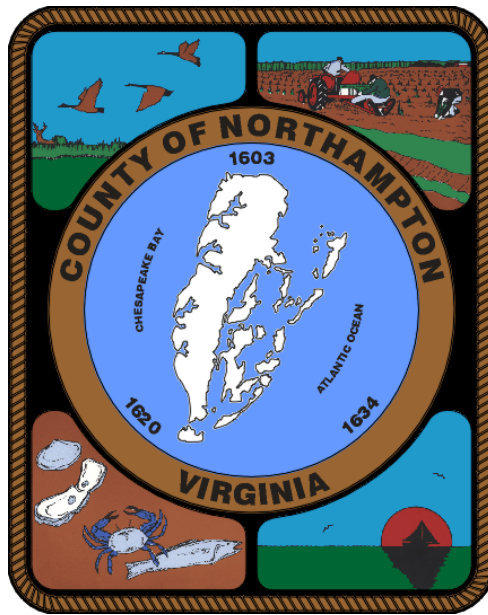


COUNTY OF NORTHAMPTON, VIRGINIA



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2022

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.

INTRODUCTORY SECTION

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COUNTY OF NORTHAMPTON, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Prepared By:

Northampton Department of Finance

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COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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COUNTY OF NORTHAMPTON, VIRGINIA

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FOR THE YEAR ENDED JUNE 30, 2022**

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COUNTY OF NORTHAMPTON, VIRGINIA

Board of Supervisors

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

Edith E. Johnson, Chairperson

H. Spencer Murray

Janice Langley

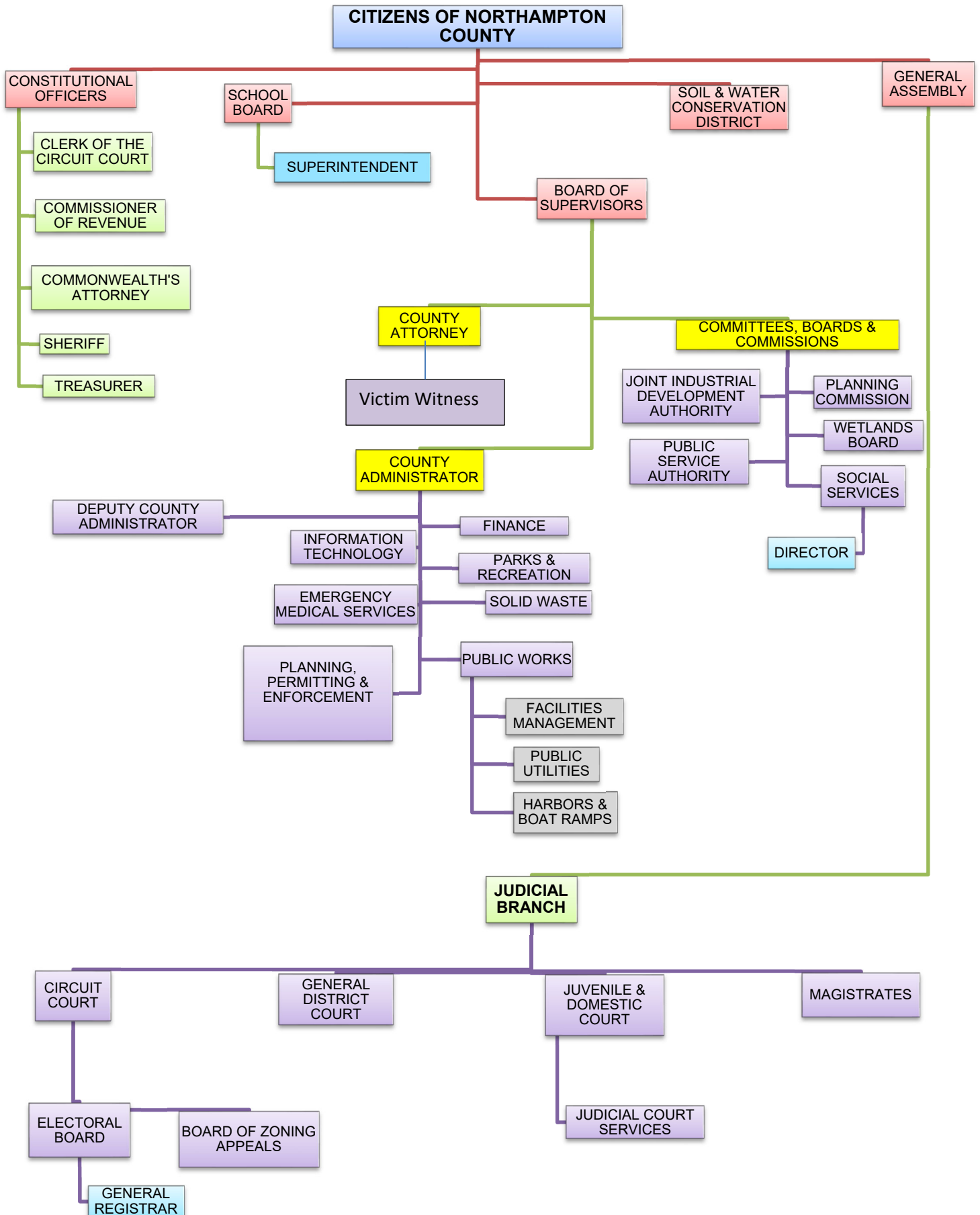
Other Officials

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

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ORGANIZATIONAL CHART



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County of Northampton

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

December 1, 2022

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, 2022.

