	
Traci W. Johnson, Clerk of the Circuit Court	\$ 500,000
Cynthia S. Bradford, Treasurer	400,000
Charlene Gray, Commissioner of the Revenue	3,000
David L. Doughty, Jr., Sheriff	30,000
The above constitutional officers employees blanket bond	50,000
<u>Va CORP</u>	
Board of Supervisors	1,000,000
All County Employees	250,000
<u>Virginia Municipal League</u>	
All School Board Employees	50,000
<u>Northampton Insurance Agency</u>	
All Social Service Employees	100,000

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

##### ***Plan Description***

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

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

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

##### ***Eligible Employees***

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

##### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt 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 amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

##### ***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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially



COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Contributions (Continued)***

determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$53,672 and \$50,742 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$50,215 and \$50,327 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$4,939 and \$5,070 for the years ended June 30, 2021 and June 30, 2020, respectively.

***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, 2021, the County reported a liability of \$791,363 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$784,854 and \$79,103, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was .04740% as compared to 0.04687% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was 0.04700% and 0.00470%, respectively as compared to 0.04902% and 0.00522% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$37,932. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$22,495. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$2,003. 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.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 15—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***

At June 30, 2021, 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	\$ 50,759	\$ 7,108	\$ 50,341	\$ 7,049	\$ 5,074	\$ 711
Net difference between projected and actual earnings on GLI OPEB plan investment	23,772	-	23,576	-	2,376	-
Changes in assumptions	39,577	16,524	39,252	16,388	3,956	1,652
Changes in proportionate share	38,013	3,854	2,384	37,491	326	6,125
Employer contributions subsequent to the measurement date	53,672	-	50,215	-	4,939	-
Total	\$ 205,793	\$ 27,486	\$ 165,768	\$ 60,928	\$ 16,671	\$ 8,488

\$53,672, \$50,215 and \$4,939, 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, 2022. 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:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2022	\$ 19,674	\$ 4,387	\$ 178
2023	26,387	11,045	849
2024	33,379	17,862	1,462
2025	34,360	20,352	1,489
2026	10,078	1,648	(508)
Thereafter	757	(669)	(226)

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 15—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, 2019, 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, 2020. 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*

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

##### **Mortality Rates - Teachers**

###### **Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

###### **Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

###### **Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions (Continued)***

**Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 15—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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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 NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 15—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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***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 member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Discount Rate (Continued)***

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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 1,040,307	\$ 791,363	\$ 589,197
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 1,031,751	\$ 784,854	\$ 584,351
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 103,987	\$ 79,103	\$ 58,895

***Group Life Insurance Program Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

##### ***Plan Description***

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

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

##### ***Eligible Employees***

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

##### ***Benefit Amounts***

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

##### ***HIC Plan Notes***

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	<u>44</u>
Total covered employees	<u><u>44</u></u>

***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, 2021 was .49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$4,468 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability***

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 16—HEALTH INSURANCE CREDIT (HIC) 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 16—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:

<b>Asset Class (Strategy)</b>	<b>Long-term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 16—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, 2020, the rate contributed by the entity for the HIC 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, 2020 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, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 46,800	\$ -	\$ 46,800
Net changes	\$ 46,800	\$ -	\$ 46,800
Balances at June 30, 2020	\$ 46,800	\$ -	\$ 46,800

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the County's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County'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%)
County's			
Net HIC OPEB Liability	\$ 51,212	\$ 46,800	\$ 42,971

***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, 2021, the School Board recognized HIC Plan OPEB expense of \$46,800. At June 30, 2021, 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
Employer contributions subsequent to the measurement date	\$ 4,468	\$ -
Total	\$ 4,468	\$ -

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## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 16—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)***

\$4,468 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, 2022.

##### ***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### **NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

##### ***Plan Description***

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

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

##### ***Eligible Employees***

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

##### ***Benefit Amounts***

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



**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$112,467 and \$116,140 for the years ended June 30, 2021 and June 30, 2020, respectively.

***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, 2021, the school division reported a liability of \$1,440,187 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was 0.11040% as compared to 0.11451% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$105,097. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 17—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)*

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,232
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	6,382	-
Change of assumptions	28,470	7,869
Change in proportionate share	-	72,493
Employer contributions subsequent to the measurement date	<u>112,467</u>	<u>-</u>
Total	<u>\$ 147,319</u>	<u>\$ 99,594</u>

\$112,467 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, 2022. 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>	
2022	\$ (12,845)
2023	(12,213)
2024	(12,425)
2025	(10,357)
2026	(6,604)
Thereafter	(10,298)

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

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**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***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, 2019, 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, 2020.

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

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; 115% of rates for males and females.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

**Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

***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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Long-Term Expected Rate of Return***

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

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***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, 2020, 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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Discount Rate***

contribution rate. From July 1, 2020 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,612,139	\$ 1,440,187	\$ 1,294,040

***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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 18—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN):**

**County and School Board**

***Plan Description***

In addition to the pension benefits described in Note 13, the County administers a single-employer defined benefit healthcare plan, The County of Northampton Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 13, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Northampton County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 18—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

**County and School Board: (Continued)**

***Benefits Provided***

Postemployment benefits that are provided to eligible retirees include medical insurance, dental and disability insurance. The benefits that are provided for active employees are the same for eligible retirees and spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

Postemployment benefits that are provided to eligible retirees include medical, dental and disability insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Northampton County Public School's retiree healthcare plan. The retiree pays 100% of the medical insurance premium less \$158 per month credit provided by the School System.

***Plan Membership***

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	190	223
Total retirees with coverage	-	16
Total	190	239

***Contributions***

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$41,000 and \$101,000.

***Total OPEB Liability***

The County and School Board's total OPEB liability was measured as of July 1, 2020 and July 1, 2020, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date for the County and as of July 1, 2019 for the School Board.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 18—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

##### **County and School Board: (Continued)**

###### ***Net OPEB Liability***

The employer's net OPEB liability is reported herein for the County as of June 30, 2021 for the employer fiscal year and reporting period of July 1, 2020 to June 30, 2021. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2020 and the corresponding measurement period of July 1, 2019 to July 1, 2020. The measurement of the total OPEB liability is based on a valuation date of July 1, 2020.

The employer's net OPEB liability is reported herein for the School Board as of June 30, 2021 for the employer fiscal year and reporting period of July 1, 2020 to June 30, 2021. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2020 and the corresponding measurement period of July 1, 2019 to July 1, 2020. The measurement of the total OPEB liability is based on a valuation date of July 1, 2019.

###### ***Actuarial Assumptions***

The actuarial valuations for both the County and the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Scale	2.50%
Discount Rate	The discount rate has been set equal to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.
Healthcare Cost Trend Rates	5% for fiscal year end 2021 and remains at that level in all future years for the County plan. (9.08%) for fiscal year ended 2020 (to reflect actual experience), then 5.00% for fiscal year end 2021 and remains at that level in all future years for the School Board plan.
Mortality Rate	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.
Actuarial Cost Method	Entry Age Actuarial Cost Method

###### ***Discount Rate***

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Municipal Go AA 20-year yield curve rate as of the measurement date.



COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 18—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

**County and School Board: (Continued)**

***Changes in Total OPEB Liability***

	<b>Primary Government Total OPEB Liability</b>	<b>Component Unit School Board Total OPEB Liability</b>
Balances at June 30, 2019	\$ 1,116,000	\$ 1,439,000
Changes for the year:		
Service cost	50,000	79,000
Interest	36,000	46,000
Difference between expected and actual experience	(322,000)	(129,000)
Changes of assumptions	54,000	90,000
Contributions - employer	(41,000)	(101,000)
Net changes	\$ (223,000)	\$ (15,000)
Balances at June 30, 2020	\$ 893,000	\$ 1,424,000

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	<b>Rate</b>		
	<b>1% Decrease (1.45%)</b>	<b>Current Discount Rate (2.45%)</b>	<b>1% Increase (3.45%)</b>
<b>Primary Government:</b>			
Total OPEB liability	\$ 978,000	\$ 893,000	\$ 816,000
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 1,574,000	\$ 1,424,000	\$ 1,295,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 18—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

**County and School Board: (Continued)**

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

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

	Rates		
	Healthcare Cost Trend		
	1% Decrease Rate	Current Rate	1% Increase Rate
<b>Primary Government:</b>			
Total OPEB liability	\$ 794,000	\$ 893,000	\$ 1,009,000

	Rates		
	Healthcare Cost Trend		
	1% Decrease Rate	Current Rate	1% Increase Rate
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 1,224,000	\$ 1,424,000	\$ 1,687,000

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 (CONTINUED)

**NOTE 18—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

**County and School Board: (Continued)**

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$71,000 and \$97,000. At June 30, 2021, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Primary Government</b>		<b>Component Unit School Board</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 69,000	\$ 276,000	\$ -	\$ 299,000
Changes of assumptions	77,000	36,000	131,000	59,000
Employer contributions subsequent to the measurement date	41,000	-	101,000	-
Total	<u>\$ 187,000</u>	<u>\$ 312,000</u>	<u>\$ 232,000</u>	<u>\$ 358,000</u>

\$41,000 and \$101,000 reported as deferred outflows of resources related to OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<b>Year Ended June 30</b>	<b>Primary Government</b>	<b>Component Unit School Board</b>
2022	\$ (23,000)	\$ (34,000)
2023	(23,000)	(34,000)
2024	(23,000)	(34,000)
2025	(27,000)	(34,000)
2026	(30,000)	(34,000)
Thereafter	(40,000)	(57,000)

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

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### NOTE 19—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan (Note 15):								
County	\$ 205,793	\$ 27,486	\$ 791,363	\$ 37,932	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	16,671	8,488	79,103	2,003
School Board Professional	-	-	-	-	165,768	60,928	784,854	22,495
Health Insurance Credit Plan (Note 16)	-	-	-	-	4,468	-	46,800	46,800
Teacher Health Insurance Credit Plan (Note 17)	-	-	-	-	147,319	99,594	1,440,187	105,097
County Stand-Alone Plan (Note 18)	187,000	312,000	893,000	71,000	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	232,000	358,000	1,424,000	97,000
Totals	\$ 392,793	\$ 339,486	\$ 1,684,363	\$ 108,932	\$ 566,226	\$ 527,010	\$ 3,774,944	\$ 273,395

### NOTE 20—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.

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, 2021 was \$45,686.

### NOTE 21—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the restatement of net position and fund balance as discussed in Note 22.

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

### **NOTE 22—RESTATEMENT OF NET POSITION AND FUND BALANCE:**

The following adjustments have been made to beginning balances to properly report Fiduciary Activities and beginning net position and fund balance at June 30, 2021:

	Net Position	Fund Balance						
	Component Unit	Component Unit	Primary Government - Custodial Funds					
		Special Revenue Fund - School Activity	Joint IDA Operating	Special Welfare	NC Tourism Commission	911 Capital	911 Operating	Inmate Custodial
Net Position/Fund Balance, June 30, 2020, as previously stated	\$ (9,187,793)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restatement:</b>								
Implementation of GASB 84	361,720	361,720	253,751	156,764	129,599	88,570	181,772	61,527
Net Position/Fund Balance, July 1, 2020, as restated	\$ (8,826,073)	\$ 361,720	\$ 253,751	\$ 156,764	\$ 129,599	\$ 88,570	\$ 181,772	\$ 61,527

### **NOTE 23—UPCOMING PRONOUNCEMENTS:**

Statement No. 87, *Leases*, requires<sup>1</sup> recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 23—UPCOMING PRONOUNCEMENTS: (CONTINUED)**

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

#### **NOTE 24—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

#### **CARES Act Funding**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,075,173. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$243,198. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$11,223 are reported as unearned revenue as of June 30.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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#### **NOTE 24—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS: (CONTINUED)**

##### **ARPA Funding**

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 1, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,137,265 from the initial allocation are reported as unearned revenue as of June 30.

##### **ESF Funding**

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

##### **Bond Issuance**

On August 4, 2021, the County refunded its 2012B VRA Bond with a 2021 VRA Refunding Bond in the amount of \$9,105,691 and on September 28, 2021, the County approved the issuance of \$43 million in School General Obligation Bonds through VPSA for school construction.

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES</b>				
General property taxes	\$ 18,594,160	\$ 18,594,160	\$ 20,092,815	\$ 1,498,655
Other local taxes	2,679,686	2,774,686	4,219,131	1,444,445
Permits, privilege fees, and regulatory licenses	122,400	122,400	154,123	31,723
Fines and forfeitures	388,560	388,560	296,670	(91,890)
Revenue from the use of money and property	252,779	252,779	54,417	(198,362)
Charges for services	1,487,576	1,487,576	1,716,642	229,066
Miscellaneous	10,000	51,625	72,004	20,379
Recovered costs	225,609	225,609	169,846	(55,763)
Intergovernmental:				
Commonwealth	3,903,520	4,431,320	3,839,006	(592,314)
Federal	91,440	4,394,650	2,092,570	(2,302,080)
Total revenues	<u>\$ 27,755,730</u>	<u>\$ 32,723,365</u>	<u>\$ 32,707,224</u>	<u>\$ (16,141)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,710,131	\$ 2,724,882	\$ 2,532,056	\$ 192,826
Judicial administration	827,646	854,842	789,639	65,203
Public safety	6,506,024	11,015,520	6,829,840	4,185,680
Public works	3,623,167	5,467,269	3,033,477	2,433,792
Health and welfare	674,591	674,591	792,934	(118,343)
Education	8,895,171	8,895,171	8,895,171	-
Parks, recreation, and cultural	496,857	496,857	440,021	56,836
Community development	1,627,476	1,624,863	2,103,469	(478,606)
Total expenditures	<u>\$ 25,361,063</u>	<u>\$ 31,753,995</u>	<u>\$ 25,416,607</u>	<u>\$ 6,337,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,394,667</u>	<u>\$ 969,370</u>	<u>\$ 7,290,617</u>	<u>\$ 6,321,247</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,629,585	\$ 1,610,795	\$ 187,111	\$ (1,423,684)
Transfers out	(5,092,806)	(6,827,735)	(5,222,642)	1,605,093
Issuance of notes payable	-	256,500	256,500	-
Total other financing sources (uses)	<u>\$ (3,463,221)</u>	<u>\$ (4,960,440)</u>	<u>\$ (4,779,031)</u>	<u>\$ 181,409</u>
Net change in fund balances	\$ (1,068,554)	\$ (3,991,070)	\$ 2,511,586	\$ 6,502,656
Fund balances - beginning	1,068,554	3,991,070	11,682,987	7,691,917
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,194,573</u>	<u>\$ 14,194,573</u>



## Eastern Shore Regional Jail Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 8,001	\$ 80,697	\$ 106,785	\$ 26,088
Miscellaneous	-	350	10,272	9,922
Recovered costs	6,000	6,000	2,463	(3,537)
Intergovernmental:				
Commonwealth	2,338,498	2,244,351	2,189,770	(54,581)
Total revenues	<u>\$ 2,352,499</u>	<u>\$ 2,331,398</u>	<u>\$ 2,309,290</u>	<u>\$ (22,108)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 4,258,402	\$ 5,906,993	\$ 4,214,745	\$ 1,692,248
Total expenditures	<u>\$ 4,258,402</u>	<u>\$ 5,906,993</u>	<u>\$ 4,214,745</u>	<u>\$ 1,692,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,905,903)</u>	<u>\$ (3,575,595)</u>	<u>\$ (1,905,455)</u>	<u>\$ 1,670,140</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,905,903	\$ 3,602,976	\$ 2,002,103	\$ (1,600,873)
Transfers out	-	(27,381)	(96,648)	(69,267)
Total other financing sources (uses)	<u>\$ 1,905,903</u>	<u>\$ 3,575,595</u>	<u>\$ 1,905,455</u>	<u>\$ (1,670,140)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF NORTHAMPTON, VIRGINIA

## Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates June 30, 2014 through June 30, 2020

	2020	2019
<b>Total pension liability</b>		
Service cost	\$ 1,092,317	\$ 967,981
Interest	2,402,528	2,289,392
Changes in benefit terms	-	-
Difference between expected and actual experience	610,469	144,128
Changes of assumptions	-	1,021,717
Benefit payments	(1,566,844)	(1,504,798)
<b>Net change in total pension liability</b>	<b>\$ 2,538,470</b>	<b>\$ 2,918,420</b>
<b>Total pension liability - beginning</b>	<b>36,376,422</b>	<b>33,458,002</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 38,914,892</b>	<b>\$ 36,376,422</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 752,177	\$ 718,548
Contributions - employee	465,393	443,683
Net investment income	673,237	2,238,859
Benefit payments	(1,566,844)	(1,504,798)
Administrator charges	(22,886)	(21,900)
Other	(856)	(1,413)
<b>Net change in plan fiduciary net position</b>	<b>\$ 300,221</b>	<b>\$ 1,872,979</b>
<b>Plan fiduciary net position - beginning</b>	<b>35,412,702</b>	<b>33,539,723</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 35,712,923</b>	<b>\$ 35,412,702</b>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 3,201,969</b>	<b>\$ 963,720</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>91.77%</b>	<b>97.35%</b>
<b>Covered payroll</b>	<b>\$ 9,758,018</b>	<b>\$ 9,178,895</b>
<b>County's net pension liability (asset) as a percentage of covered payroll</b>	<b>32.81%</b>	<b>10.50%</b>

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Exhibit 14

	2018		2017		2016		2015		2014
\$	973,374	\$	956,949	\$	943,326	\$	926,204	\$	925,228
	2,206,097		2,098,998		2,047,945		1,926,687		1,805,167
	-		723,111		-		-		-
	(433,911)		(497,814)		(925,448)		43,818		-
	-		(276,394)		-		-		-
	(1,606,470)		(1,343,258)		(1,329,725)		(999,177)		(989,616)
\$	1,139,090	\$	1,661,592	\$	736,098	\$	1,897,532	\$	1,740,779
	32,318,912		30,657,320		29,921,222		28,023,690		26,282,911
\$	33,458,002	\$	32,318,912	\$	30,657,320	\$	29,921,222	\$	28,023,690
\$	661,255	\$	649,769	\$	760,120	\$	773,751	\$	811,390
	421,116		410,791		392,011		400,292		397,922
	2,338,980		3,476,551		489,866		1,239,556		3,653,770
	(1,606,470)		(1,343,258)		(1,329,725)		(999,177)		(989,616)
	(20,193)		(19,927)		(17,501)		(16,542)		(19,324)
	(2,082)		(3,102)		(209)		(261)		192
\$	1,792,606	\$	3,170,824	\$	294,562	\$	1,397,619	\$	3,854,334
	31,747,117		28,576,293		28,281,731		26,884,112		23,029,778
\$	33,539,723	\$	31,747,117	\$	28,576,293	\$	28,281,731	\$	26,884,112
\$	(81,721)	\$	571,795	\$	2,081,027	\$	1,639,491	\$	1,139,578
	100.24%		98.23%		93.21%		94.52%		95.93%
\$	8,367,700	\$	8,135,972	\$	8,016,513	\$	8,079,121	\$	7,965,906
	-0.98%		7.03%		25.96%		20.29%		14.31%

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

For the Measurement Dates June 30, 2014 through June 30, 2020

	2020	2019
<b>Total pension liability</b>		
Service cost	\$ 90,741	\$ 89,764
Interest	245,863	243,749
Difference between expected and actual experience	(79,808)	(43,615)
Changes of assumptions	-	89,593
Benefit payments	(217,707)	(220,709)
<b>Net change in total pension liability</b>	\$ 39,089	\$ 158,782
<b>Total pension liability - beginning</b>	3,751,263	3,592,481
<b>Total pension liability - ending (a)</b>	<u>\$ 3,790,352</u>	<u>\$ 3,751,263</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 45,909	\$ 48,175
Contributions - employee	45,563	47,933
Net investment income	71,695	241,685
Benefit payments	(217,707)	(220,709)
Administrator charges	(2,509)	(2,453)
Other	(167)	(152)
<b>Net change in plan fiduciary net position</b>	\$ (57,216)	\$ 114,479
<b>Plan fiduciary net position - beginning</b>	3,797,724	3,683,245
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 3,740,508</u>	<u>\$ 3,797,724</u>
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	\$ 49,844	\$ (46,461)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.68%	101.24%
<b>Covered payroll</b>	\$ 971,858	\$ 1,020,902
<b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	5.13%	-4.55%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Exhibit 15

2018		2017		2016		2015		2014	
\$	96,360	\$	104,546	\$	103,098	\$	103,369	\$	61,828
	243,920		244,018		245,622		234,428		231,160
	(119,907)		(131,137)		(145,175)		56,039		-
	-		4,446		-		-		-
	(224,939)		(221,599)		(231,328)		(236,505)		(256,107)
\$	(4,566)	\$	274	\$	(27,783)	\$	157,331	\$	36,881
	3,597,047		3,596,773		3,624,556		3,467,225		3,430,344
\$	<u>3,592,481</u>	\$	<u>3,597,047</u>	\$	<u>3,596,773</u>	\$	<u>3,624,556</u>	\$	<u>3,467,225</u>
\$	61,530	\$	62,531		105,053	\$	105,888	\$	115,410
	46,798		48,487		49,007		49,513		52,929
	259,179		392,758		56,104		144,460		443,203
	(224,939)		(221,599)		(231,328)		(236,505)		(256,107)
	(2,286)		(2,331)		(2,055)		(2,034)		(2,446)
	(229)		(346)		(24)		(32)		23
\$	<u>140,053</u>	\$	<u>279,500</u>	\$	<u>(23,243)</u>	\$	<u>61,290</u>	\$	<u>353,012</u>
	3,543,192		3,263,692		3,286,935		3,225,645		2,872,633
\$	<u>3,683,245</u>	\$	<u>3,543,192</u>	\$	<u>3,263,692</u>	\$	<u>3,286,935</u>	\$	<u>3,225,645</u>
\$	(90,764)	\$	53,855	\$	333,081	\$	337,621	\$	241,580
	102.53%		98.50%		90.74%		90.69%		93.03%
\$	982,525	\$	978,504	\$	980,718	\$	986,149	\$	946,087
	-9.24%		5.50%		33.96%		34.24%		25.53%

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates June 30, 2014 through June 30, 2020

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	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.10920%	0.11336%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,885,647	\$ 14,918,820
Employer's Covered Payroll	9,678,311	9,670,453
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	164.14%	154.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

	2018	2017	2016	2015	2014
	0.11402%	0.11530%	0.11850%	0.12128%	0.12418%
\$	13,409,000	\$ 14,179,000	\$ 16,607,000	\$ 15,265,000	\$ 15,007,000
	9,323,625	9,282,121	9,067,859	8,777,441	9,085,111
	143.82%	152.76%	183.14%	173.91%	165.18%
	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plans  
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in		Contribution	Employer's	Contributions
	Contractually	Relation to			
	Required	Contractually	Deficiency	Covered	as a % of
	Contribution	Required	(Excess)	Payroll	Covered
	(1)	Contribution	(3)	(4)	Payroll
		(2)			(5)
<b>Primary Government</b>					
2021	\$ 832,901	\$ 832,901	\$ -	\$ 9,913,126	8.40%
2020	752,740	752,740	-	9,758,018	8.14%
2019	720,436	720,436	-	9,178,895	8.14%
2018	661,255	661,255	-	8,367,700	8.16%
2017	663,895	663,895	-	8,135,972	8.16%
2016	772,792	772,792	-	8,016,513	9.64%
2015	778,827	778,827	-	8,079,121	9.64%
2014	810,929	810,929	-	7,965,906	10.18%
2013	754,313	754,313	-	7,409,752	10.18%
2012	529,121	529,121	-	6,731,824	7.86%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 38,567	\$ 38,567	\$ -	\$ 911,769	4.23%
2020	45,909	45,909	-	971,858	5.12%
2019	48,175	48,175	-	1,020,902	5.12%
2018	61,530	61,530	-	982,525	6.58%
2017	64,386	64,386	-	978,504	6.58%
2016	106,016	106,016	-	980,718	10.81%
2015	106,603	106,603	-	986,149	10.81%
2014	115,044	115,044	-	946,087	12.16%
2013	72,860	72,860	-	599,176	12.16%
2012	42,758	42,758	-	606,497	7.05%
<b>Component Unit School Board (professional)</b>					
2021	\$ 1,475,811	\$ 1,475,811	\$ -	\$ 9,294,819	15.88%
2020	1,450,509	1,450,509	-	9,678,311	15.68%
2019	941,605	941,605	-	9,670,453	15.68%
2018	1,062,589	1,062,589	-	9,323,625	16.32%
2017	1,333,472	1,333,472	-	9,282,121	14.66%
2016	1,274,941	1,274,941	-	9,067,859	14.06%
2015	1,272,729	1,272,729	-	8,777,441	14.50%
2014	1,059,324	1,059,324	-	9,085,111	11.66%
2013	1,057,393	1,057,393	-	9,068,551	11.66%
2012	579,023	579,023	-	9,147,283	6.33%



Notes to Required Supplementary Information - Pension Plans  
For the Year Ended June 30, 2021

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**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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through 2020

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2020	0.04742% \$	791,363 \$	9,758,018	8.11%	52.64%
2019	0.04687%	762,700	9,187,117	8.30%	52.00%
2018	0.04401%	668,000	8,367,700	7.98%	51.22%
2017	0.04411%	664,000	8,135,972	8.16%	48.86%
Component Unit School Board (professional):					
2020	0.04703% \$	784,854 \$	9,678,311	8.11%	52.64%
2019	0.04902%	797,686	9,609,340	8.30%	52.00%
2018	0.04880%	741,000	9,279,732	7.99%	51.22%
2017	0.04982%	750,000	9,190,530	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2020	0.00474% \$	79,103 \$	975,093	8.11%	52.64%
2019	0.00522%	84,943	1,023,907	8.30%	52.00%
2018	0.00519%	79,000	987,248	8.00%	51.22%
2017	0.00532%	81,000	978,504	8.28%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.

## Schedule of Employer Contributions

## Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2012 through June 30, 2021

		Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll	
Date	(1)	(2)	(3)	(4)	(5)	
Primary Government:						
2021	\$ 53,672	\$ 53,672	\$ -	\$ 9,939,199	0.54%	
2020	50,742	50,742	-	9,758,018	0.52%	
2019	47,773	47,773	-	9,187,117	0.52%	
2018	43,512	43,512	-	8,367,700	0.52%	
2017	42,307	42,307	-	8,135,972	0.52%	
2016	38,479	38,479	-	8,016,513	0.48%	
2015	38,780	38,780	-	8,079,121	0.48%	
2014	38,236	38,236	-	7,965,906	0.48%	
2013	35,567	35,567	-	7,409,752	0.48%	
2012	18,849	18,849	-	6,731,824	0.28%	
Component Unit School Board (professional):						
2021	\$ 50,215	\$ 50,215	\$ -	\$ 9,299,014	0.54%	
2020	50,327	50,327	-	9,678,311	0.52%	
2019	49,969	49,969	-	9,609,340	0.52%	
2018	48,679	48,679	-	9,279,732	0.52%	
2017	47,791	47,791	-	9,190,530	0.52%	
2016	43,454	43,454	-	9,052,924	0.48%	
2015	43,281	43,281	-	9,016,800	0.48%	
2014	43,611	43,611	-	9,085,647	0.48%	
2013	43,602	43,602	-	9,083,705	0.48%	
2012	25,597	25,597	-	9,141,722	0.28%	
Component Unit School Board (nonprofessional):						
2021	\$ 4,939	\$ 4,939	\$ -	\$ 914,614	0.54%	
2020	5,070	5,070	-	975,093	0.52%	
2019	5,324	5,324	-	1,023,907	0.52%	
2018	5,134	5,134	-	987,248	0.52%	
2017	5,100	5,100	-	978,504	0.52%	
2016	4,707	4,707	-	980,718	0.48%	
2015	4,734	4,734	-	986,149	0.48%	
2014	4,541	4,541	-	946,087	0.48%	
2013	2,876	2,876	-	599,176	0.48%	
2012	1,698	1,698	-	606,497	0.28%	

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2021

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**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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

	<u>2020</u>
<b>Total HIC OPEB Liability</b>	
Changes in benefit terms	\$ 46,800
<b>Net change in total HIC OPEB liability</b>	\$ 46,800
<b>Total HIC OPEB Liability - beginning</b>	-
<b>Total HIC OPEB Liability - ending (a)</b>	<u>\$ 46,800</u>
 <b>Plan fiduciary net position - beginning</b>	 \$ -
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>
 <b>County's net HIC OPEB liability - ending (a) - (b)</b>	 \$ 46,800
 <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	  0.00%
 <b>Covered payroll</b>	 \$ -
 <b>County's net HIC OPEB liability as a percentage of covered payroll</b>	  0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2021

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Date	Contributions in		Contributions		Employer's	Contributions
	Contractually	Relation to	Contractually	Contribution		
	Required	Contractually	Required	Deficiency	Covered	as a % of
	Contribution	Contribution	Contribution	(Excess)	Payroll	Covered
	(1)	(2)	(3)	(4)	(5)	(6)
2021	\$ 4,468	\$ 4,468	\$ -	\$ 911,769	0.49%	

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

Notes to Required Supplementary Information  
 Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2021

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**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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through 2020

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<u>Date</u>	<u>Employer's Proportion of the Net HIC OPEB Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability</u>
2020	0.11040%	\$ 1,440,187	\$ 9,678,311	14.88%	9.95%
2019	0.11451%	1,499,048	9,604,939	15.61%	8.97%
2018	0.11463%	1,455,000	9,270,189	15.70%	8.08%
2017	0.11617%	1,473,000	9,168,130	16.07%	7.04%

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



## Schedule of Employer Contributions

## Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2021	\$ 112,467	\$ 112,467	\$ -	9,294,819	1.21%
2020	116,140	116,140	-	9,678,311	1.20%
2019	115,259	115,259	-	9,604,939	1.23%
2018	114,023	114,023	-	9,270,189	1.23%
2017	101,766	101,766	-	9,168,130	1.11%
2016	95,774	95,774	-	9,035,308	1.06%
2015	95,578	95,578	-	9,016,800	1.06%
2014	100,806	100,806	-	9,081,606	1.11%
2013	99,393	99,393	-	8,954,284	1.11%
2012	54,884	54,884	-	9,147,288	0.60%

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2021

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**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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

## Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 50,000	\$ 43,000	\$ 43,000	\$ 42,000
Interest	36,000	36,000	33,000	31,000
Changes of assumptions	54,000	45,000	(63,000)	-
Differences between expected and actual experience	(322,000)	53,000	59,000	-
Benefit payments	(41,000)	(20,000)	(20,000)	(12,000)
<b>Net change in total OPEB liability</b>	<b>\$ (223,000)</b>	<b>\$ 157,000</b>	<b>\$ 52,000</b>	<b>\$ 61,000</b>
<b>Total OPEB liability - beginning</b>	<b>1,116,000</b>	<b>959,000</b>	<b>907,000</b>	<b>846,000</b>
<b>Total OPEB liability - ending</b>	<b>\$ 893,000</b>	<b>\$ 1,116,000</b>	<b>\$ 959,000</b>	<b>\$ 907,000</b>
 <b>Covered employee payroll</b>	 <b>\$ 9,064,000</b>	 <b>\$ 8,527,000</b>	 <b>\$ 8,527,000</b>	 <b>\$ 7,101,000</b>
 <b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 <b>9.85%</b>	 <b>13.09%</b>	 <b>11.25%</b>	 <b>12.77%</b>

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

## Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Component Unit School Board

For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 79,000	\$ 66,000	\$ 76,000	\$ 74,000
Interest	46,000	53,000	57,000	55,000
Changes of assumptions	90,000	-	(86,000)	-
Differences between expected and actual experience	(129,000)	(114,000)	(138,000)	-
Other changes	-	62,000	-	-
Benefit payments	(101,000)	(38,000)	(40,000)	(133,000)
<b>Net change in total OPEB liability</b>	<b>\$ (15,000)</b>	<b>\$ 29,000</b>	<b>\$ (131,000)</b>	<b>\$ (4,000)</b>
<b>Total OPEB liability - beginning</b>	<b>1,439,000</b>	<b>1,410,000</b>	<b>1,541,000</b>	<b>1,545,000</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,424,000</b>	<b>\$ 1,439,000</b>	<b>\$ 1,410,000</b>	<b>\$ 1,541,000</b>
 <b>Covered employee payroll</b>	 \$ 9,095,000	 \$ 9,095,000	 \$ 9,229,000	 \$ 9,229,000
 <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 15.66%	 15.82%	 15.28%	 16.70%

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

Notes to Required Supplementary Information - County OPEB  
For the Year Ended June 30, 2021

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Valuation Date: 7/1/2020  
Measurement Date: 7/1/2020

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	The discount rate has been set equal to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.
Healthcare Trend Rate	5.00% for fiscal year end 2021 and remain at that level in all future years.
Salary Increase Rates	The salary increase rate was 2.50% per annum
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

Notes to Required Supplementary Information - Component Unit School Board  
For the Year Ended June 30, 2021

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Valuation Date: 7/1/2019  
Measurement Date: 7/1/2020

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	2.45% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Healthcare Cost Trend Rate	(9.08%) for fiscal year end 2020 (to reflect actual experience), then 5.00% for fiscal year end 2021 and remains at the level in all future years
Salary Increase Rates	The salary increase rate was 2.50% per annum
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

## Debt Service Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 150,227	\$ 40,558	\$ (109,669)
Recovered costs	161,145	161,145	161,139	(6)
Total revenues	<u>\$ 161,145</u>	<u>\$ 311,372</u>	<u>\$ 201,697</u>	<u>\$ (109,675)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 2,350,083	\$ 2,501,260	\$ 2,239,465	\$ 261,795
Interest and other fiscal charges	1,810,775	1,811,888	1,809,515	2,373
Total expenditures	<u>\$ 4,160,858</u>	<u>\$ 4,313,148</u>	<u>\$ 4,048,980</u>	<u>\$ 264,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,999,713)</u>	<u>\$ (4,001,776)</u>	<u>\$ (3,847,283)</u>	<u>\$ 154,493</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 3,999,713</u>	<u>4,001,776</u>	<u>3,996,906</u>	<u>\$ (4,870)</u>
Total other financing sources (uses)	<u>\$ 3,999,713</u>	<u>\$ 4,001,776</u>	<u>\$ 3,996,906</u>	<u>\$ (4,870)</u>
Net change in fund balances	\$ -	\$ -	\$ 149,623	\$ 149,623
Fund balances - beginning	-	-	2,127,963	2,127,963
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,277,586</u>	<u>\$ 2,277,586</u>