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, 2022. 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



Historic Courthouse

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 2020 Census population of 1,500 and the Town of Cape Charles with a population of 1,245, and the others of which are the Towns of Cheriton (497), Eastville (541), Nassawadox (558) and part of 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 16.2%



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. The railroad ceased operation in 2018.

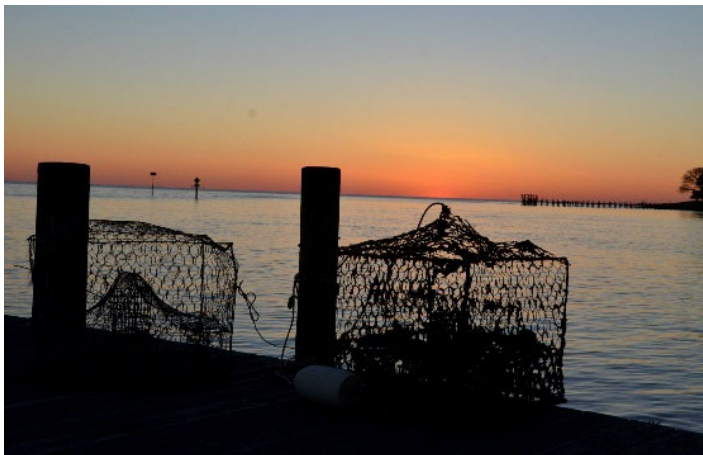


Employees tie steel for Harry Nice Bridge Beams at Coastal Precast in Cape Charles

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.



Grapes ripe for harvest - Chatham Vineyards



Sunset over the Chesapeake Bay



Harry Nice Bridge – Crossing Potomac River - manufactured in Cape Charles at Coastal Precast

Unemployment

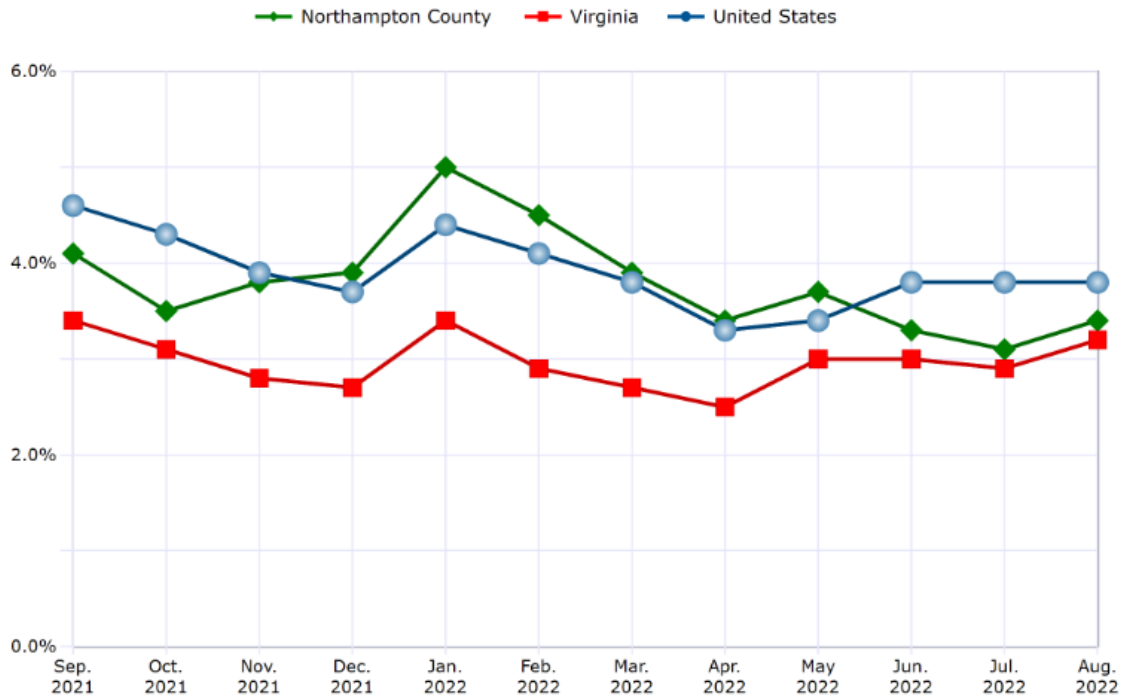
The following table presents the County's and other jurisdictions' unemployment rates over the last ten years.

Average Annual Unemployment Rates

	Northampton County	Virginia	United States
2011	8.9%	6.6%	8.9%
2012	9.1%	5.9%	8.1%
2013	8.9%	5.6%	7.4%
2014	7.4%	5.1%	6.2%
2015	6.0%	4.4%	5.3%
2016	5.7%	4.0%	4.9%
2017	5.6%	3.7%	4.4%
2018	5.4%	3.0%	3.9%
2019	4.4%	2.8%	3.7%
2020	7.8%	6.2%	8.1%
2021	5.4%	3.9%	5.3%