## Capital Projects Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 49,474	\$ 49,474
Intergovernmental:				
Local government	-	265,439	1,464,348	1,198,909
Total revenues	\$ -	\$ 265,439	\$ 1,513,822	\$ 1,248,383
EXPENDITURES				
Current:				
Education	\$ 130,400	\$ 130,400	\$ 130,400	\$ -
Capital projects	255,502	17,755,471	3,804,432	13,951,039
Total expenditures	\$ 385,902	\$ 17,885,871	\$ 3,934,832	\$ 13,951,039
Excess (deficiency) of revenues over (under) expenditures	\$ (385,902)	\$ (17,620,432)	\$ (2,421,010)	\$ 15,199,422
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,791,145)	\$ (2,941,875)	\$ (1,263,377)	\$ 1,678,498
Transfers in	-	13,691	13,691	-
Total other financing sources (uses)	\$ (2,791,145)	\$ (2,928,184)	\$ (1,249,686)	\$ 1,678,498
Net change in fund balances	\$ (3,177,047)	\$ (20,548,616)	\$ (3,670,696)	\$ 16,877,920
Fund balances - beginning	3,177,047	20,548,616	34,495,536	13,946,920
Fund balances - ending	\$ -	\$ -	\$ 30,824,840	\$ 30,824,840



COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2021

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,705	\$ 69,974	\$ 11,446
Receivables (net of allowance for uncollectibles):			
Accounts receivable	6,132	-	-
Due from other governmental units	51,158	-	-
Total assets	<u>\$ 102,995</u>	<u>\$ 69,974</u>	<u>\$ 11,446</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	102,995	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 102,995</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES</b>			
Restricted	\$ -	\$ 69,974	\$ 11,446
Assigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 69,974</u>	<u>\$ 11,446</u>
Total liabilities and fund balances	<u>\$ 102,995</u>	<u>\$ 69,974</u>	<u>\$ 11,446</u>

Exhibit 34

<u>CDBG Projects Fund</u>	<u>Brownfield Community Assessment Fund</u>	<u>Harbor Improvement Fund</u>	<u>Total</u>
\$ 71,851	\$ -	\$ 66,897	\$ 265,873
-	-	70	6,202
-	96,838	125,073	273,069
\$ <u>71,851</u>	\$ <u>96,838</u>	\$ <u>192,040</u>	\$ <u>545,144</u>
\$ 690	\$ 28,183	\$ 107,593	\$ 136,466
-	-	-	102,995
-	68,655	-	68,655
\$ <u>690</u>	\$ <u>96,838</u>	\$ <u>107,593</u>	\$ <u>308,116</u>
\$ 71,161	\$ -	\$ -	\$ 152,581
-	-	84,447	84,447
\$ <u>71,161</u>	\$ <u>-</u>	\$ <u>84,447</u>	\$ <u>237,028</u>
\$ <u>71,851</u>	\$ <u>96,838</u>	\$ <u>192,040</u>	\$ <u>545,144</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2021

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
<b>REVENUES</b>			
Charges for services	\$ -	\$ -	\$ -
Miscellaneous	76,775	-	-
Intergovernmental:			
Commonwealth	591,930	838	-
Federal	1,335,137	-	-
Total revenues	<u>\$ 2,003,842</u>	<u>\$ 838</u>	<u>\$ -</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	\$ 2,364,688	\$ -	\$ -
Community development	-	-	-
Capital projects	-	-	-
Total expenditures	<u>\$ 2,364,688</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (360,846)</u>	<u>\$ 838</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 465,000	\$ -	\$ -
Transfers out	(104,154)	-	-
Total other financing sources (uses)	<u>\$ 360,846</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 838	\$ -
Fund balances - beginning	-	69,136	11,446
Fund balances - ending	<u>\$ -</u>	<u>\$ 69,974</u>	<u>\$ 11,446</u>

<b>CDBG Projects Fund</b>	<b>Brownfield Community Assessment Fund</b>	<b>Harbor Improvement Fund</b>	<b>ES 911 Grant Fund</b>	<b>Total</b>
\$ -	\$ -	\$ 15,086	\$ -	\$ 15,086
5,747	-	16,250	-	98,772
-	94,903	222,673	-	910,344
-	29,264	-	-	1,364,401
<u>\$ 5,747</u>	<u>\$ 124,167</u>	<u>\$ 254,009</u>	<u>\$ -</u>	<u>\$ 2,388,603</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,364,688
-	124,167	-	-	124,167
-	-	254,007	-	254,007
<u>\$ -</u>	<u>\$ 124,167</u>	<u>\$ 254,007</u>	<u>\$ -</u>	<u>\$ 2,742,862</u>
<u>\$ 5,747</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (354,259)</u>
\$ -	\$ -	\$ -	\$ 22,010	\$ 487,010
-	-	-	-	(104,154)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,010</u>	<u>\$ 382,856</u>
\$ 5,747	\$ -	\$ 2	\$ 22,010	\$ 28,597
65,414	-	84,445	(22,010)	208,431
<u>\$ 71,161</u>	<u>\$ -</u>	<u>\$ 84,447</u>	<u>\$ -</u>	<u>\$ 237,028</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2021

	Virginia Public Assistance Fund			Variance with Final Budget
	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	76,775	76,775
Intergovernmental:				
Commonwealth	869,133	869,133	591,930	(277,203)
Federal	1,316,059	1,316,059	1,335,137	19,078
Total revenues	<u>\$ 2,185,192</u>	<u>\$ 2,185,192</u>	<u>\$ 2,003,842</u>	<u>\$ (181,350)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,565,935	\$ 2,565,935	\$ 2,364,688	\$ 201,247
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,565,935</u>	<u>\$ 2,565,935</u>	<u>\$ 2,364,688</u>	<u>\$ 201,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (380,743)</u>	<u>\$ (380,743)</u>	<u>\$ (360,846)</u>	<u>\$ 19,897</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 465,000	\$ 465,000	\$ 465,000	\$ -
Transfers out	(84,257)	(84,257)	(104,154)	(19,897)
Total other financing sources (uses)	<u>\$ 380,743</u>	<u>\$ 380,743</u>	<u>\$ 360,846</u>	<u>\$ (19,897)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Forfeited Asset Sharing Fund				Purchase of Development Rights Fund			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	838	838	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 838	\$ 838	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 838	\$ 838	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 838	\$ 838	\$ -	\$ -	\$ -	\$ -
-	-	69,136	69,136	-	-	11,446	11,446
\$ -	\$ -	\$ 69,974	\$ 69,974	\$ -	\$ -	\$ 11,446	\$ 11,446

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2021

CDBG Projects Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	5,747	5,747
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,747</u>	<u>\$ 5,747</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,747</u>	<u>\$ 5,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 5,747	\$ 5,747
Fund balances - beginning	-	-	65,414	65,414
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,161</u>	<u>\$ 71,161</u>

Brownfield Community Assessment Fund				Harbor Improvement Fund			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 16,251	\$ 16,251	\$ 15,086	\$ (1,165)
-	-	-	-	-	16,250	16,250	-
-	-	94,903	94,903	48,750	48,750	222,673	173,923
-	100,786	29,264	(71,522)	-	-	-	-
<u>\$ -</u>	<u>\$ 100,786</u>	<u>\$ 124,167</u>	<u>\$ 23,381</u>	<u>\$ 65,001</u>	<u>\$ 81,251</u>	<u>\$ 254,009</u>	<u>\$ 172,758</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	100,786	124,167	(23,381)	-	-	-	-
-	-	-	-	65,001	81,251	254,007	(172,756)
<u>\$ -</u>	<u>\$ 100,786</u>	<u>\$ 124,167</u>	<u>\$ (23,381)</u>	<u>\$ 65,001</u>	<u>\$ 81,251</u>	<u>\$ 254,007</u>	<u>\$ (172,756)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2
-	-	-	-	-	-	84,445	84,445
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,447</u>	<u>\$ 84,447</u>



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2021

ES 911 Grant Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	-	-	-
Capital projects	-	22,010	-	22,010
Total expenditures	<u>\$ -</u>	<u>\$ 22,010</u>	<u>\$ -</u>	<u>\$ 22,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (22,010)</u>	<u>\$ -</u>	<u>\$ 22,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 22,010	\$ 22,010	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 22,010</u>	<u>\$ 22,010</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 22,010	\$ 22,010
Fund balances - beginning	-	-	(22,010)	(22,010)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	Joint IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 236,241	\$ -	\$ 166,925
Accounts receivable	-	256,257	-
Total assets	\$ 236,241	\$ 256,257	\$ 166,925
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 30	\$ -
Accrued liabilities	-	66,327	-
Reconciled overdraft payable	-	189,900	-
Total liabilities	\$ -	\$ 256,257	\$ -
<b>NET POSITION</b>			
Restricted for:			
Individuals	\$ -	\$ -	\$ 166,925
Other organizations	-	-	-
Other governments	236,241	-	-
Total net position	\$ 236,241	\$ -	\$ 166,925

Custodial Funds					
NC Tourism Commission Fund	911 Capital Fund	911 Operating Fund	Inmate Custodial Fund	Building Inspection Fees Fund	Total
\$ 236,760	\$ 114,826	\$ 297,982	\$ 104,163	\$ 809	\$ 1,157,706
-	33,917	52,224	-	-	342,398
<u>\$ 236,760</u>	<u>\$ 148,743</u>	<u>\$ 350,206</u>	<u>\$ 104,163</u>	<u>\$ 809</u>	<u>\$ 1,500,104</u>
\$ 2,500	\$ 23,008	\$ 9,330	\$ -	\$ -	\$ 34,868
-	-	50,812	185	809	118,133
-	-	-	-	-	189,900
<u>\$ 2,500</u>	<u>\$ 23,008</u>	<u>\$ 60,142</u>	<u>\$ 185</u>	<u>\$ 809</u>	<u>\$ 342,901</u>
\$ -	\$ -	\$ -	\$ 103,978	\$ -	\$ 270,903
234,260	-	-	-	-	234,260
-	125,735	290,064	-	-	652,040
<u>\$ 234,260</u>	<u>\$ 125,735</u>	<u>\$ 290,064</u>	<u>\$ 103,978</u>	<u>\$ -</u>	<u>\$ 1,157,203</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2021

	Custodial			
	Joint IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund	NC Tourism Commission Fund
<b>ADDITIONS</b>				
Contributions:				
Other governmental entities	\$ -	\$ 1,266,928	\$ -	\$ 179,057
Participant fees	22,750	-	-	-
Miscellaneous	15,000	-	125,206	-
State grants	-	-	-	-
Investment earnings:				
Interest and dividends	-	-	46	-
Total additions	\$ <u>37,750</u>	\$ <u>1,266,928</u>	\$ <u>125,252</u>	\$ <u>179,057</u>
<b>DEDUCTIONS</b>				
Recipient payments	\$ -	\$ -	\$ 115,091	\$ -
Payments for professional services	260	-	-	11,249
Grants to other organizations	55,000	-	-	63,147
Payments for other charges	-	-	-	-
Payments for capital outlay	-	-	-	-
Payments for personnel	-	1,266,689	-	-
Purchases of supplies	-	239	-	-
Total deductions	\$ <u>55,260</u>	\$ <u>1,266,928</u>	\$ <u>115,091</u>	\$ <u>74,396</u>
Net increase (decrease) in fiduciary net position	\$ <u>(17,510)</u>	\$ <u>-</u>	\$ <u>10,161</u>	\$ <u>104,661</u>
Net position - beginning - as restated	\$ <u>253,751</u>	\$ <u>-</u>	\$ <u>156,764</u>	\$ <u>129,599</u>
Net position - ending	\$ <u><u>236,241</u></u>	\$ <u><u>-</u></u>	\$ <u><u>166,925</u></u>	\$ <u><u>234,260</u></u>

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**Funds**


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<b>911 Capital Fund</b>	<b>911 Operating Fund</b>	<b>Inmate Custodial Fund</b>	<b>Building Inspection Fees Fund</b>	<b>Total</b>
\$ 188,907	\$ 1,038,299	\$ -	\$ -	\$ 2,673,191
-	270,100	92,012	-	384,862
53,617	72,554	282,383	2,298	551,058
29,061	-	-	-	29,061
-	2	-	-	48
<u>\$ 271,585</u>	<u>\$ 1,380,955</u>	<u>\$ 374,395</u>	<u>\$ 2,298</u>	<u>\$ 3,638,220</u>
\$ -	\$ -	\$ 239,067	\$ -	\$ 354,158
49,437	184,740	-	-	245,686
-	-	-	-	118,147
-	202,539	3,970	2,298	208,807
184,983	10,777	-	-	195,760
-	859,780	-	-	2,126,469
-	14,827	88,907	-	103,973
<u>\$ 234,420</u>	<u>\$ 1,272,663</u>	<u>\$ 331,944</u>	<u>\$ 2,298</u>	<u>\$ 3,353,000</u>
<u>\$ 37,165</u>	<u>\$ 108,292</u>	<u>\$ 42,451</u>	<u>\$ -</u>	<u>\$ 285,220</u>
<u>\$ 88,570</u>	<u>\$ 181,772</u>	<u>\$ 61,527</u>	<u>\$ -</u>	<u>\$ 871,983</u>
<u>\$ 125,735</u>	<u>\$ 290,064</u>	<u>\$ 103,978</u>	<u>\$ -</u>	<u>\$ 1,157,203</u>

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2021

	School Operating Fund	School Grants Fund	School Cafeteria Fund	School Retiree Health Insurance Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,469,506	\$ -	\$ 268,433	\$ 49,651	\$ 346,887	\$ 3,134,477
Receivables (net of allowance for uncollectibles):						
Accounts receivable	40,575	-	3,518	-	-	44,093
Due from other governmental units	270,389	708,384	65,800	-	-	1,044,573
Prepaid items	1,700	9,500	-	-	-	11,200
Total assets	<u>\$ 2,782,170</u>	<u>\$ 717,884</u>	<u>\$ 337,751</u>	<u>\$ 49,651</u>	<u>\$ 346,887</u>	<u>\$ 4,234,343</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 505,192	\$ 55,217	\$ 3,234	\$ -	\$ -	\$ 563,643
Accrued liabilities	1,415,273	226,990	60,593	-	-	1,702,856
Reconciled overdraft payable	-	309,672	-	-	-	309,672
Unearned revenue	21,665	-	-	-	-	21,665
Total liabilities	<u>\$ 1,942,130</u>	<u>\$ 591,879</u>	<u>\$ 63,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,597,836</u>
<b>FUND BALANCES</b>						
Nonspendable	\$ 1,700	\$ 9,500	\$ -	\$ -	\$ -	\$ 11,200
Committed	838,340	116,505	273,924	49,651	346,887	1,625,307
Total fund balances	<u>\$ 840,040</u>	<u>\$ 126,005</u>	<u>\$ 273,924</u>	<u>\$ 49,651</u>	<u>\$ 346,887</u>	<u>\$ 1,636,507</u>
Total liabilities and fund balances	<u>\$ 2,782,170</u>	<u>\$ 717,884</u>	<u>\$ 337,751</u>	<u>\$ 49,651</u>	<u>\$ 346,887</u>	<u>\$ 4,234,343</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above \$ 1,636,507

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

Capital assets, cost	\$ 22,555,573	
Accumulated depreciation	<u>(14,828,365)</u>	7,727,208

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

Pension related items	\$ 3,935,865	
OPEB related items	<u>566,226</u>	4,502,091

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

Net OPEB liabilities	\$ (3,774,944)	
Net Pension liability	(15,935,491)	
Compensated absences	(443,847)	
Capital leases payable	<u>(80,952)</u>	(20,235,234)

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

Pension related items	\$ (1,712,127)	
OPEB related items	<u>(527,010)</u>	(2,239,137)

Net position of governmental activities \$ (8,608,565)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2021