Source: Virginia Employment Commission

Average Annual (past 12 months) Unemployment Rates

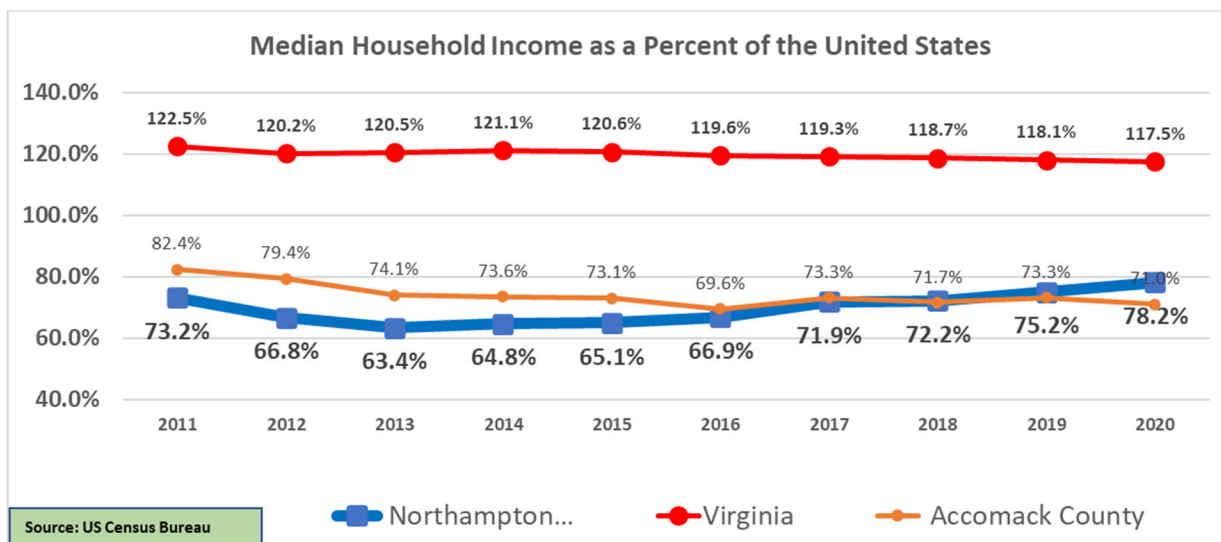
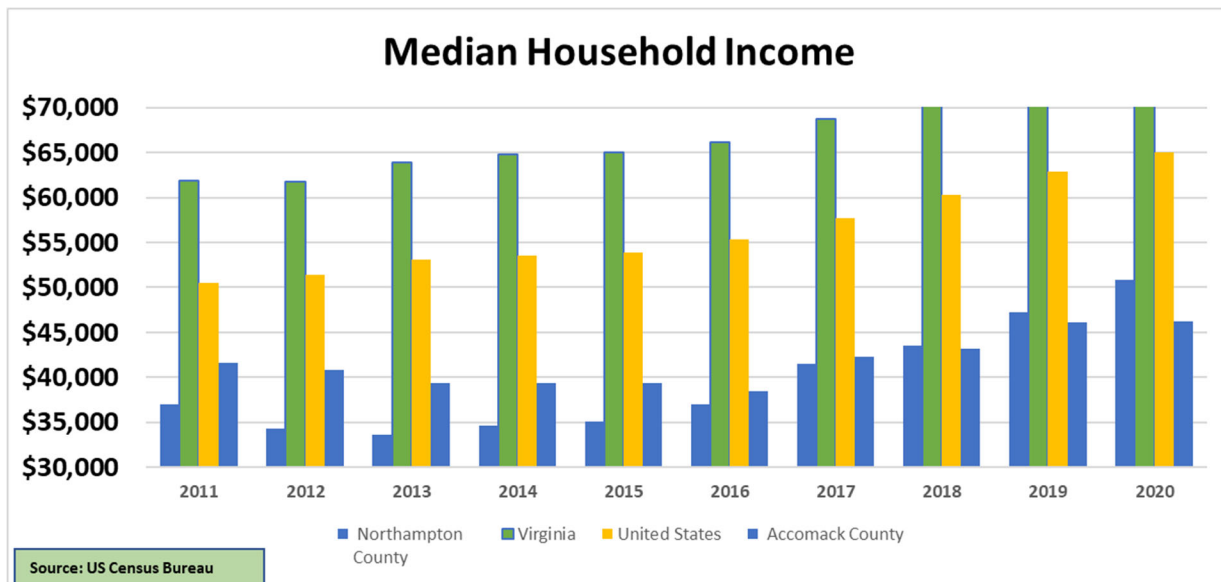


INCOME

Median household income for Northampton County in 2020 was \$50,819, the latest census, vs. \$36,965 in 2011 or (37.5%) growth, outpacing the % change in Virginia (23.5%) & United States (28.7%) from 2011 to 2020. Median household income data for Northampton County, Virginia and the United States is as follows:

Year	Northampton County	% Change	Accomack County	% Change	Virginia	% Change	United States	% Change
2011	\$36,965	3.4%	\$41,595	0.5%	\$61,882	4.2%	\$50,502	0.6%
2012	\$34,304	-7.2%	\$40,780	-2.0%	\$61,741	-0.2%	\$51,371	1.7%
2013	\$33,635	-2.0%	\$39,328	-3.6%	\$63,907	3.5%	\$53,046	3.3%
2014	\$34,656	3.0%	\$39,389	0.2%	\$64,792	1.4%	\$53,482	0.8%
2015	\$35,055	1.2%	\$39,412	0.1%	\$65,015	0.3%	\$53,889	0.8%
2016	\$37,011	5.6%	\$38,503	-2.3%	\$66,149	1.7%	\$55,322	2.7%
2017	\$41,468	18.3%	\$42,260	7.2%	\$68,766	5.8%	\$57,652	7.0%
2018	\$43,553	25.7%	\$43,210	9.7%	\$71,564	10.5%	\$60,293	12.7%
2019	\$47,227	34.7%	\$46,073	16.9%	\$74,222	14.2%	\$62,843	16.6%
2020	\$50,819	37.3%	\$46,178	19.9%	\$76,398	15.5%	\$64,994	17.5%
% Change 2020 vs. 2011		37.5%		11.0%		23.5%		28.7%

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



Source: apps.bea.gov/regional/bearfacts/action.cfm



Oyster, Virginia – overlooking Oyster Harbor

Employment

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

50 Largest Employers (CY2021 rank)

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

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (CQEW), 4th Quarter (October, November, December) 2021.