	School Operating Fund	School Grants Fund	School Cafeteria Fund	School Retiree Health Insurance Fund	School Activity Fund	Total Governmental Funds
<b>REVENUES</b>						
Charges for services	\$ -	\$ -	\$ 2,607	\$ 133,592	\$ -	\$ 136,199
Miscellaneous	241,686	-	4,000	-	76,173	321,859
Intergovernmental:						
Local government	9,000,866	-	-	-	-	9,000,866
Commonwealth	9,904,555	-	16,147	-	-	9,920,702
Federal	25,093	1,908,620	867,885	-	-	2,801,598
Total revenues	<u>\$ 19,172,200</u>	<u>\$ 1,908,620</u>	<u>\$ 890,639</u>	<u>\$ 133,592</u>	<u>\$ 76,173</u>	<u>\$ 22,181,224</u>
<b>EXPENDITURES</b>						
Current:						
Education	\$ 18,765,714	\$ 1,908,620	\$ 885,267	\$ 132,990	\$ 91,006	\$ 21,783,597
Debt service:						
Principal retirement	152,218	-	-	-	-	152,218
Interest and other fiscal charges	4,981	-	-	-	-	4,981
Total expenditures	<u>\$ 18,922,913</u>	<u>\$ 1,908,620</u>	<u>\$ 885,267</u>	<u>\$ 132,990</u>	<u>\$ 91,006</u>	<u>\$ 21,940,796</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 249,287	\$ -	\$ 5,372	\$ 602	\$ (14,833)	\$ 240,428
Net change in fund balances	\$ 249,287	\$ -	\$ 5,372	\$ 602	\$ (14,833)	\$ 240,428
Fund balances - beginning, as restated	590,753	126,005	268,552	49,049	361,720	1,396,079
Fund balances - ending	<u>\$ 840,040</u>	<u>\$ 126,005</u>	<u>\$ 273,924</u>	<u>\$ 49,651</u>	<u>\$ 346,887</u>	<u>\$ 1,636,507</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 240,428

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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 629,779	
Depreciation expense	(942,229)	(312,450)

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 payments	152,218
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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	\$ 47,474	
OPEB expense	68,829	
Pension expense	21,009	137,312

Change in net position of governmental activities	\$ 217,508
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COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	200,466	249,586	241,686	(7,900)
Intergovernmental:				
Local government	9,000,866	9,000,866	9,000,866	-
Commonwealth	9,574,599	9,768,590	9,904,555	135,965
Federal	-	-	25,093	25,093
Total revenues	\$ 18,775,931	\$ 19,019,042	\$ 19,172,200	\$ 153,158
EXPENDITURES				
Current:				
Education	\$ 18,911,837	\$ 19,154,948	\$ 18,765,714	\$ 389,234
Debt service:				
Principal retirement	152,218	152,218	152,218	-
Interest and other fiscal charges	4,981	4,981	4,981	-
Total expenditures	\$ 19,069,036	\$ 19,312,147	\$ 18,922,913	\$ 389,234
Excess (deficiency) of revenues over (under) expenditures	\$ (293,105)	\$ (293,105)	\$ 249,287	\$ 542,392
Net change in fund balances	\$ (293,105)	\$ (293,105)	\$ 249,287	\$ 542,392
Fund balances - beginning	293,105	293,105	590,753	297,648
Fund balances - ending	\$ -	\$ -	\$ 840,040	\$ 840,040



School Grants Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
-	-	-	-	
2,242,919	10,443,771	1,908,620	(8,535,151)	
\$ 2,242,919	\$ 10,443,771	\$ 1,908,620	\$ (8,535,151)	
\$ 2,242,919	\$ 10,443,771	\$ 1,908,620	\$ 8,535,151	
-	-	-	-	
-	-	-	-	
\$ 2,242,919	\$ 10,443,771	\$ 1,908,620	\$ 8,535,151	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
-	-	126,005	126,005	
\$ -	\$ -	\$ 126,005	\$ 126,005	

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2021

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 163,007	\$ 163,007	\$ 2,607	\$ (160,400)
Miscellaneous	-	4,000	4,000	-
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	14,311	14,311	16,147	1,836
Federal	867,652	867,652	867,885	233
Total revenues	<u>\$ 1,044,970</u>	<u>\$ 1,048,970</u>	<u>\$ 890,639</u>	<u>\$ (158,331)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 1,094,970	\$ 1,098,970	\$ 885,267	\$ 213,703
Total expenditures	<u>\$ 1,094,970</u>	<u>\$ 1,098,970</u>	<u>\$ 885,267</u>	<u>\$ 213,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 5,372</u>	<u>\$ 55,372</u>
Net change in fund balances	\$ (50,000)	\$ (50,000)	\$ 5,372	\$ 55,372
Fund balances - beginning	50,000	50,000	268,552	218,552
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,924</u>	<u>\$ 273,924</u>

School Retiree Health Insurance Fund				
Budgeted Amounts			Variance with Final Budget	
Original	Final	Actual	Positive (Negative)	
\$ -	\$ -	\$ 133,592	\$ 133,592	
-	-	-	-	
-	-	-	-	
-	-	-	-	
\$ -	\$ -	\$ 133,592	\$ 133,592	
\$ -	\$ -	\$ 132,990	\$ (132,990)	
\$ -	\$ -	\$ 132,990	\$ (132,990)	
\$ -	\$ -	\$ 602	\$ 602	
\$ -	\$ -	\$ 602	\$ 602	
-	-	49,049	49,049	
\$ -	\$ -	\$ 49,651	\$ 49,651	

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 June 30, 2021

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
<b>ASSETS</b>				
Investments	\$ 19,453	\$ 4,994	\$ 3,292	\$ 27,739
Total assets	<u>\$ 19,453</u>	<u>\$ 4,994</u>	<u>\$ 3,292</u>	<u>\$ 27,739</u>
<b>NET POSITION</b>				
Held in trust for scholarships	\$ 19,453	\$ 4,994	\$ 3,292	\$ 27,739
Total net position	<u>\$ 19,453</u>	<u>\$ 4,994</u>	<u>\$ 3,292</u>	<u>\$ 27,739</u>

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2021

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
<b>ADDITIONS</b>				
Contributions:				
Private donations	\$ 250	\$ -	\$ -	\$ 250
Total contributions	\$ 250	\$ -	\$ -	\$ 250
Investment earnings:				
Interest	\$ 30	\$ 7	\$ 5	\$ 42
Total additions	\$ 280	\$ 7	\$ 5	\$ 292
<b>DEDUCTIONS</b>				
Scholarships	\$ 1,000	\$ -	\$ 200	\$ 1,200
Total deductions	\$ 1,000	\$ -	\$ 200	\$ 1,200
Change in net position	\$ (720)	\$ 7	\$ (195)	\$ (908)
Net position - beginning	20,173	4,987	3,487	28,647
Net position - ending	\$ 19,453	\$ 4,994	\$ 3,292	\$ 27,739

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,022,344	\$ 15,022,344	\$ 16,140,485	\$ 1,118,141
Real and personal public service corporation taxes	472,913	472,913	497,901	24,988
Personal property taxes	2,733,865	2,733,865	3,082,327	348,462
Mobile home taxes	22,538	22,538	23,235	697
Penalties	192,500	192,500	211,608	19,108
Interest	150,000	150,000	137,259	(12,741)
Total general property taxes	<u>\$ 18,594,160</u>	<u>\$ 18,594,160</u>	<u>\$ 20,092,815</u>	<u>\$ 1,498,655</u>
Other local taxes:				
Local sales and use taxes	\$ 1,088,438	\$ 1,088,438	\$ 1,957,466	\$ 869,028
Consumers' utility taxes	325,000	325,000	328,659	3,659
Business license taxes	40,000	40,000	35,287	(4,713)
Motor vehicle licenses	349,998	349,998	374,220	24,222
Bank stock taxes	32,500	32,500	36,892	4,392
Taxes on recordation and wills	150,000	245,000	461,129	216,129
Hotel and motel room taxes	393,750	393,750	663,301	269,551
Restaurant food taxes	300,000	300,000	362,177	62,177
Total other local taxes	<u>\$ 2,679,686</u>	<u>\$ 2,774,686</u>	<u>\$ 4,219,131</u>	<u>\$ 1,444,445</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,731	\$ (269)
Permits and other licenses	<u>120,400</u>	<u>120,400</u>	<u>152,392</u>	<u>31,992</u>
Total permits, privilege fees, and regulatory licenses	<u>\$ 122,400</u>	<u>\$ 122,400</u>	<u>\$ 154,123</u>	<u>\$ 31,723</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 388,560	\$ 388,560	\$ 296,670	\$ (91,890)
Total fines and forfeitures	<u>\$ 388,560</u>	<u>\$ 388,560</u>	<u>\$ 296,670</u>	<u>\$ (91,890)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 236,000	\$ 236,000	\$ 31,325	\$ (204,675)
Revenue from use of property	16,779	16,779	23,092	6,313
Total revenue from use of money and property	<u>\$ 252,779</u>	<u>\$ 252,779</u>	<u>\$ 54,417</u>	<u>\$ (198,362)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 45,000	\$ 45,000	\$ 44,701	\$ (299)
Charges for courthouse security	221,000	221,000	396,863	175,863
Charges for sheriff secondary employment	57,930	57,930	43,662	(14,268)
Charges for Commonwealth's Attorney	3,240	3,240	4,065	825
Charges for ambulance fees	302,250	302,250	334,881	32,631
Charges for school officer	50,000	50,000	39,294	(10,706)
Charges for sanitation and waste removal	766,476	766,476	800,517	34,041
Charges for solar farm fees	-	-	16,610	16,610
Charges for parks and recreation	41,680	41,680	36,049	(5,631)
Total charges for services	<u>\$ 1,487,576</u>	<u>\$ 1,487,576</u>	<u>\$ 1,716,642</u>	<u>\$ 229,066</u>
Miscellaneous:				
Miscellaneous	\$ 10,000	\$ 51,625	\$ 72,004	\$ 20,379
Total miscellaneous	<u>\$ 10,000</u>	<u>\$ 51,625</u>	<u>\$ 72,004</u>	<u>\$ 20,379</u>
Recovered costs:				
General recovered costs	\$ 100,656	\$ 100,656	\$ 65,613	\$ (35,043)
Code enforcement	60,000	60,000	16,313	(43,687)
Treasurer recovered costs	64,953	64,953	87,920	22,967
Total recovered costs	<u>\$ 225,609</u>	<u>\$ 225,609</u>	<u>\$ 169,846</u>	<u>\$ (55,763)</u>
Total revenue from local sources	<u>\$ 23,760,770</u>	<u>\$ 23,897,395</u>	<u>\$ 26,775,648</u>	<u>\$ 2,878,253</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 2,700	\$ 2,700	\$ 1,607	\$ (1,093)
Mobile home titling tax	13,500	13,500	8,146	(5,354)
Motor vehicle rental tax	4,200	4,200	5,449	1,249
Communications tax	414,209	414,209	373,932	(40,277)
State recordation tax	46,000	46,000	-	(46,000)
Games of skill tax	-	60,000	67,536	7,536
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,902,576</u>	<u>\$ 1,962,576</u>	<u>\$ 1,878,637</u>	<u>\$ (83,939)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 237,450	\$ 237,450	\$ 236,054	\$ (1,396)
Sheriff	1,086,085	1,180,232	1,085,681	(94,551)
Commissioner of revenue	93,529	93,529	92,799	(730)
Treasurer	84,696	84,696	84,816	120
Registrar/electoral board	37,500	37,500	39,383	1,883
Clerk of the Circuit Court	247,413	247,413	215,259	(32,154)
Total shared expenses	<u>\$ 1,786,673</u>	<u>\$ 1,880,820</u>	<u>\$ 1,753,992</u>	<u>\$ (126,828)</u>
Other categorical aid:				
Four for Life	\$ 11,771	\$ 11,771	\$ 25,148	\$ 13,377
Litter control grant	10,100	10,100	9,736	(364)
VA rescue squad assistance grant	115,000	115,000	91,114	(23,886)
Library grant	10,816	38,012	10,816	(27,196)
Victim-witness grant	15,156	15,156	14,161	(995)
Other state funds	20,000	365,000	22,517	(342,483)
Fire programs	31,428	32,885	32,885	-
Total other categorical aid	<u>\$ 214,271</u>	<u>\$ 587,924</u>	<u>\$ 206,377</u>	<u>\$ (381,547)</u>
Total categorical aid	<u>\$ 2,000,944</u>	<u>\$ 2,468,744</u>	<u>\$ 1,960,369</u>	<u>\$ (508,375)</u>
Total revenue from the Commonwealth	<u>\$ 3,903,520</u>	<u>\$ 4,431,320</u>	<u>\$ 3,839,006</u>	<u>\$ (592,314)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 30,000	\$ 30,000	\$ 25,208	\$ (4,792)
Coronavirus Aid, Relief and Economic Security				
Act funds	-	1,829,933	1,818,709	(11,224)
Total noncategorical aid	<u>\$ 30,000</u>	<u>\$ 1,859,933</u>	<u>\$ 1,843,917</u>	<u>\$ (16,016)</u>
Categorical aid:				
Victim-witness grant	\$ 45,855	\$ 45,855	\$ 42,484	\$ (3,371)
Emergency management	7,500	7,500	7,500	-
DMV grant	8,085	15,400	16,588	1,188
Coastal zone management act	-	-	3,413	3,413
USDA Grant - Rural Assistance	-	91,000	91,000	-
CARES Act - Elections	-	50,764	37,224	(13,540)
CARES Act - DOJ grant	-	49,668	49,051	(617)
American rescue plan act	-	2,274,530	-	(2,274,530)
Other federal grant	-	-	1,393	1,393
Total categorical aid	<u>\$ 61,440</u>	<u>\$ 2,534,717</u>	<u>\$ 248,653</u>	<u>\$ (2,286,064)</u>
Total revenue from the federal government	<u>\$ 91,440</u>	<u>\$ 4,394,650</u>	<u>\$ 2,092,570</u>	<u>\$ (2,302,080)</u>
Total General Fund	<u>\$ 27,755,730</u>	<u>\$ 32,723,365</u>	<u>\$ 32,707,224</u>	<u>\$ (16,141)</u>



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Original Budget	Original Budget	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Eastern Shore Regional Jail Fund:</b>				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 8,001	\$ 80,697	\$ 106,785	\$ 26,088
Total charges for services	\$ 8,001	\$ 80,697	\$ 106,785	\$ 26,088
Miscellaneous:				
Other miscellaneous	\$ -	\$ 350	\$ 10,272	\$ 9,922
Total miscellaneous	\$ -	\$ 350	\$ 10,272	\$ 9,922
Recovered costs:				
Extradition costs	\$ 6,000	\$ 6,000	\$ 2,463	\$ (3,537)
Total recovered costs	\$ 6,000	\$ 6,000	\$ 2,463	\$ (3,537)
Total revenue from local sources	\$ 14,001	\$ 87,047	\$ 119,520	\$ 32,473
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 2,108,284	\$ 2,014,137	\$ 2,008,998	\$ (5,139)
Other categorical aid:				
Local jails	\$ 230,214	\$ 230,214	\$ 180,772	\$ (49,442)
Total categorical aid	\$ 2,338,498	\$ 2,244,351	\$ 2,189,770	\$ (54,581)
Total revenue from the Commonwealth	\$ 2,338,498	\$ 2,244,351	\$ 2,189,770	\$ (54,581)
Total Eastern Shore Regional Jail Fund	\$ 2,352,499	\$ 2,331,398	\$ 2,309,290	\$ (22,108)
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 76,775	\$ 76,775
Total revenue from local sources	\$ -	\$ -	\$ 76,775	\$ 76,775
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 869,133	\$ 869,133	\$ 591,930	\$ (277,203)
Total categorical aid	\$ 869,133	\$ 869,133	\$ 591,930	\$ (277,203)
Total revenue from the Commonwealth	\$ 869,133	\$ 869,133	\$ 591,930	\$ (277,203)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,316,059	\$ 1,316,059	\$ 1,335,137	\$ 19,078
Total categorical aid	\$ 1,316,059	\$ 1,316,059	\$ 1,335,137	\$ 19,078
Total revenue from the federal government	\$ 1,316,059	\$ 1,316,059	\$ 1,335,137	\$ 19,078
Total Virginia Public Assistance Fund	\$ 2,185,192	\$ 2,185,192	\$ 2,003,842	\$ (181,350)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Forfeited Asset Sharing Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 838	\$ 838
Total revenue from the Commonwealth	\$ -	\$ -	\$ 838	\$ 838
Total Forfeited Asset Sharing Fund	\$ -	\$ -	\$ 838	\$ 838
<b>CDBG Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Program income	\$ -	\$ -	\$ 5,747	\$ 5,747
Total miscellaneous	\$ -	\$ -	\$ 5,747	\$ 5,747
Total revenue from local sources	\$ -	\$ -	\$ 5,747	\$ 5,747
Total CDBG Projects Fund	\$ -	\$ -	\$ 5,747	\$ 5,747
<b>Brownfield Community Assessment Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Environmental Proteciton Agency grant	\$ -	\$ -	\$ 94,903	\$ 94,903
Total categorical aid	\$ -	\$ -	\$ 94,903	\$ 94,903
Total revenue from the Commonwealth	\$ -	\$ -	\$ 94,903	\$ 94,903
Revenue from the federal government:				
Categorical aid:				
Environmental Protection Agency grant	\$ -	\$ 100,786	\$ 29,264	\$ (71,522)
Total Brownfield Community Assessment Fund	\$ -	\$ 100,786	\$ 124,167	\$ 23,381

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2021 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Special Revenue Funds: (Continued)</b>				
<b>Harbor Improvement Fund:</b>				
Revenue from local sources:				
Charges for services:				
Boat slip rentals	\$ 16,251	\$ 16,251	\$ 15,086	\$ (1,165)
Total charges for services	\$ 16,251	\$ 16,251	\$ 15,086	\$ (1,165)
Miscellaneous:				
Other miscellaneous	\$ -	\$ 16,250	\$ 16,250	\$ -
Total miscellaneous	\$ -	\$ 16,250	\$ 16,250	\$ -
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA Port Authority Grant	\$ 48,750	\$ 48,750	\$ 222,673	\$ 173,923
Total revenue from the Commonwealth	\$ 48,750	\$ 48,750	\$ 222,673	\$ 173,923
 Total Harbor Improvement Fund	 \$ 65,001	 \$ 81,251	 \$ 254,009	 \$ 172,758
<b>Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 150,227	\$ 40,558	\$ (109,669)
Total revenue from use of money and property	\$ -	\$ 150,227	\$ 40,558	\$ (109,669)
Recovered costs:				
Other recovered costs	\$ 161,145	\$ 161,145	\$ 161,139	\$ (6)
Total revenue from local sources	\$ 161,145	\$ 311,372	\$ 201,697	\$ (109,675)
 Total Debt Service Fund	 \$ 161,145	 \$ 311,372	 \$ 201,697	 \$ (109,675)
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 49,474	\$ 49,474
Total revenue from use of money and property	\$ -	\$ -	\$ 49,474	\$ 49,474
Intergovernmental:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ -	\$ 265,439	\$ 1,464,348	\$ 1,198,909
Total revenues from local governments	\$ -	\$ 265,439	\$ 1,464,348	\$ 1,198,909

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>Capital Improvements Fund: (Continued)</b>				
Total County Capital Improvements Fund	\$ -	\$ 265,439	\$ 1,513,822	\$ 1,248,383
Total Primary Government	\$ 32,519,567	\$ 37,998,803	\$ 39,120,636	\$ 1,121,833
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 200,466	\$ 249,586	\$ 241,686	\$ (7,900)
Total revenue from local sources	\$ 200,466	\$ 249,586	\$ 241,686	\$ (7,900)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 9,000,866	\$ 9,000,866	\$ 9,000,866	\$ -
Total revenues from local governments	\$ 9,000,866	\$ 9,000,866	\$ 9,000,866	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,780,708	\$ 1,780,708	\$ 2,117,694	\$ 336,986
Basic school aid	4,126,128	4,126,128	3,887,522	(238,606)
ISAEF	8,386	8,386	8,387	1
Gifted and talented	39,777	39,777	37,790	(1,987)
Remedial education	267,184	267,184	253,838	(13,346)
Project graduation	4,079	4,079	4,079	-
English as a second language	95,912	95,912	87,158	(8,754)
Special education	536,151	536,151	529,328	(6,823)
Textbook payment	80,658	80,658	76,629	(4,029)
Virginia preschool initiative	120,791	120,791	81,438	(39,353)
Social security fringe benefits	247,670	247,670	235,299	(12,371)
Retirement fringe benefits	577,897	577,897	549,031	(28,866)
Group life insurance fringe benefits	17,262	17,262	16,400	(862)
SOL algebra	30,562	30,562	28,527	(2,035)
Early reading intervention	43,368	43,368	37,711	(5,657)
GED pass-thru grant	-	71,056	70,749	(307)
Special education homebound	6,583	6,583	3,849	(2,734)
National Board Certification incentive awards	-	10,000	-	(10,000)
Vocational educational	84,224	89,900	83,607	(6,293)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	\$ 627,482	\$ 627,482	\$ 596,011	\$ (31,471)
Primary class size	376,263	376,263	330,457	(45,806)
Supplemental lottery per pupil allocation	223,318	223,318	297,345	74,027
Technology	180,000	180,000	179,925	(75)
Alternative education	100,196	100,196	100,196	-
Jobs for Virginia graduates	-	30,000	23,727	(6,273)
Other state funds	-	74,783	59,518	(15,265)
Mentor teacher programs	-	2,476	2,476	-
No loss enrollment	-	-	129,228	129,228
Learning loss allocation	-	-	76,636	76,636
Total categorical aid	<u>\$ 9,574,599</u>	<u>\$ 9,768,590</u>	<u>\$ 9,904,555</u>	<u>\$ 135,965</u>
Total revenue from the Commonwealth	<u>\$ 9,574,599</u>	<u>\$ 9,768,590</u>	<u>\$ 9,904,555</u>	<u>\$ 135,965</u>
Revenue from the federal government:				
Categorical aid:				
Other federal funds	\$ -	\$ -	\$ 25,093	\$ 25,093
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,093</u>	<u>\$ 25,093</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,093</u>	<u>\$ 25,093</u>
Total School Operating Fund	<u>\$ 18,775,931</u>	<u>\$ 19,019,042</u>	<u>\$ 19,172,200</u>	<u>\$ 153,158</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 163,007	\$ 163,007	\$ 2,607	\$ (160,400)
Total charges for services	<u>\$ 163,007</u>	<u>\$ 163,007</u>	<u>\$ 2,607</u>	<u>\$ (160,400)</u>
Miscellaneous:				
Other miscellaneous	\$ -	\$ 4,000	\$ 4,000	\$ -
Total miscellaneous	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 163,007</u>	<u>\$ 167,007</u>	<u>\$ 6,607</u>	<u>\$ (160,400)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,311	\$ 14,311	\$ 16,147	\$ 1,836
Total categorical aid	<u>\$ 14,311</u>	<u>\$ 14,311</u>	<u>\$ 16,147</u>	<u>\$ 1,836</u>
Total revenue from the Commonwealth	<u>\$ 14,311</u>	<u>\$ 14,311</u>	<u>\$ 16,147</u>	<u>\$ 1,836</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Cafeteria Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 851,652	\$ 758,510	\$ 1,220	\$ (757,290)
Summer food program grant	16,000	16,000	782,779	766,779
Coronavirus Aid, Relief and Economic Security Act funds	-	93,142	27,414	(65,728)
USDA commodities	-	-	56,472	56,472
Total categorical aid	<u>\$ 867,652</u>	<u>\$ 867,652</u>	<u>\$ 867,885</u>	<u>\$ 233</u>
Total revenue from the federal government	<u>\$ 867,652</u>	<u>\$ 867,652</u>	<u>\$ 867,885</u>	<u>\$ 233</u>
Total School Cafeteria Fund	<u><u>\$ 1,044,970</u></u>	<u><u>\$ 1,048,970</u></u>	<u><u>\$ 890,639</u></u>	<u><u>\$ (158,331)</u></u>
<b>School Grants Fund:</b>				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus Aid, Relief and Economic Security Act funds	\$ -	\$ 215,784	\$ 215,784	\$ -
Total noncategorical aid	<u>\$ -</u>	<u>\$ 215,784</u>	<u>\$ 215,784</u>	<u>\$ -</u>
Categorical aid:				
Title I Part A	\$ 1,007,714	\$ 919,036	\$ 623,011	\$ (296,025)
Title I Part C (Migrant)	431,219	333,570	133,535	(200,035)
Title II Part A	92,431	105,335	86,131	(19,204)
Title III Part A	35,758	36,251	2,778	(33,473)
Title IV Part A	79,845	99,112	17,585	(81,527)
Title V Part A	54,508	54,508	-	(54,508)
Title VI-B Special education	445,923	469,287	372,917	(96,370)
Title VI-B preschool	18,898	15,805	13,558	(2,247)
Title VI-B rural and low income schools	-	4,407	8,977	4,570
CTE/Perkins grant	45,360	47,082	47,080	(2)
1003 A school improvement grant	-	155,454	62,149	(93,305)
Consortium incentive grants	31,263	19,976	12,417	(7,559)
Other federal grants	-	7,968,164	312,698	(7,655,466)
Total categorical aid	<u>\$ 2,242,919</u>	<u>\$ 10,227,987</u>	<u>\$ 1,692,836</u>	<u>\$ (8,535,151)</u>
Total revenue from the federal government	<u>\$ 2,242,919</u>	<u>\$ 10,443,771</u>	<u>\$ 1,908,620</u>	<u>\$ (8,535,151)</u>
Total School Grants Fund	<u><u>\$ 2,242,919</u></u>	<u><u>\$ 10,443,771</u></u>	<u><u>\$ 1,908,620</u></u>	<u><u>\$ (8,535,151)</u></u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Retiree Health Insurance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 133,592	\$ 133,592
Total revenue from local sources	\$ -	\$ -	\$ 133,592	\$ 133,592
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 133,592	\$ 133,592
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 76,173	\$ 76,173
Total miscellaneous revenue	\$ -	\$ -	\$ 76,173	\$ 76,173
Total School Activity Fund	\$ -	\$ -	\$ 76,173	\$ 76,173
Total Discretely Presented Component Unit - School Board	\$ 22,063,820	\$ 30,511,783	\$ 22,181,224	\$ (8,330,559)

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 33,807	\$ 33,807	\$ 28,567	\$ 5,240
General and financial administration:				
County administrator	\$ 391,792	\$ 391,792	\$ 385,841	\$ 5,951
County attorney	74,716	74,716	73,747	969
Commissioner of revenue	354,109	354,109	275,372	78,737
General reassessment	177,824	177,824	170,830	6,994
Treasurer	452,399	452,399	384,124	68,275
Finance	409,992	409,992	402,580	7,412
Department of information technology	388,655	388,655	369,406	19,249
CARES Act - IT Software/hardware	-	-	41,880	(41,880)
Contingency	14,257	27,947	-	27,947
Other general and financial administration	207,265	208,326	206,926	1,400
Total general and financial administration	\$ 2,471,009	\$ 2,485,760	\$ 2,310,706	\$ 175,054
Board of elections:				
Electoral board and officials	\$ 205,315	\$ 205,315	\$ 155,558	\$ 49,757
CARES Act - Electoral board assistance	-	-	37,225	(37,225)
Total board of elections	\$ 205,315	\$ 205,315	\$ 192,783	\$ 12,532
Total general government administration	\$ 2,710,131	\$ 2,724,882	\$ 2,532,056	\$ 192,826
Judicial administration:				
Courts:				
Circuit court	\$ 30,300	\$ 30,300	\$ 22,949	\$ 7,351
General district court	7,570	7,570	6,791	779
Magistrate	3,225	3,225	549	2,676
Juvenile and domestic relations district court	6,740	6,740	4,334	2,406
Clerk of the circuit court	331,954	359,150	330,477	28,673
Victim and witness assistance	62,386	62,386	56,889	5,497
Total courts	\$ 442,175	\$ 469,371	\$ 421,989	\$ 47,382
Commonwealth's attorney:				
Commonwealth's attorney	\$ 385,471	\$ 385,471	\$ 367,650	\$ 17,821
Total commonwealth's attorney	\$ 385,471	\$ 385,471	\$ 367,650	\$ 17,821
Total judicial administration	\$ 827,646	\$ 854,842	\$ 789,639	\$ 65,203
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,112,062	\$ 3,309,772	\$ 2,910,483	\$ 399,289
Total law enforcement and traffic control	\$ 3,112,062	\$ 3,309,772	\$ 2,910,483	\$ 399,289



Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 12,477	\$ 13,343	\$ 13,342	\$ 1
Fire prevention	192,596	297,649	218,779	78,870
Emergency medical services	2,427,055	2,427,341	1,754,151	673,190
CARES Act - Emergency medical services	-	-	670,075	(670,075)
Total fire and rescue services	<u>\$ 2,632,128</u>	<u>\$ 2,738,333</u>	<u>\$ 2,656,347</u>	<u>\$ 81,986</u>
Correction and detention:				
Judicial court services	\$ 53,580	\$ 53,580	\$ 16,629	\$ 36,951
Total correction and detention	<u>\$ 53,580</u>	<u>\$ 53,580</u>	<u>\$ 16,629</u>	<u>\$ 36,951</u>
Other protection:				
Animal control	\$ 124,706	\$ 125,392	\$ 125,598	\$ (206)
Other emergency services	547,948	2,478,313	429,971	2,048,342
Contribution to animal control facility	35,600	35,600	21,588	14,012
ARPA expenditures	-	2,274,530	-	2,274,530
CARES Act - Public health, safety and PPE	-	-	669,224	(669,224)
Total other protection	<u>\$ 708,254</u>	<u>\$ 4,913,835</u>	<u>\$ 1,246,381</u>	<u>\$ 3,667,454</u>
Total public safety	<u>\$ 6,506,024</u>	<u>\$ 11,015,520</u>	<u>\$ 6,829,840</u>	<u>\$ 4,185,680</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,116,350	\$ 2,348,771	\$ 1,908,672	\$ 440,099
Administration	161,908	161,908	160,962	946
Total sanitation and waste removal	<u>\$ 2,278,258</u>	<u>\$ 2,510,679</u>	<u>\$ 2,069,634</u>	<u>\$ 441,045</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,344,909	\$ 2,956,590	\$ 963,843	\$ 1,992,747
Total maintenance of general buildings and grounds	<u>\$ 1,344,909</u>	<u>\$ 2,956,590</u>	<u>\$ 963,843</u>	<u>\$ 1,992,747</u>
Total public works	<u>\$ 3,623,167</u>	<u>\$ 5,467,269</u>	<u>\$ 3,033,477</u>	<u>\$ 2,433,792</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 431,406	\$ 431,406	\$ 431,406	\$ -
Total health	<u>\$ 431,406</u>	<u>\$ 431,406</u>	<u>\$ 431,406</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 75,635	\$ 75,635	\$ 75,635	\$ -
Total mental health and mental retardation	\$ 75,635	\$ 75,635	\$ 75,635	\$ -
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,500	\$ 300
CARES Act - Social services	-	-	120,412	(120,412)
Comprehensive Services Act	165,750	165,750	163,981	1,769
Total welfare	\$ 167,550	\$ 167,550	\$ 285,893	\$ (118,343)
Total health and welfare	\$ 674,591	\$ 674,591	\$ 792,934	\$ (118,343)
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 24,705	\$ 24,705	\$ 24,705	\$ -
Contribution to County School Board	8,870,466	8,870,466	8,870,466	-
Total education	\$ 8,895,171	\$ 8,895,171	\$ 8,895,171	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 276,450	\$ 276,450	\$ 212,891	\$ 63,559
CARES Act - School project	-	-	8,357	(8,357)
Harbors and boat ramps	24,388	24,388	22,754	1,634
Total parks and recreation	\$ 300,838	\$ 300,838	\$ 244,002	\$ 56,836
Library:				
Contribution to regional library	\$ 176,519	\$ 176,519	\$ 176,519	\$ -
Contribution to local library	19,500	19,500	19,500	-
Total library	\$ 196,019	\$ 196,019	\$ 196,019	\$ -
Total parks, recreation, and cultural	\$ 496,857	\$ 496,857	\$ 440,021	\$ 56,836
Community development:				
Planning and community development:				
Community development	\$ 82,305	\$ 82,934	\$ 82,934	\$ -
CARES Act - Community support	-	-	775,279	(775,279)
CARES Act - Broadband expansion	-	-	8,225	(8,225)
Planning, permitting and enforcement	958,555	955,313	685,285	270,028
Wetlands board	3,698	3,698	1,654	2,044
Planning commission	8,960	8,960	5,125	3,835
Other economic development	429,217	429,217	429,217	-
Total planning and community development	\$ 1,482,735	\$ 1,480,122	\$ 1,987,719	\$ (507,597)
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 33,232	\$ 33,232	\$ 33,232	\$ -
Total environmental management	\$ 33,232	\$ 33,232	\$ 33,232	\$ -
Cooperative extension program:				
Extension office	\$ 111,509	\$ 111,509	\$ 82,518	28,991
Total cooperative extension program	\$ 111,509	\$ 111,509	\$ 82,518	28,991
Total community development	\$ 1,627,476	\$ 1,624,863	\$ 2,103,469	\$ (478,606)