Not listed in 2022 list (FY21 rank)

- | | |
|------------------------------------|---------------------------------------|
| Pay Admin LLC (15) | Wendell Distributing Company (47) |
| Ballard Brothers Fish Company (16) | Don Valerio LLC (48) |
| Heritage Hall (23) | Lfc Management Services, Inc. (49) |
| Exmore Diner, Inc. (46) | Dominion Concrete Contract, Inc. (50) |

The following table reflects the breakdown of employment by industry in Northampton County for the quarters ending July 2018, October 2020, March 2021 and March 2022. The County employment levels have shrunk from July 2018 mostly due to seasonal affects in Agriculture, Forestry, Fishing & Hunting. Additionally, jobs are still short of the pre-COVID recent high employment level of 4,393 by 394 overall jobs. Coastal Precast had a positive impact on manufacturing jobs posting 61 new positions since October 2020 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 471 jobs since 2016. Finally, Agriculture, Forestry, Fishing and Hunting is down 397 jobs since July 2018.

	July 2018		October 2020		March 2021		March 2022		Change 2021 vs. 2020
Industry	Employment	Percentage	Employment	Percentage	Employment	Percentage	Employment	Percentage	
Health Care and Social Assistance	506	11.52%	483	12.25%	505	13.04%	479	11.98%	(26)
Local Government	848	19.30%	779	19.76%	784	20.24%	822	20.56%	38
State Government	75	1.71%	78	1.98%	68	1.76%	73	1.83%	5
Federal Government	34	0.77%	36	0.91%	33	0.85%	32	0.80%	(1)
Agriculture, Forestry, Fishing and Hunting	1024	23.31%	689	17.47%	596	15.39%	627	15.68%	31
Accommodation and Food Service	560	12.75%	458	11.62%	469	12.11%	517	12.93%	48
Manufacturing	327	7.44%	212	5.38%	281	7.26%	273	6.83%	(8)
Wholesale Trade	48	1.09%	41	1.04%	42	1.08%	40	1.00%	(2)
Retail Trade	446	10.15%	397	10.07%	409	10.56%	403	10.08%	(6)
Other Services (except Public Administration)	147	3.35%	104	2.64%	108	2.79%	121	3.03%	13
Construction	92	2.09%	109	2.76%	111	2.87%	134	3.35%	23
Educational Services	88	2.00%	82	2.08%	99	2.56%	100	2.50%	1
Transportation and Warehousing	21	0.48%	0	0.00%	0	0.00%	0	0.00%	0
Finance and Insurance	63	1.43%	80	2.03%	85	2.19%	56	1.40%	(29)
Administrative Support and Waste Management	47	1.07%	60	1.52%	54	1.39%	43	1.08%	(11)
Professional, Scientific and Technical Service	37	0.84%	40	1.01%	58	1.50%	78	1.95%	20
Real Estate and Rental & Leasing	24	0.55%	37	0.94%	44	1.14%	44	1.10%	0
Unclassified	6	0.14%	258	6.54%	127	3.28%	157	3.93%	30
TOTAL	4,393	100.00%	3,943	100.00%	3,873	100.00%	3,999	100.00%	126
Government (Total)	957	21.78%	893	22.65%	885	22.85%	927	23.18%	42
							Top 5		Bottom 5

Employers by Size of Establishment

	Northampton County	Virginia
0 to 4 employees	434	203,032
5 to 9 employees	75	40,335
10 to 19 employees	41	29,234
20 to 49 employees	30	21,238
50 to 99 employees	8	7,199
100 to 249 employees	4	3,622
250 to 499 employees	1	1,066
500 to 999 employees	0	357
1000 and over employees	0	250
	593	306,333

Employment by Size of Establishment

	Northampton County	Virginia
0 to 4 employees	548	254,240
5 to 9 employees	492	267,069
10 to 19 employees	570	398,197
20 to 49 employees	926	639,373
50 to 99 employees	550	495,189
100 to 249 employees	559	537,160
250 to 499 employees	355	362,441
500 to 999 employees	0	245,183
1000 and over employees	0	675,008
	4,000	3,873,860

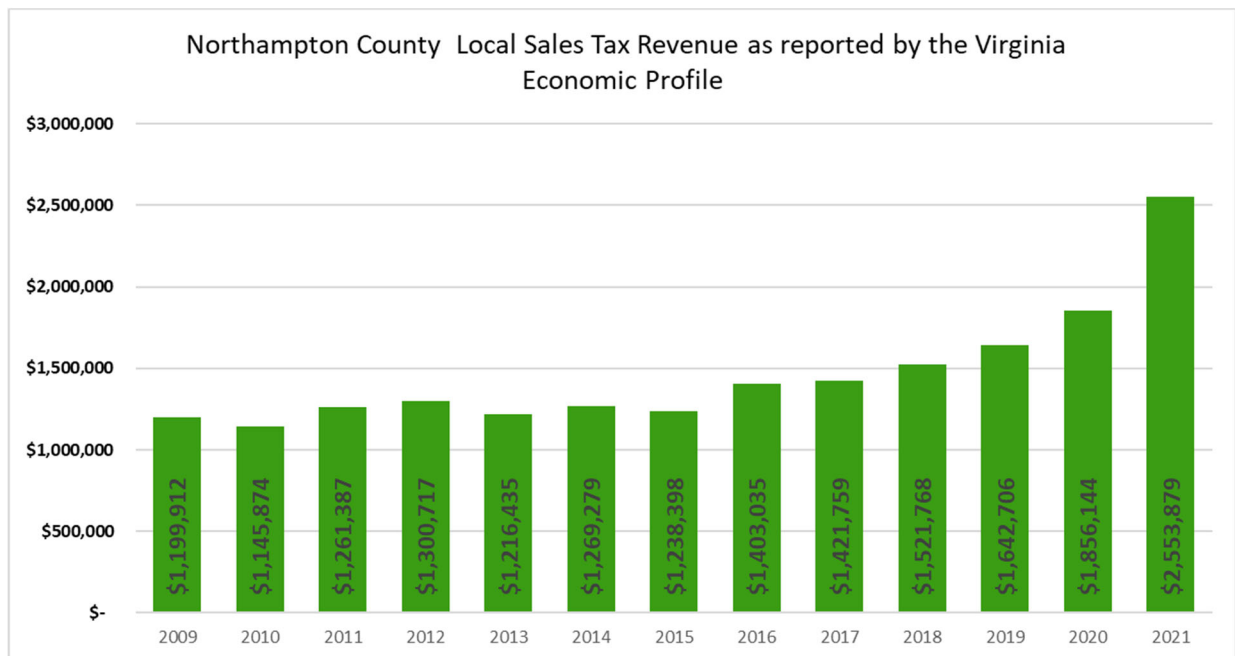
Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 1st Quarter 2022.

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 FY2022, sales tax revenue increased 106.22%. 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

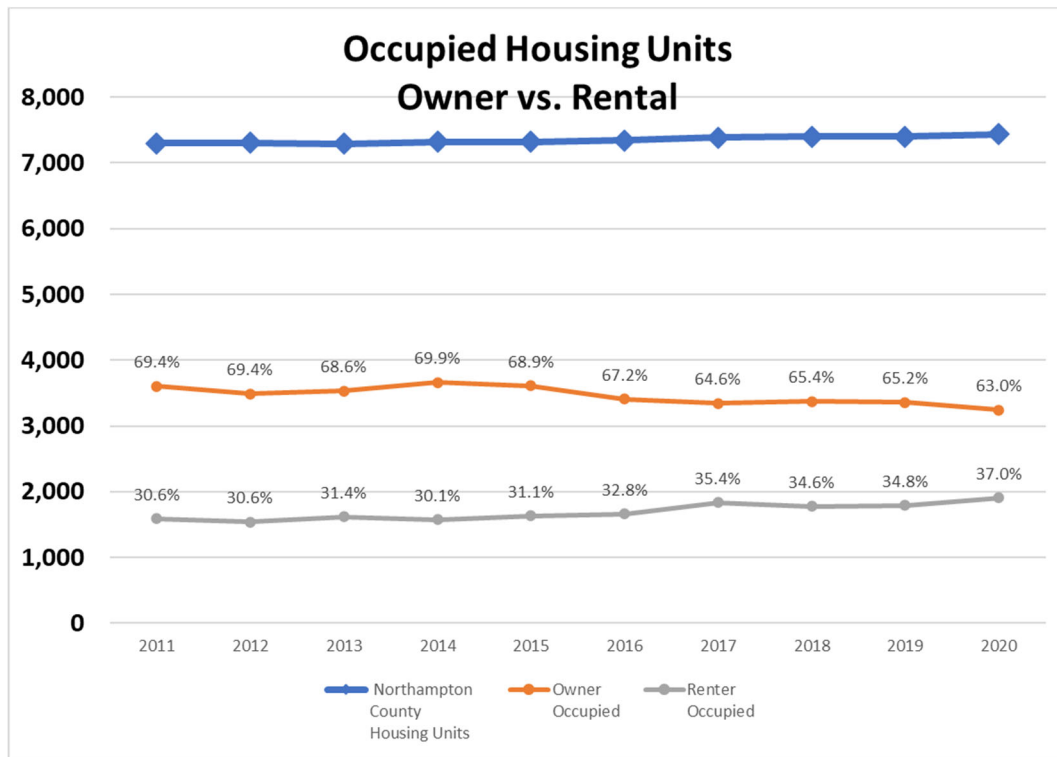


Housing

According to information from the U.S. Census Bureau in 2020 there were 7,434 total housing units (including rental apartments) located in the County of Northampton, of which 5,151 were occupied. Of those occupied units, the following tables present data regarding their respective types of occupancy. Of particular note, renter occupied units have increased by 20.1% since 2011 while owner occupied have declined by 10.1%.

Northampton County		% Change		% Change		% Change		% Change		% Change	
Year	Housing Units		Vacant		Occupied		Owner Occupied		Renter Occupied		
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	1.0%	2,248	8.3%	5,148	-1.9%	3,356	-7.1%	1,792	9.7%	
2020	7,434	1.3%	2,283	0.7%	5,151	1.5%	3,244	-4.9%	1,907	14.7%	
% Change 2020 vs. 2011		1.9%		8.6%		-0.8%		-10.1%		20.1%	

From CensusReporter.org



Source: U.S. Department of Commerce, Census Bureau, 2020 Census



Northampton Hotel, Cape Charles

The County's dependence on Real Estate property tax revenue has stabilized in recent years. For FY22 property tax revenue generated 46.32% compared to FY21 50.19%, of General Fund revenues, 54.01% in FY20, 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 direct travel expenditures on the Eastern Shore exceeded \$297.7 million (\$83M Northampton), an average of \$816k per day for the Eastern Shore, with a 60.28% increase in Northampton visitor spending from 2020. Northampton tourism jobs increased 21.29% from 2020 with a corresponding 50.09% in tourism payroll. The growth in Tourism spending helped make Northampton County the fastest recovering tourism locality in Virginia from 2019 to 2021 at 40.9%. 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.