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Total General Fund	\$ 25,361,063	\$ 31,753,995	\$ 25,416,607	\$ 6,337,388
<b>Special Revenue Funds:</b>				
<b>Eastern Shore Regional Jail Fund:</b>				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 4,258,402	\$ 5,906,993	\$ 4,214,745	\$ 1,692,248
Total correction and detention	\$ 4,258,402	\$ 5,906,993	\$ 4,214,745	\$ 1,692,248
Total Eastern Shore Regional Jail Fund	\$ 4,258,402	\$ 5,906,993	\$ 4,214,745	\$ 1,692,248
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,328,234	\$ 2,328,234	\$ 2,110,404	\$ 217,830
Public assistance	150,681	150,681	71,872	78,809
Other welfare services	87,020	87,020	182,412	(95,392)
Total welfare and social services	\$ 2,565,935	\$ 2,565,935	\$ 2,364,688	\$ 201,247
Total health and welfare	\$ 2,565,935	\$ 2,565,935	\$ 2,364,688	\$ 201,247
Total Virginia Public Assistance Fund	\$ 2,565,935	\$ 2,565,935	\$ 2,364,688	\$ 201,247
<b>Brownfield Community Assessment Fund:</b>				
Community development:				
Planning and community development:				
Construction and improvements	\$ -	\$ 100,786	\$ 124,167	\$ (23,381)
Total community development	\$ -	\$ 100,786	\$ 124,167	\$ (23,381)
Total Brownfield Community Assessment Fund	\$ -	\$ 100,786	\$ 124,167	\$ (23,381)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Harbor Improvement Fund:</b>				
Capital projects:				
Harbors and boat ramps	\$ 65,001	\$ 81,251	\$ 254,007	\$ (172,756)
Total capital projects	<u>\$ 65,001</u>	<u>\$ 81,251</u>	<u>\$ 254,007</u>	<u>\$ (172,756)</u>
Total Harbor Improvement Fund	<u>\$ 65,001</u>	<u>\$ 81,251</u>	<u>\$ 254,007</u>	<u>\$ (172,756)</u>
<b>ES 911 Grant Fund:</b>				
Capital projects:				
Communications equipment	\$ -	\$ 22,010	\$ -	\$ 22,010
Total ES 911 Grant Fund	<u>\$ -</u>	<u>\$ 22,010</u>	<u>\$ -</u>	<u>\$ 22,010</u>
<b>Debt Service Fund:</b>				
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 2,350,083	\$ 2,501,260	\$ 2,239,465	\$ 261,795
Interest and other fiscal charges	1,810,775	1,811,888	1,809,515	2,373
Total Debt Service Fund	<u>\$ 4,160,858</u>	<u>\$ 4,313,148</u>	<u>\$ 4,048,980</u>	<u>\$ 264,168</u>
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 130,400	\$ 130,400	\$ 130,400	\$ -
Total education	<u>\$ 130,400</u>	<u>\$ 130,400</u>	<u>\$ 130,400</u>	<u>\$ -</u>
Capital projects expenditures:				
Other school capital projects	\$ 255,502	\$ 3,099,927	\$ 483,920	\$ 2,616,007
School enhancement project	-	14,641,853	3,320,512	11,321,341
Contingencies	-	13,691	-	13,691
Total capital projects	<u>\$ 255,502</u>	<u>\$ 17,755,471</u>	<u>\$ 3,804,432</u>	<u>\$ 13,951,039</u>
Total Capital Improvements Fund	<u>\$ 385,902</u>	<u>\$ 17,885,871</u>	<u>\$ 3,934,832</u>	<u>\$ 13,951,039</u>
Total Primary Government	<u>\$ 36,797,161</u>	<u>\$ 62,629,989</u>	<u>\$ 40,358,026</u>	<u>\$ 22,271,963</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 1,635,902	\$ 1,645,902	\$ 1,518,664	\$ 127,238
Total administration of schools	\$ 1,635,902	\$ 1,645,902	\$ 1,518,664	\$ 127,238
Instruction costs:				
Elementary and secondary schools	\$ 13,536,216	\$ 13,750,583	\$ 12,742,138	\$ 1,008,445
Total instruction costs	\$ 13,536,216	\$ 13,750,583	\$ 12,742,138	\$ 1,008,445
Operating costs:				
Pupil transportation	\$ 1,203,658	\$ 1,203,658	\$ 869,806	\$ 333,852
Operation and maintenance of school plant	2,270,622	2,289,366	2,170,758	118,608
Total operating costs	\$ 3,474,280	\$ 3,493,024	\$ 3,040,564	\$ 452,460
Contribution to County Capital Projects Fund	\$ 265,439	\$ 265,439	\$ 1,464,348	\$ (1,198,909)
Total education	\$ 18,911,837	\$ 19,154,948	\$ 18,765,714	\$ 389,234
Debt service:				
Principal retirement	\$ 152,218	\$ 152,218	\$ 152,218	\$ -
Interest and other fiscal charges	4,981	4,981	4,981	-
Total debt service	\$ 157,199	\$ 157,199	\$ 157,199	\$ -
Total School Operating Fund	\$ 19,069,036	\$ 19,312,147	\$ 18,922,913	\$ 389,234
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,094,970	\$ 1,098,970	\$ 828,795	\$ 270,175
USDA commodities	-	-	56,472	(56,472)
Total school food services	\$ 1,094,970	\$ 1,098,970	\$ 885,267	\$ 213,703
Total education	\$ 1,094,970	\$ 1,098,970	\$ 885,267	\$ 213,703
Total School Cafeteria Fund	\$ 1,094,970	\$ 1,098,970	\$ 885,267	\$ 213,703
<b>School Grants Fund:</b>				
Education:				
Instruction	\$ 2,242,919	\$ 10,443,771	\$ 1,908,620	\$ 8,535,151
Total School Grants Fund	\$ 2,242,919	\$ 10,443,771	\$ 1,908,620	\$ 8,535,151
<b>School Retiree Health Insurance Fund:</b>				
Education:				
Instruction	\$ -	\$ -	\$ 132,990	\$ (132,990)
Total education	\$ -	\$ -	\$ 132,990	\$ (132,990)
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 132,990	\$ (132,990)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Activity Fund:</b>				
Education:				
Instructional services:				
Elementary and secondary schools	\$ -	\$ -	\$ 91,006	\$ (91,006)
Total education	\$ -	\$ -	\$ 91,006	\$ (91,006)
Total School Activity Fund	\$ -	\$ -	\$ 91,006	\$ (91,006)
Total Discretely Presented Component Unit - School Board	\$ 22,406,925	\$ 30,854,888	\$ 21,940,796	\$ 8,914,092

COUNTY OF NORTHAMPTON, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019	2018
Governmental activities				
Net investment in capital assets	\$ 12,847,424	\$ 12,791,941	\$ 11,822,786	\$ 13,426,790
Restricted	1,968,721	1,919,429	1,671,403	3,545,615
Unrestricted	17,225,766	14,144,763	13,221,915	11,733,339
Total governmental activities net position	<u>\$ 32,041,911</u>	<u>\$ 28,856,133</u>	<u>\$ 26,716,104</u>	<u>\$ 28,705,744</u>
Business-type activities				
Net investment in capital assets	\$ 66,293	\$ 27,740	\$ 34,741	\$ 41,742
Unrestricted	129,479	112,968	33,375	(36,699)
Total business-type activities net position	<u>\$ 195,772</u>	<u>\$ 140,708</u>	<u>\$ 68,116</u>	<u>\$ 5,043</u>
Primary government				
Net investment in capital assets	\$ 12,913,717	\$ 12,819,681	\$ 11,857,527	\$ 13,468,532
Restricted	1,968,721	1,919,429	1,671,403	3,545,615
Unrestricted	17,355,245	14,257,731	13,255,290	11,696,640
Total primary government net position	<u>\$ 32,237,683</u>	<u>\$ 28,996,841</u>	<u>\$ 26,784,220</u>	<u>\$ 28,710,787</u>

Table 1

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$	13,075,221	\$ 13,311,004	\$ 13,002,316	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629
	3,195,132	2,915,707	3,005,354	2,593,299	2,299,456	2,690,446
	<u>11,922,127</u>	<u>9,069,441</u>	<u>7,678,896</u>	<u>9,587,750</u>	<u>9,115,224</u>	<u>8,399,606</u>
\$	<u><u>28,192,480</u></u>	<u><u>25,296,152</u></u>	<u><u>23,686,566</u></u>	<u><u>25,492,841</u></u>	<u><u>24,613,443</u></u>	<u><u>24,903,681</u></u>
\$	16,149	\$ 18,036	\$ -	\$ -	\$ -	\$ -
	<u>1,452</u>	<u>8,426</u>	<u>9,561</u>	<u>2,702</u>	<u>2,702</u>	<u>(27,136)</u>
\$	<u><u>17,601</u></u>	<u><u>26,462</u></u>	<u><u>9,561</u></u>	<u><u>2,702</u></u>	<u><u>2,702</u></u>	<u><u>(27,136)</u></u>
\$	13,091,370	\$ 13,329,040	\$ 13,002,316	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629
	3,195,132	2,915,707	3,005,354	2,593,299	2,299,456	2,690,446
	<u>11,923,579</u>	<u>9,077,867</u>	<u>7,688,457</u>	<u>9,590,452</u>	<u>9,117,926</u>	<u>8,372,470</u>
\$	<u><u>28,210,081</u></u>	<u><u>25,322,614</u></u>	<u><u>23,696,127</u></u>	<u><u>25,495,543</u></u>	<u><u>24,616,145</u></u>	<u><u>24,876,545</u></u>



COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019	2018
Expenses				
Governmental activities:				
General government administration	\$ 2,966,512	\$ 3,195,073	\$ 3,050,836	\$ 2,846,063
Judicial administration	936,664	805,032	738,392	852,560
Public safety	11,579,210	10,763,461	9,602,687	9,589,223
Public works	3,245,658	3,148,791	2,850,905	2,583,136
Health and welfare	3,193,313	2,921,111	2,786,249	3,022,247
Education	9,640,932	9,982,925	10,493,929	9,638,974
Parks, recreation, culture	653,310	442,445	756,434	456,076
Community development	2,255,067	1,486,382	1,215,550	1,052,847
Interest on long-term debt	898,769	1,124,481	435,051	534,335
Total governmental activities expenses	\$ 35,369,435	\$ 33,869,701	\$ 31,930,033	\$ 30,575,461
Business-type activities:				
Public utilities	\$ 169,924	\$ 260,122	\$ 194,946	\$ 218,374
Total business-type activities expenses	\$ 169,924	\$ 260,122	\$ 194,946	\$ 218,374
Total Primary government expenses	\$ 35,539,359	\$ 34,129,823	\$ 32,124,979	\$ 30,793,835
Program Revenues				
Governmental activities:				
Charges for services				
Judicial administration	\$ 345,436	\$ 558,010	\$ 684,650	\$ 784,750
Public safety	1,036,314	663,631	783,262	694,031
Public works	817,127	755,252	728,839	806,547
Education	39,294	17,154	-	-
Parks, recreation, culture	51,135	48,490	66,707	60,534
Community development	-	-	-	-
Operating grants and contributions	8,178,573	6,309,865	6,252,276	6,130,345
Capital grants and contributions	313,673	69,347	-	-
Total governmental activities program revenues	\$ 10,781,552	\$ 8,421,749	\$ 8,515,734	\$ 8,476,207
Business-type activities:				
Charges for services	\$ 224,988	\$ 336,989	\$ 262,294	\$ 196,844
Total business-type activities program revenues	\$ 224,988	\$ 336,989	\$ 262,294	\$ 196,844
Total primary government program revenue	\$ 11,006,540	\$ 8,758,738	\$ 8,778,028	\$ 8,673,051
Net(Expense)/Revenue				
Governmental activities	\$ (24,587,883)	\$ (25,447,952)	\$ (23,414,299)	\$ (22,099,254)
Business-type activities	55,064	76,867	67,348	(21,530)
Total primary government net expense	\$ (24,532,819)	\$ (25,371,085)	\$ (23,346,951)	\$ (22,120,784)

Table 2  
Page 1 of 2

2017	2016	2015	2014	2013	2012
\$ 2,635,928	\$ 2,413,847	\$ 2,654,848	\$ 2,573,634	\$ 2,580,737	\$ 2,421,964
852,577	827,333	808,280	810,083	776,261	791,212
9,215,297	8,739,709	8,723,916	8,767,356	9,453,598	3,875,834
2,483,413	2,545,525	2,006,016	2,061,988	2,173,368	2,171,427
2,851,470	2,859,742	2,885,030	2,879,167	2,878,538	3,182,812
9,341,711	10,018,401	9,587,332	9,069,634	8,731,218	8,009,717
419,903	384,855	356,931	376,031	320,558	343,025
1,018,247	912,784	1,153,095	1,932,522	1,299,259	1,414,090
622,511	697,430	765,128	817,257	2,480,390	1,598,507
<u>\$ 29,441,057</u>	<u>\$ 29,399,626</u>	<u>\$ 28,940,576</u>	<u>\$ 29,287,672</u>	<u>\$ 30,693,927</u>	<u>\$ 23,808,588</u>
\$ 192,628	\$ 185,352	\$ 165,348	\$ 172,225	\$ 163,782	\$ 95,162
<u>\$ 192,628</u>	<u>\$ 185,352</u>	<u>\$ 165,348</u>	<u>\$ 172,225</u>	<u>\$ 163,782</u>	<u>\$ 95,162</u>
<u>\$ 29,633,685</u>	<u>\$ 29,584,978</u>	<u>\$ 29,105,924</u>	<u>\$ 29,459,897</u>	<u>\$ 30,857,709</u>	<u>\$ 23,903,750</u>
\$ 768,860	\$ 654,510	\$ 722,594	\$ 748,040	\$ 562,536	\$ 309,943
469,439	304,566	267,459	302,044	348,892	182,244
574,315	575,089	535,686	506,268	451,294	448,334
-	-	-	-	-	-
53,744	51,200	58,630	58,479	46,528	71,060
-	-	40	20	188	108
6,085,668	6,080,273	6,137,361	5,815,182	5,604,379	6,586,173
33,129	52,577	-	741,305	1,482,705	139,418
<u>\$ 7,985,155</u>	<u>\$ 7,718,215</u>	<u>\$ 7,721,770</u>	<u>\$ 8,171,338</u>	<u>\$ 8,496,522</u>	<u>\$ 7,737,280</u>
\$ 187,630	\$ 180,235	\$ 165,486	\$ 160,946	\$ 174,910	\$ -
<u>\$ 187,630</u>	<u>\$ 180,235</u>	<u>\$ 165,486</u>	<u>\$ 160,946</u>	<u>\$ 174,910</u>	<u>\$ -</u>
<u>\$ 8,172,785</u>	<u>\$ 7,898,450</u>	<u>\$ 7,887,256</u>	<u>\$ 8,332,284</u>	<u>\$ 8,671,432</u>	<u>\$ 7,737,280</u>
\$ (21,455,902)	\$ (21,681,411)	\$ (21,218,806)	\$ (21,116,334)	\$ (22,197,405)	\$ (16,071,308)
(4,998)	(5,117)	138	(11,279)	11,128	(95,162)
<u>\$ (21,460,900)</u>	<u>\$ (21,686,528)</u>	<u>\$ (21,218,668)</u>	<u>\$ (21,127,613)</u>	<u>\$ (22,186,277)</u>	<u>\$ (16,166,470)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 19,860,840	\$ 19,688,827	\$ 18,776,883	\$ 18,283,266
Local sales and use tax	1,957,466	1,443,547	1,347,759	1,278,342
Consumer utility tax	328,659	324,208	328,478	325,996
Business license taxes	374,220	38,265	38,126	39,667
Franchise taxes	362,177	-	-	-
Hotel and meals taxes	663,301	805,013	844,012	828,344
Other local taxes	533,308	613,373	575,224	545,693
Unrestricted revenues from use of money and property	144,449	602,166	254,371	131,362
Miscellaneous	181,048	169,872	119,981	(158,082)
Grants and contributions not restricted to specific programs	1,903,845	2,164,551	1,920,062	1,953,926
Gain(loss) on disposal of capital assets		-	-	-
Transfers	1,464,348	1,738,169	851,753	546,170
Total governmental activities	\$ 27,773,661	\$ 27,587,991	\$ 25,056,649	\$ 23,774,684
Business-type activities:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Transfers	-	(4,275)	(4,275)	5,225
Total business-type activities	\$ -	\$ (4,275)	\$ (4,275)	\$ 5,225
Total primary government	\$ 27,773,661	\$ 27,583,716	\$ 25,052,374	\$ 23,779,909
Change in Net Position				
Governmental activities	\$ 3,185,778	\$ 2,140,039	\$ 1,642,350	\$ 1,675,430
Business-type activities	55,064	72,592	63,073	(16,305)
Total primary government	\$ 3,240,842	\$ 2,212,631	\$ 1,705,423	\$ 1,659,125

Table 2  
Page 2 of 2

2017	2016	2015	2014	2013	2012
\$ 18,041,615	\$ 17,065,329	\$ 16,695,685	\$ 16,646,517	\$ 16,777,134	\$ 15,640,011
1,206,730	1,178,112	1,091,493	1,089,704	1,080,525	1,177,340
323,498	318,769	322,591	320,126	316,666	313,641
38,221	37,220	38,132	41,232	39,679	40,968
-	-	-	-	-	-
624,632	598,525	553,510	527,093	520,300	265,688
583,525	576,843	500,753	527,676	586,363	695,252
107,437	174,263	77,791	71,502	-	-
376,240	237,483	166,823	170,401	62,378	128,069
1,972,832	1,975,885	2,012,975	2,022,633	246,097	190,464
-	-	-	-	1,844,798	1,796,331
1,077,500	991,545	394,521	578,848	747,803	(199,406)
<u>\$ 24,352,230</u>	<u>\$ 23,153,974</u>	<u>\$ 21,854,274</u>	<u>\$ 21,995,732</u>	<u>\$ 22,221,743</u>	<u>\$ 20,048,358</u>
\$ -	\$ -	\$ -	\$ -	\$ -	(7,136)
(3,863)	22,018	-	18,000	18,710	199,406
<u>\$ (3,863)</u>	<u>\$ 22,018</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 18,710</u>	<u>\$ 192,270</u>
<u>\$ 24,348,367</u>	<u>\$ 23,175,992</u>	<u>\$ 21,854,274</u>	<u>\$ 22,013,732</u>	<u>\$ 22,240,453</u>	<u>\$ 20,240,628</u>
\$ 2,896,328	\$ 1,472,563	\$ 635,468	\$ 879,398	\$ 24,338	\$ 3,977,050
(8,861)	16,901	138	6,721	29,838	97,108
<u>\$ 2,887,467</u>	<u>\$ 1,489,464</u>	<u>\$ 635,606</u>	<u>\$ 886,119</u>	<u>\$ 54,176</u>	<u>\$ 4,074,158</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 27,244	\$ -	\$ -	\$ 2,963
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	139,908
Unassigned	14,167,329	11,682,987	11,495,155	10,332,116
Total General Fund	<u>\$ 14,194,573</u>	<u>\$ 11,682,987</u>	<u>\$ 11,495,155</u>	<u>\$ 10,474,987</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 17,936	\$ -	\$ -
Restricted	24,708,712	29,129,465	1,671,403	3,545,615
Committed	8,546,295	7,640,030	6,642,429	6,902,495
Assigned	84,447	84,445	98,719	141,413
Unassigned	-	(39,946)	(22,010)	(22,010)
Total all other governmental funds	<u>\$ 33,339,454</u>	<u>\$ 36,831,930</u>	<u>\$ 8,390,541</u>	<u>\$ 10,567,513</u>