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

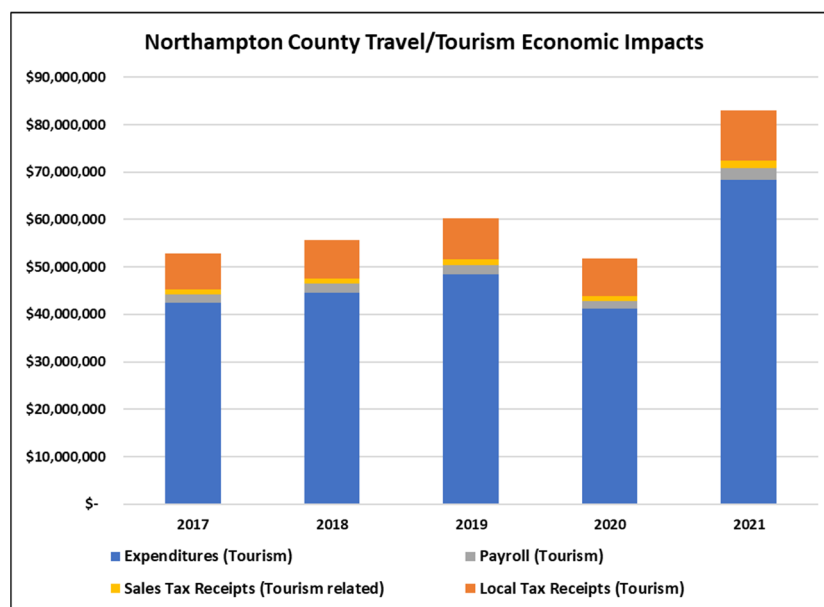
transient occupancy tax on lodging from 2% to 5% and dedicated the additional 3% to fund tourism programs within the County. A portion of the funding is earmarked for capital projects related to tourism within the County. Since FY09, a portion of



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 Direct Travel/Tourism Economic Impacts							
Accomack	2017	2018	2019	2020	2021	% Change	% change (2017 vs. 2021)
Employment (Tourism)	1,242	1,224	1,247	1,133	1,291	13.95%	3.80%
Expenditures (Tourism)	\$ 123,033,947	\$ 126,327,818	\$ 134,724,240	\$ 118,198,249	\$ 168,525,308	42.58%	26.99%
Local Tax Receipts (Tourism)	\$ 27,130,603	\$ 27,303,862	\$ 29,765,200	\$ 28,350,038	\$ 36,190,615	27.66%	25.03%
Payroll (Tourism)	\$ 5,463,775	\$ 5,427,701	\$ 5,783,784	\$ 5,056,006	\$ 6,365,680	25.90%	14.17%
Sales Tax Receipts (Tourism related)	\$ 3,021,393	\$ 3,097,266	\$ 3,313,844	\$ 2,732,660	\$ 3,695,277	35.23%	18.24%
Total Tourism \$	\$ 158,649,718	\$ 162,156,647	\$ 173,587,068	\$ 154,336,953	\$ 214,776,880	39.16%	26.13%
	\$ 434,657	\$ 444,265	\$ 475,581	\$ 422,841	\$ 588,430	/ Day	
Northampton	2017	2018	2019	2020	2021	% Change	% change (2017 vs. 2021)
Employment (Tourism)	340	341	352	310	376	21.29%	9.57%
Expenditures (Tourism)	\$ 42,416,944	\$ 44,576,667	\$ 48,462,726	\$ 41,156,800	\$ 68,272,530	65.88%	37.87%
Local Tax Receipts (Tourism)	\$ 7,640,030	\$ 8,043,051	\$ 8,579,356	\$ 7,921,501	\$ 10,523,696	32.85%	27.40%
Payroll (Tourism)	\$ 1,803,712	\$ 1,851,933	\$ 2,004,177	\$ 1,714,875	\$ 2,573,880	50.09%	29.92%
Sales Tax Receipts (Tourism related)	\$ 1,064,065	\$ 1,119,161	\$ 1,209,677	\$ 972,176	\$ 1,599,377	64.52%	33.47%
Total Tourism \$	\$ 52,924,751	\$ 55,590,812	\$ 60,255,936	\$ 51,765,352	\$ 82,969,483	60.28%	36.21%
	\$ 144,999	\$ 152,304	\$ 165,085	\$ 141,823	\$ 227,314	/ Day	
Combined (Accomack/Northampton)	2017	2018	2019	2020	2021	% Change	% change (2017 vs. 2021)
Employment (Tourism)	1,582	1,565	1,599	1,443	1,667	15.52%	5.10%
Expenditures (Tourism)	\$ 165,450,891	\$ 170,904,485	\$ 183,186,966	\$ 159,355,049	\$ 236,797,838	48.60%	30.13%
Local Tax Receipts (Tourism)	\$ 34,770,633	\$ 35,346,913	\$ 38,344,556	\$ 36,271,539	\$ 46,714,311	28.79%	25.57%
Payroll (Tourism)	\$ 7,267,487	\$ 7,279,634	\$ 7,787,961	\$ 6,770,881	\$ 8,939,560	32.03%	18.70%
Sales Tax Receipts (Tourism related)	\$ 4,085,458	\$ 4,216,427	\$ 4,523,521	\$ 3,704,836	\$ 5,294,654	42.91%	22.84%
Total Tourism \$	\$ 211,574,469	\$ 217,747,459	\$ 233,843,004	\$ 206,102,305	\$ 297,746,363	44.47%	28.94%
	\$ 579,656	\$ 596,568	\$ 640,666	\$ 564,664	\$ 815,743	/ Day	

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 2022 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)) - Completed
- Secure internal and external resources needed to update zoning ordinances (legal compliance, use definitions, districts and performance) – In process
- Continue to work with the Architect, Waller, Todd & Sadler, to determine structural/programing needs in order to enhance the Northampton County High/Middle School – Ongoing
- 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 - Ongoing
- Evaluate funding alternatives for infrastructure expansion within the County and Towns - Ongoing
- Implement the plan for expansion of the Bayview Waste Collection Site – In process
- Fill and maintain authorized staff levels - Ongoing
- Use grant funding to complete Brownfield studies and make recommendations based on results - Ongoing
- 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, 2022, the unassigned general fund balance was \$12,161,807 (\$2,005,522 decrease from FY21) or 22.90% of combined operating expenditures as outlined above. The decrease was due to using County Undesignated Fund balance to pay for the \$2,730,694 Energy Performance Contract that enhanced all County facilities and no transfer from the Capital Fund to reimburse for any County (not school) capital projects. This compares to FY21 increase of \$2,484,342 or 31.55%, FY20 increase of \$187,832 or 27.05% and FY19 \$1,160,075 increase from FY18 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 (FY22 ended at 3.19%, 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% (FY22 ended at 7.71%, 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 Occohannock project was completed in 2022. The Middle/High School project is planned to be re-bid in spring of 2023 hoping for a more positive result than bids received in 2022, which were much higher than the Architects' estimate. 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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FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 22 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*, 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Northampton, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of 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 County of Northampton, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
November 18, 2022

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, 2022. 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. Fortunately, the County continued to provide all government services. On March 20th the County implemented a safety precaution to employees who continued to work and the citizens by closing all facilities with the exception of Solid Waste sites, to the public. This remained in effect until May 19th 2020. During FY22, all County services remained open and available to the public. Throughout FY22 the County saw further rebound in many revenue areas including, Sales Tax, Transient Occupancy Tax (TOT), Food Tax 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 round of America Recovery Act (ARPA), Relief, in the amount of \$1,137,265 on June 9, 2022. The first tranche of America Rescue Plan Act (ARPA) funding in the amount of \$1,137,265 was received on June 1, 2021. The County spent half of ARPA funding (\$1,137,265) during FY22.

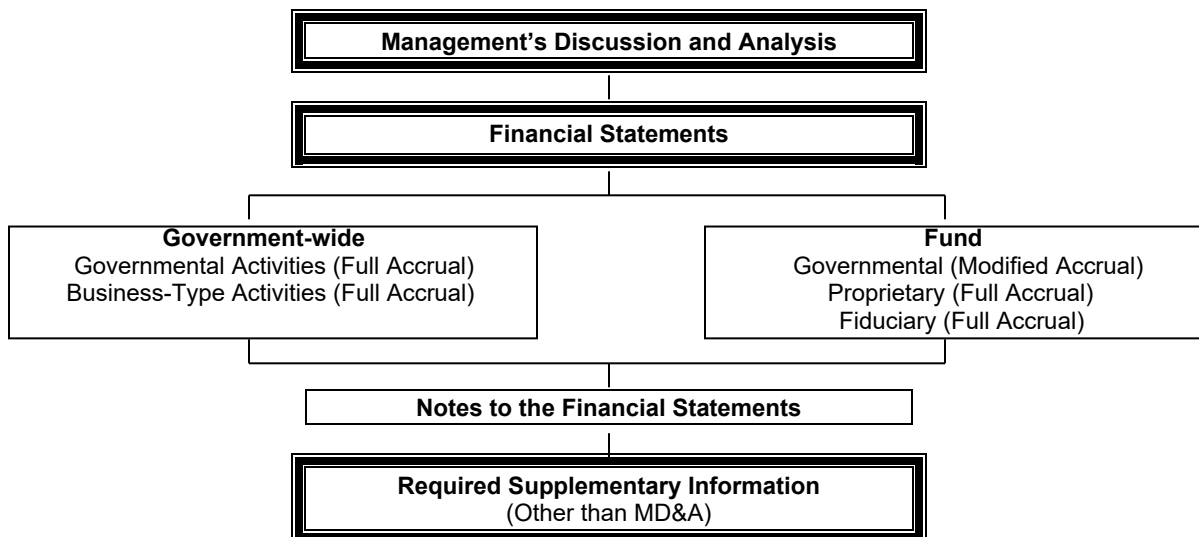
Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$38,849,593 (*net assets*) a \$6,807,682 increase from FY21. The County's net investment in capital assets increased from \$12,847,424 to \$20,161,411. Unrestricted net assets decreased by \$5,641,746 to \$12,867,512 from \$17,225,766 in FY21.
- At June 30, 2022, the Unassigned General Fund balance was \$12,161,807 or 22.90% of actual operating expenditures as defined by the County's fund balance policy. Total General fund balance decreased by \$2,029,446 from FY 21. This was due to a large increase in Capital & Capital in Process (\$1.5m) of which \$500k are USDA projects that have not been reimbursed and \$2.5m in energy/HVAC enhancements in County facilities.
- On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$24,650,809 which was \$62,926 more than the FY21 net of \$24,587,883.
- On a government-wide basis for business-type activities the County had expenses net of program revenue of \$78,892 vs. FY21 \$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.