Table 3

2017	2016	2015	2014	2013	2012
\$ 782	\$ 1,748	\$ 874	\$ 874	\$ 674	\$ -
-	-	-	-	-	-
-	-	190,175	-	-	-
139,908	66,000	-	139,168	-	-
9,464,231	7,763,364	7,804,166	7,898,674	8,058,543	6,598,339
<u>\$ 9,604,921</u>	<u>\$ 7,831,112</u>	<u>\$ 7,995,215</u>	<u>\$ 8,038,716</u>	<u>\$ 8,059,217</u>	<u>\$ 6,598,339</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,195,132	2,915,707	3,005,354	2,593,299	2,299,456	2,690,446
6,684,163	5,735,985	4,691,846	4,854,183	4,600,157	4,378,522
142,280	160,978	-	-	-	-
(192,866)	(191,846)	(203,262)	(182,910)	(170,856)	(168,211)
<u>\$ 9,828,709</u>	<u>\$ 8,620,824</u>	<u>\$ 7,493,938</u>	<u>\$ 7,264,572</u>	<u>\$ 6,728,757</u>	<u>\$ 6,900,757</u>

# COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2021	2020	2019	2018
<b>REVENUES</b>				
General property taxes	\$ 20,092,815	\$ 19,579,185	\$ 18,998,268	\$ 18,272,125
Other local taxes	4,219,131	3,224,406	3,133,599	3,018,042
Permits, privilege fees, and regulatory licenses	154,123	128,213	118,752	141,646
Fines and forfeitures	296,670	511,699	639,442	781,255
Revenue from the use of money and property	54,417	602,166	254,371	131,362
Charges for services	1,716,642	1,402,625	1,505,264	1,422,961
Miscellaneous	72,004	169,872	119,981	44,584
Recovered costs	169,846	249,026	348,701	282,924
Intergovernmental revenues	12,344,988	10,277,657	9,019,816	8,635,666
Total revenues	\$ 39,120,636	\$ 36,144,849	\$ 34,138,194	\$ 32,730,565
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,532,056	\$ 2,480,599	\$ 2,391,971	\$ 2,098,866
Judicial administration	789,639	727,320	673,490	685,186
Public safety	11,044,585	10,589,133	9,685,493	9,139,783
Public works	3,033,477	3,286,052	2,716,341	2,488,639
Health and welfare	3,157,622	2,976,558	2,902,092	2,938,337
Education	9,025,571	9,050,725	8,996,636	8,687,800
Parks, recreation, and cultural	440,021	410,100	425,608	430,593
Community development	2,227,636	1,387,807	1,203,882	1,000,540
Capital projects	4,058,439	867,527	1,190,630	656,236
Debt service:				
Principal retirement	2,239,465	2,110,815	4,149,298	1,912,130
Interest and other fiscal charges	1,809,515	769,803	873,625	970,634
Total expenditures	\$ 40,358,026	\$ 34,656,439	\$ 35,209,066	\$ 31,008,744
Excess (deficiency) of revenues over (under) expenditures	\$ (1,237,390)	\$ 1,488,410	\$ (1,070,872)	\$ 1,721,821
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 6,686,821	\$ 6,057,206	\$ 5,717,906	\$ 5,955,599
Transfers out	(6,686,821)	(6,165,431)	(5,766,131)	(6,008,824)
Bonds issued	-	24,040,000	-	-
Refunding bonds issued	-	-	-	-
Bond premium issuance	-	3,170,036	-	-
Issuance of note payable	256,500	39,000	-	-
Issuance of capital leases	-	-	-	-
Total other financing sources (uses)	\$ 256,500	\$ 27,140,811	\$ (48,225)	\$ (53,225)
Net change in fund balances	\$ (980,890)	\$ 28,629,221	\$ (1,119,097)	\$ 1,668,596
Fund balances - beginning	48,514,917	19,885,696	21,004,793	19,373,904
Fund balances - ending	\$ 47,534,027	\$ 48,514,917	\$ 19,885,696	\$ 21,042,500
Debt Service as a percentage of noncapital expenditures	11.47%	8.66%	14.81%	9.58%

Table 4

2017	2016	2015	2014	2013	2012
\$ 18,039,197	\$ 17,212,661	\$ 16,682,266	\$ 16,717,264	\$ 17,199,372	\$ 15,691,764
2,776,606	2,709,469	2,506,479	2,505,831	2,543,533	2,492,889
167,599	168,928	109,011	115,874	128,550	134,793
553,690	442,889	510,887	537,765	378,652	162,917
107,437	174,263	77,791	71,502	62,378	128,069
1,145,069	973,548	964,511	961,212	902,236	713,979
347,709	209,667	130,164	138,158	264,511	109,602
483,456	402,761	213,750	272,875	255,303	3,719,863
9,165,266	9,122,298	8,544,857	9,175,968	9,698,395	8,994,551
<u>\$ 32,786,029</u>	<u>\$ 31,416,484</u>	<u>\$ 29,739,716</u>	<u>\$ 30,496,449</u>	<u>\$ 31,432,930</u>	<u>\$ 32,148,427</u>
\$ 2,109,381	\$ 2,150,567	\$ 1,961,308	\$ 2,038,882	\$ 1,968,506	\$ 1,934,342
689,380	677,613	648,852	623,134	607,948	584,726
8,735,849	8,240,146	8,118,561	8,019,032	7,214,604	6,546,031
2,262,325	2,130,659	2,120,556	2,142,149	2,001,046	1,847,921
2,813,823	2,892,299	2,893,156	2,835,881	2,800,420	3,124,653
8,739,800	8,754,047	8,176,890	8,306,488	7,984,224	7,675,452
376,247	366,068	338,095	353,402	298,448	281,966
988,099	977,163	1,430,497	1,770,565	1,297,764	1,370,772
176,072	983,315	812,998	755,337	1,647,734	2,654,844
1,822,131	2,269,250	1,861,182	1,856,774	36,705,041	2,530,680
1,054,591	1,127,579	1,191,756	1,256,768	2,461,003	1,589,911
<u>\$ 29,767,698</u>	<u>\$ 30,568,706</u>	<u>\$ 29,553,851</u>	<u>\$ 29,958,412</u>	<u>\$ 64,986,738</u>	<u>\$ 30,141,298</u>
<u>\$ 3,018,331</u>	<u>\$ 847,778</u>	<u>\$ 185,865</u>	<u>\$ 538,037</u>	<u>\$ (33,553,808)</u>	<u>\$ 2,007,129</u>
\$ 5,214,133	\$ 5,805,122	\$ 5,733,914	\$ 5,947,535	\$ 6,159,676	\$ 5,659,288
(5,250,770)	(5,867,640)	(5,733,914)	(6,115,535)	(6,178,386)	(5,858,694)
-	-	-	-	-	-
-	-	-	-	29,720,000	-
-	-	-	-	4,986,840	-
-	-	-	-	-	-
-	-	-	145,277	154,466	183,606
<u>\$ (36,637)</u>	<u>\$ (62,518)</u>	<u>\$ -</u>	<u>\$ (22,723)</u>	<u>\$ 34,842,596</u>	<u>\$ (15,800)</u>
\$ 2,981,694	\$ 785,260	\$ 185,865	\$ 515,314	\$ 1,288,788	\$ 1,991,329
16,451,936	15,666,676	15,303,288	14,787,974	13,499,156	11,507,827
<u>\$ 19,433,630</u>	<u>\$ 16,451,936</u>	<u>\$ 15,489,153</u>	<u>\$ 15,303,288</u>	<u>\$ 14,787,944</u>	<u>\$ 13,499,156</u>
<u>9.80%</u>	<u>11.33%</u>	<u>10.50%</u>	<u>10.70%</u>	<u>60.59%</u>	<u>15.07%</u>



Principal Property Tax Payers  
Current and Ten Years Ago

Taxpayer	December 31, 2020			December 31, 2011		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bay Creek South LLC	\$ 15,886,300	1	0.70%	\$ 49,453,700	1	1.77%
Bay Creek Development LLC	15,172,900	2				
Peacock Holdings Va LLC	11,117,500	3	0.49%			
Bay Creek Resort LLC	10,730,300	4	0.47%			
Daniel A. Hoffler	10,355,800	5	0.46%	16,549,000	3	0.59%
Cape Charles Properties, LLC (Former Bayshore Concrete Products Corporation location)	10,162,000	6	0.45%	13,571,500	5	0.49%
Ballard Brothers Fish Company	10,156,900	7	0.45%	11,294,900	8	0.40%
The Nature Conservancy	7,815,800	8	0.35%	11,320,600	7	0.41%
Sun Sunset Beach RV LLC	6,011,400	9	0.27%			
South Port Investors LLC	5,541,400	10	0.24%			
Bay Creek LLC				20,992,200	2	0.75%
Baymark Construction Corporation				16,250,000	4	0.58%
BECO Tower Hill, LLC				12,043,100	6	0.43%
Cherrydale by the Sea, LLC				7,826,100	9	0.29%
C A Turner Jr Family LP				7,675,500	10	0.28%
	<u>\$ 102,950,300</u>		<u>3.88%</u>	<u>\$ 166,976,600</u>		<u>5.99%</u>

Source: Northampton County Commissioner of Revenue Department

Property Tax Levies and Collections  
Last Ten Fiscal Years

Tax Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjust- ments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	\$ 15,532,424	\$ (39,176)	\$ 15,493,249	\$ 14,384,322	92.61%	\$ 1,093,300	\$ 15,477,622	99.90%
2012	16,645,152	1,036	16,646,187	15,537,432	93.35%	1,091,288	16,628,720	99.90%
2013	16,663,188	18,062	16,681,250	15,477,073	92.88%	1,187,074	16,664,147	99.90%
2014	16,654,676	6,434	16,661,110	15,677,996	94.14%	962,670	16,640,666	99.88%
2015	17,087,463	36,286	17,123,749	16,170,224	94.63%	934,522	17,104,746	99.89%
2016	18,068,330	9,998	18,078,328	17,101,267	94.65%	910,664	18,011,931	99.63%
2017	18,383,412	9,041	18,392,453	17,395,680	94.63%	931,807	18,327,487	99.65%
2018	18,972,804	2,978	18,975,782	17,985,687	94.80%	897,117	18,882,804	99.51%
2019	19,405,666	(138,776)	19,266,890	18,456,213	95.11%	601,559	19,057,772	98.91%
2020	19,976,062	(184,277)	19,791,785	19,192,031	96.08%	-	19,192,031	96.97%

COUNTY OF NORTHAMPTON, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year Ended	Real Property								
	(Class 1, 2 & 3) Residential Property	(Class 4) Commercial Property	(Class 5 & 6) Raw Land	Public Service Property	Total	Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100	Public Service Property
2012	\$ 2,122,658,500	\$ 179,480,200	\$ 581,313,900	\$ 52,454,600	\$ 2,935,907,200	\$ 0.4900	\$ 66,661,000	\$ 4.10	\$ 1,148,100
2013	2,123,731,600	179,476,700	580,084,700	49,322,500	2,932,615,500	0.4900	67,553,600	4.10	385,600
2014	1,644,540,300	172,302,700	484,359,100	47,337,675	2,348,539,775	0.5400	68,377,100	3.85	52,623
2015	1,645,307,200	161,885,000	479,901,300	48,854,329	2,335,947,829	0.6728	68,775,700	3.85	50,980
2016	1,645,468,057	159,026,800	476,301,901	52,285,130	2,333,081,888	0.6805	73,842,300	3.90	12,074
2017	1,384,987,850	141,462,300	389,505,900	51,653,101	1,967,609,151	0.8300	94,006,200	3.90	8,726
2018	1,399,425,300	147,004,700	388,836,200	53,789,964	1,989,056,164	0.8300	98,671,200	3.90	-
2019	1,448,771,200	153,521,800	380,059,700	58,245,081	2,040,597,781	0.8300	106,809,627	3.90	-
2020	1,463,601,100	159,402,100	376,098,200	56,636,303	2,055,737,703	0.8300	106,809,627	3.90	-
2021	1,510,344,825	166,865,000	375,563,224	59,628,880	2,112,401,929	0.8350	129,595,800	3.90	-

Source: Northampton County Commissioner of Revenue Department

Note: The County assesses property at 100% of actual value. Tax rates are assessed per \$100 of assessed value.

Table 7

Personal Property										
Tax Rate per \$100	Machinery and Tools	Tax Rate per \$100	Farm Machinery	Tax Rate per \$100	Heavy Equipment	Tax Rate per \$100	Boats	Tax Rate per \$100	Total Taxable Assessed Value	Direct Tax Rate per \$100
\$ 4.10	\$ 4,417,400	\$ 2.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,008,133,700	\$ 0.575
4.10	4,387,300	2.25	-	-	-	-	-	-	3,004,942,000	0.574
3.85	4,145,000	2.00	-	-	-	-	-	-	2,421,114,498	0.636
3.85	3,867,100	2.00	-	-	-	-	9,428,100	0.99	2,418,069,709	0.767
3.90	4,621,400	2.00	-	-	-	-	9,484,600	0.99	2,421,042,262	0.782
3.90	4,062,400	2.00	-	-	-	-	9,561,600	0.99	2,075,248,077	0.972
3.90	4,721,200	2.00	9,263,300	1.43	963,600	2.86	10,699,200	0.99	2,113,374,664	0.980
3.90	4,015,300	2.00	8,643,900	1.43	1,468,400	2.86	10,699,200	0.99	2,172,234,208	0.988
3.90	4,061,000	2.00	8,643,900	1.20	1,468,400	2.86	11,229,100	0.99	2,187,949,730	0.986
3.90	2,734,600	2.00	7,357,500	1.20	1,233,100	2.86	11,528,300	0.99	2,264,851,229	1.015

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year	Real Estate	Motor Vehicles and Tangibles	Public Service Property	Machinery and Tools	Farm Machinery	Heavy Equipment	Boat	Total Direct Rate
2012	\$ 0.478	\$ 0.091	\$ 0.002	\$ 0.003	\$ 0.000	\$ 0.000	\$ 0.000	0.575
2013	0.478	0.092	0.001	0.003	0.000	0.000	0.000	0.574
2014	0.524	0.109	0.000	0.003	0.000	0.000	0.000	0.636
2015	0.650	0.110	0.000	0.003	0.000	0.000	0.004	0.767
2016	0.656	0.119	0.000	0.004	0.000	0.000	0.004	0.782
2017	0.787	0.177	0.000	0.004	0.000	0.000	0.005	0.972
2018	0.781	0.182	0.000	0.004	0.006	0.001	0.005	0.980
2019	0.780	0.192	0.000	0.004	0.006	0.002	0.005	0.988
2020	0.780	0.190	0.000	0.004	0.005	0.002	0.005	0.986
2021	0.779	0.223	0.000	0.002	0.004	0.002	0.005	1.015

Source: Northampton County Commissioner of Revenue Department

Note: Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies.

## Overlapping Rates

Fiscal Year	Town of Eastville		Town of Cape Charles		Town of Exmore		Town of Belle Haven
	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate
2012	\$ 0.0175	\$ 0.2500	\$ 0.1828	\$ 2.00	\$ 0.1200	\$ 0.4900	0.0850
2013	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850
2014	0.0175	0.2500	0.2759	2.00	0.1200	0.4900	0.0850
2015	0.0500	0.0500	0.2759	2.00	0.1200	0.4900	0.0400
2016	0.0500	0.0500	0.3260	2.00	0.1200	0.4900	0.0400
2017	0.0500	0.0500	0.3260	2.00	0.1200	0.4900	0.0400
2018	0.0500	0.0500	0.2945	2.00	0.1200	0.4900	0.0400
2019	0.0500	0.0500	0.2945	2.00	0.1200	0.4900	0.0400
2020	0.0500	0.0500	0.2731	2.00	0.1200	0.4900	0.0400
2021	0.0500	0.0500	0.3143	2.00	0.1200	0.4900	0.0400

Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds				Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Less: Amounts Restricted to Repaying Principal	Total	Per Capita(a)	
2012	\$ 39,489,635	\$ 2,568,542	\$ 36,921,093	\$ 2,975	1.23%
2013	37,906,670	2,145,866	35,760,804	2,927	1.19%
2014	36,023,096	2,450,550	33,572,546	2,789	1.39%
2015	34,079,522	2,762,716	31,316,806	2,600	1.30%
2016	31,651,888	2,752,047	28,899,841	2,389	1.19%
2017	29,578,315	3,057,346	26,520,969	2,206	1.28%
2018	27,414,742	3,371,311	24,043,431	2,023	1.14%
2019	23,014,001	1,518,958	21,495,043	1,832	0.99%
2020	47,900,779	1,665,914	46,234,865	3,948	2.11%
2021	45,507,869	1,816,140	43,691,729	3,557	1.93%

Note: Debt refinanced in July 2014.

(a) Population data can be found in Table 11

(b) See Table 7 for property value data

Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

<u>Governmental Activities</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2012	\$ 36,921,093	\$ 451,577	\$ 37,372,670	8.16%	\$ 3,012
2013	35,760,804	341,477	36,102,281	7.46%	2,955
2014	33,572,546	262,111	33,834,657	7.12%	2,811
2015	31,316,806	93,059	31,409,865	6.52%	2,608
2016	28,899,841	-	28,899,841	5.66%	2,389
2017	26,520,969	-	26,520,969	4.79%	2,206
2018	24,043,431	-	24,043,431	4.02%	2,023
2019	21,495,043	-	21,495,043	3.45%	1,832
2020	46,234,865	-	46,234,865	7.00%	3,948
2021	43,691,729	-	43,691,729	5.98%	3,557

Note: Debt refinanced in July 2013.

Demographic and Economic Statistics  
Last Ten Available Calendar Years

Calendar	Population	Personal Income	Per Capita Personal	Median Age	School Enrollment	Unemployment Rate
Year End	(1)	(in thousands)	Income (4)	(1)	(3)	(2)
2011	12,409	\$ 457,744	\$ 36,888	42.4	1,667	8.00%
2012	12,217	484,077	39,623	47.0	1,590	8.80%
2013	12,036	475,274	39,488	42.0	1,586	7.70%
2014	12,045	481,693	39,991	47.2	1,565	7.40%
2015	12,095	510,686	42,223	42.0	1,538	5.10%
2016	12,021	553,204	46,020	47.0	1,560	5.90%
2017	11,887	598,308	50,333	48.4	1,574	5.80%
2018	11,735	623,872	53,163	48.4	1,528	5.40%
2019	11,710	660,088	56,370	48.5	1,485	4.40%
2020	12,282	730,894	59,509	49.0	1,424	7.40%

## Sources:

- (1) Bureau of Economic Analysis
- (2) Virginia Employment Commission
- (3) Northampton County Schools
- (4) Fred Economic Data

Per capita income is the total income computed for every man, woman, and child in Northampton including those living in group quarters. It is derived by dividing the aggregate income of Northampton by the total population in that group.



Principal Employers  
Current Year and Ten Years Ago

Employer	2020			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northampton County Schools	250-499	1	6.66%	250-499	2	5.00%
County of Northampton	100-249	2	4.00%	100-249	4	5.00%
Chesapeake Bay Bridge Tunnel	100-249	3	4.00%	100-249	5	2.00%
Food Lion	100-249	4	4.00%	100-249	7	2.00%
David's Nursery	100-249	5	4.00%			
Ballard Fish and Oyster Company	100-249	6	4.00%	100-249	10	1.00%
Eastern Shore Rural Health	50-99	7	1.33%	100-249	8	2.00%
Nassawadox Opco Llc	50-99	8	1.33%			
New Ravenna Acquisition LLC	50-99	9	1.33%	-		
Tankard Nurseries	50-99	10	1.33%			
Shore Memorial Hospital (Riverside)				500-999	1	11.00%
Bayshore Concrete Products Company				100-249	3	2.00%
Lfc Agricultural Services Inc.				100-249	6	2.00%
Therapeutic Interventions				50-99	9	1.00%
Total County Employees (Q1 2021 & Q1 2011)	3,752		31.98%	1,400		33.00%

Source: Virginia Employment Commission

Full-time Equivalent County Government Employees by Function  
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	19	20	20	20	19	19	19	19	19	19
Judicial	9	8	8	7	7	7	7	7	7	7
Public Safety	105	110	116	113	113	113	109	107	105	104
Public Works	14	13	13	10	10	10	10	10	9	9
Public Utilities	1	2	2	2	2	2	2	2	2	1
Health and Welfare	30	24	30	33	33	33	33	33	33	34
Parks, Recreation & Cultural	2	2	2	2	2	1	1	1	1	1
Community Development	8	8	9	11	9	9	9	10	12	11
<b>TOTAL</b>	<b>188</b>	<b>187</b>	<b>200</b>	<b>198</b>	<b>195</b>	<b>194</b>	<b>190</b>	<b>189</b>	<b>188</b>	<b>186</b>

Source: Northampton County Human Resources Department

**COUNTY OF NORTHAMPTON, VIRGINIA**

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2021	2020	2019
<b>General Administration</b>			
Treasurer			
Tax bills printed	not available	32,305	32,209
Deposits	2,467	2,277	2,237
Finance			
Paychecks and direct deposit notices	10,262	9,566	9,054
Accounts payable checks	3,656	3,877	3,733
<b>Judicial Administration</b>			
Clerk of the Circuit Court			
Criminal cases commenced	920	683	763
Law cases commenced	167	269	347
Deeds recorded	2,797	2,246	2,043
<b>Public Safety</b>			
Sheriff			
Calls for service	2,822	3,264	3,214
Arrests made * FY20 new RMS system counts in custody only	65	60	165
Traffic summons	3,278	5,489	6,970
Civil processes	1,399	1,748	2,329
Local prisoner days	16,185	28,020	30,729
Inmate transports	255	285	259
Out of state extraditions	15	15	20
<b>EMS</b>			
EMS dispatched	2,913	2,934	2,895
Avg daytime response time in minutes	8.93	9.03	8.57
Avg nighttime response time in minutes	9.42	10.42	10.29
<b>Building inspections</b>			
Plan reviews/Permits issued	299	276	293
Inspections	1,118	879	961
<b>Public Works</b>			
Solid waste services			
Tons received at landfill	17,243	18,167	17,791
Per capital waster generation (lbs/p/d)	7.07	6.76	7.59
Tipping fee per ton	\$ 75.00	\$ 75.00	\$ 72.00
<b>Community Development</b>			
Code compliance			
Abandoned vehicle/Inoperable vehicles	39	97	5
Overgrown grass	34	48	43
Dangerous structures	139	151	41
Assignment 911 addresses	153	113	257

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2018	2017	2016	2015	2014	2013	2012
40,234	39,786	31,652	38,833	38,630	46,125	46,100
2,217	2,223	2,177	2,172	2,247	3,915	3,875
8,762	9,280	8,646	8,112	8,371	7,948	7,665
3,725	3,561	3,452	3,574	3,566	3,411	3,580
814	738	497	487	N/A	N/A	N/A
209	128	173	194	N/A	N/A	N/A
2,157	2,128	2,045	2,138	N/A	N/A	N/A
3,380	3,209	3,379	N/A	N/A	N/A	N/A
240	298	296	N/A	N/A	N/A	N/A
7,552	7,372	7,048	N/A	N/A	N/A	N/A
2,324	2,723	2,646	N/A	N/A	N/A	N/A
33,966	32,920	38,596	40,155	38,125	53,025	55,000
274	268	288	235	295	300	300
14	14	8	11	13	9	15
2,790	2,628	2,699	2,842	2,759	2,758	2,760
8.52	8.53	9.34	9.29	8.99	9.06	9.17
10.24	10.41	10.29	10.49	10.75	11.42	11.72
489	303	254	332	331	367	189
766	663	765	780	1,025	1,074	879
17,889	17,171	15,687	17,075	15,737	14,088	18,665
7.41	6.34	6.23	6.31	6.05	6.23	5.72
\$ 69.00	\$ 69.00	\$ 69.00	\$ 65.00	\$ 65.00	\$ 65.00	\$ 63.00
0	2	8	11	9	90	170
42	12	10	61	54	74	76
20	2	6	31	44	19	55
32	20	36	39	51		

# COUNTY OF NORTHAMPTON, VIRGINIA

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2021	2020	2019
General Administration			
County Administration			
Eastville historic buildings	1	1	1
Eastville Inn	1	1	1
Temporary Admin. Bldg-Old Middle School	0	0	0
Former Middle School	1	1	1
1899 Courthouse building	1	1	1
Old Jail Building	0	0	0
Judicial Administration			
1899 Courthouse building	0	0	0
2006 Courthouse	0	0	0
Public Safety			
Willow Oak sheriff administration building	0	0	0
Old jail building	0	0	0
Temporary housing unit	0	0	0
THU (Converted to Sheriff's Admin)	1	1	1
Eastern Shore Regional Jail	1	1	1
Sheriff's vehicles	49	49	47
Public Works			
Landfill	1	1	1
Transfer station	1	1	1
Convenience centers	6	6	6
Community Development			
Social services building (old)	0	0	0
Social services building (new)	1	1	1
Parks, Recreation and Cultural			
Parks	1	1	1
Recreation center - Indian Town Park	1	1	1
Schools			
Attendance centers, Elementary	2	2	2
Attendance centers, Middle	1	1	1
Attendance centers, Secondary	1	1	1
Number of classrooms, Elementary	78	78	78
Number of classrooms, Middle	10	10	10
Number of classrooms, Secondary	53	53	53

Sources: Various departments in the County of Northampton.

Table 15

2018	2017	2016	2015	2014	2013	2012
1	1	1	1	1	1	1
1	1	1	1	1	1	1
0	0	0	0	0	0	0
1	1	1	1	1	1	1
1	1	1	1	1	1	1
0	1	1	1	1	1	1
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1	1	1	1	1	1	1
1	1	1	1	1	1	1
46	44	44	46	45	45	40
1	1	1	1	1	1	1
1	1	1	1	1	1	1
6	6	6	6	6	5	4
0	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	1	1	1	1	0	0
1	1	1	1	1	1	1
78	77	77	77	78	88	88
10	12	11	11	10	0	0
53	51	51.5	51	51	51	51



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***

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**To the Honorable Members of the Board of Supervisors  
County of Northampton  
Northampton, 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 unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of Northampton, 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 Northampton, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Northampton, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

## Compliance and Other Matters

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

### Purpose of this Report

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

Robinson, Farmer, Cox Associate

Richmond, Virginia  
November 30, 2021





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

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

**Report on Compliance for Each Major Federal Program**

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2021. County of Northampton, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of County of Northampton, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Northampton, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Northampton, Virginia's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County of Northampton, Virginia complied, in all material respects, with the types of 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, 2021.

## Report on Internal Control over Compliance

Management of County of Northampton, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Northampton, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Northampton, Virginia's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, Farmer, Cox Associates

Richmond, Virginia  
November 30, 2021

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Education:				
Temporary Assistance for Needy Families	93.558	0400109/0400110	\$ 25,093	\$ -
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400109/0400110	232,454	-
<b>Sub-total ALN 10.555</b>			<u>\$ 257,547</u>	<u>\$ -</u>
COVID 19 - Provider Relief Fund	93.498	not available	\$ 4,558	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	4,889	-
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	0500109/0500110	603	-
Low-Income Home Energy Assistance	93.568	0600409/0600410	39,198	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	47,967	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	94	-
Foster Care - Title IV-E	93.658	1100109/1100110	120,230	-
Adoption Assistance	93.659	1100109/1100110	13,208	-
Social Services Block Grant	93.667	1000109/1000110	202,526	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150108-9150110	2,331	-
Children's Health Insurance Program	93.767	0540109/0540110	3,216	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	287,309	-
<b>Total Department of Health and Human Services</b>			<u>\$ 983,676</u>	<u>\$ -</u>
Department of Agriculture:				
Direct Payments:				
Community Facilities Loans and Grants (Community Facilities Loans and Grants Cluster)	10.766	N/A	\$ 347,500	\$ -
Pass Through Payments:				
Department of Agriculture:				
Food Distribution--School (Child Nutrition Cluster)	10.555	Not available	\$ 56,472	\$ -
Department of Education:				
COVID 19 - National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	814	-
<b>Sub-total ALN 10.555</b>			<u>\$ 57,286</u>	<u>\$ -</u>
Department of Agriculture:				
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	Not available	\$ 1,547	\$ -
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	614,761	-
COVID 19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	166,471	-
<b>Sub-total ALN 10.559</b>			<u>\$ 782,779</u>	<u>\$ -</u>
Department of Education:				
COVID 19 - School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	407	-
		Child Nutrition Cluster	<u>\$ 840,472</u>	<u>\$ -</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Agriculture: (Continued)				
Pass Through Payments: (Continued)				
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110	\$ 381,111	\$ -
Total Department of Agriculture			\$ 1,569,083	\$ -
U.S. Elections Assistance Commission				
Pass-through Payments:				
State Board of Elections:				
COVID-19 - HAVA Election Security Grants	90.404	10180-5014310	\$ 37,225	\$ -
Total U.S. Elections Assistance Commission			\$ 37,225	\$ -
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	not available	\$ 49,051	\$ -
Crime Victim Assistance	16.575	3900100-CJS86015	42,484	-
Total Department of Justice			\$ 91,535	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	7750100-52749	\$ 7,500	\$ -
Total Department of Homeland Security			\$ 7,500	\$ -
Department of Treasury:				
Pass Through Payments:				
Department of Education				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	\$ 243,198	\$ -
Department of Accounts				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	1,818,709	288,055
Total Department of Treasury			\$ 2,061,907	\$ 288,055
Department of Commerce:				
Direct Payments:				
Coastal Zone Management Administration Awards	11.419	N/A	\$ 3,413	\$ -
Total Department of Commerce			\$ 3,413	\$ -

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-51279,51280	\$ 16,588	\$ -
Total Department of Transportation			\$ 16,588	\$ -
Environmental Protection Agency:				
Direct Payments:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	\$ 29,264	\$ -
Total Environmental Protection Agency			\$ 29,264	\$ -
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 685,160	\$ -
Migrant Education - State Grant Program	84.011	1790100-42910	133,535	-
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	47,080	-
Special Education Grants to States (Special Education Cluster)	84.027	1790100-43071-61234	372,917	-
Special Education Preschool Grants (Special Education Cluster)	84.173	1790100-82521	13,558	-
		Special Education Cluster	\$ 386,475	\$ -
Migrant Education - Coordination Program	84.144	1790100-61399	\$ 12,417	-
Rural Education	84.358	1790100-43481	8,977	-
English Language Acquisition State Grants	84.365	1790100-60512	2,778	-
Supporting Effective Instruction State Grants	84.367	1790100-61480	86,131	-
Student Support and Academic Enrichment Program	84.424	Not available	17,584	-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Not available	69,891	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) (Fund)	84.425D	Not available	242,807	-
Sub-total ALN 84.425			\$ 312,698	\$ -
Total Department of Education			\$ 1,692,835	\$ -
Total Expenditures of Federal Awards			\$ 6,493,026	\$ 288,055

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF NORTHAMPTON, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Northampton, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the County of Northampton, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Northampton, 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

The value of federal awards expended in the form of noncash assistance of food commodities is reported in the schedule.

#### Note 4 - 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	\$	2,092,570
Special Revenue Funds:		
Virginia Public Assistance Fund		1,335,137
Brownfield Community Assessment Fund		29,264
Total primary government	\$	<u>3,456,971</u>

Component Unit School Board:

School Operating Fund	\$	25,093
School Cafeteria Fund		867,885
School Grants Fund		1,908,620
Total component unit School Board	\$	<u>2,801,598</u>

Total federal expenditures per basic financial statements \$ 6,258,569

Less: Federal Payment in Lieu of Taxes not included in the SEFA \$ (25,208)

Less: Federal Payment pass-through reimbursement for U.S. Census (1,393)

Add: COVID- 19 - Provider Relief Funds - Period 1 4,558

Add: USDA Note payable proceeds 256,500

Total federal expenditures per the Schedule of Expenditures  
of Federal Awards \$ 6,493,026

#### 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 - Provider Relief Fund

For fiscal years ended (FYE) on or before June 29, 2021, no Provider Relief Fund (PRF) expenditures (including lost revenue) should have been reported on the SEFA. Due to guidance available when the FYE 2020 report was issued, the entity reported \$4,558 of PRF expenditures on the FYE 2020 SEFA with no significant impact on the SEFA. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for Period 1, as specified by HHS.

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?            yes   ✓   no

Significant deficiency(ies) identified?            yes   ✓   no

Noncompliance material to financial statements noted?            yes   ✓   none reported

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?            yes   ✓   no

Significant deficiency(ies) identified?            yes   ✓   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)?            yes   ✓   no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
21.019	COVID- 19 - Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?   ✓   yes            no

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

**COUNTY OF NORTHAMPTON, VIRGINIA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021

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There were no prior year findings.