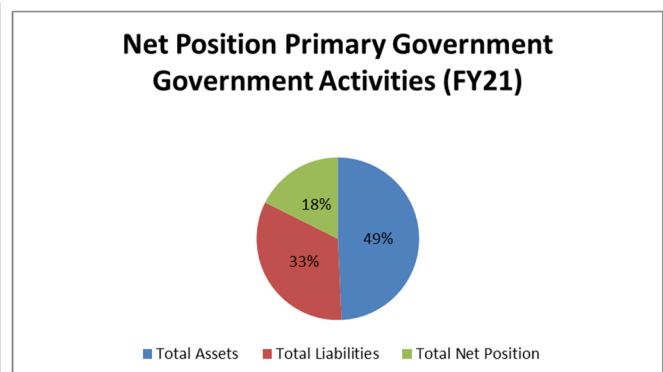
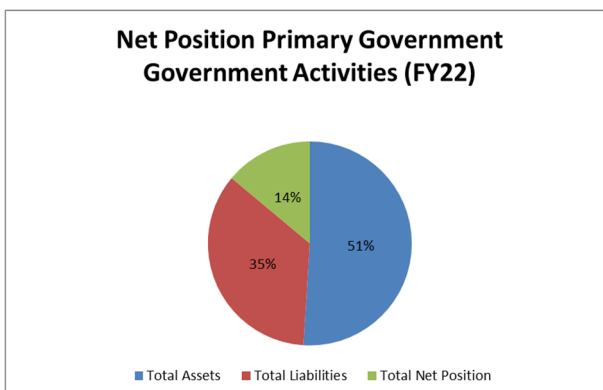
Government-wide Financial Analysis

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	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 91,609,417	\$ 53,937,500	\$ 204,853	\$ 154,078	\$10,547,520	\$ 3,924,671
Capital Assets (net)	50,667,338	35,615,302	95,221	66,293	11,289,708	7,727,208
Total Assets	\$ 142,276,755	\$ 89,552,802	\$ 300,074	\$ 220,371	\$21,837,228	\$ 11,651,879
Deferred outflow s of						
resources	\$ 2,475,886	\$ 3,221,204	\$ 8,378	\$ 15,441	\$ 3,694,907	\$ 4,502,091
Long-term Liabilities	\$ 87,573,043	\$ 54,160,358	\$ 6,856	\$ 26,703	\$12,021,094	\$ 2,288,164
Other Liabilities	10,244,040	5,972,181	9,823	10,633	7,842,424	20,235,234
Total Liabilities	\$ 97,817,083	\$ 60,132,539	\$ 16,679	\$ 37,336	\$19,863,518	\$ 22,523,398
Deferred inflow s of						
resources	\$ 8,085,965	\$ 599,556	\$ 12,208	\$ 2,704	\$ 8,301,618	\$ 2,239,137
Net Assets:						
Net investment in capital asse	\$ 20,161,411	\$ 12,847,424	\$ 95,221	\$ 66,293	\$11,289,708	\$ 7,646,256
Restricted	5,820,670	1,968,721	7,989	-	-	-
Unrestricted	12,867,512	17,225,766	176,355	129,479	(13,922,709)	(16,254,821)
Total Net Assets	\$ 38,849,593	\$ 32,041,911	\$ 279,565	\$ 195,772	\$ (2,633,001)	\$ (8,608,565)



The Primary Government's governmental combined net assets increased by \$6,807,682, from \$32,041,911 to \$38,849,593. The Primary Government's governmental unrestricted net assets decreased from \$17,225,766 to \$12,867,512. 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 \$279,565.

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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues						
Charges for Service	\$ 2,330,500	\$ 2,289,306	\$ 208,075	\$ 224,988	\$ 183,719	\$ 136,199
Operating Grants & Contributions	9,241,923	8,178,573	-	-	18,420,280	12,722,300
Capital Grants & Contributions	-	313,673	-	-	-	-
General Revenues						
Real Estate & Personal Property Taxes	20,561,841	19,860,840	-	-	-	-
Other Taxes	6,752,303	4,219,131	-	-	-	-
Unrestricted Revenue from use of money and property	259,681	144,449	-	-	-	-
Grants and Contributions not restricted to specific programs	1,876,084	1,903,845	-	-	-	-
Miscellaneous	144,101	181,048	-	-	518,268	321,859
Transfers	1,864,481	1,464,348	4,901	-	9,213,825	9,410,553
Total Revenues	\$43,030,914	\$ 38,555,213	\$ 212,976	\$ 224,988	\$28,336,092	\$ 22,590,911
Expenses:						
General Administration	\$ 2,992,729	\$ 2,966,512	\$ -	\$ -	\$ -	\$ -
Judicial Administration	524,342	936,664	-	-	-	-
Public Safety	11,792,717	11,579,210	-	-	-	-
Public Works	4,555,377	3,245,658	-	-	-	-
Public Utilities	-	-	129,183	169,924	-	-
Health & Welfare	2,975,568	3,193,313	-	-	-	-
Education	9,158,147	9,640,932	-	-	22,360,528	22,373,403
Parks, Recreation, and Cultural	75,080	653,310	-	-	-	-
Community Development	2,498,128	2,255,067	-	-	-	-
Interest on long-term debt	1,651,144	898,769	-	-	-	-
Total Expenses	\$36,223,232	\$ 35,369,435	\$ 129,183	\$ 169,924	\$22,360,528	\$ 22,373,403
Change in Net Assets	\$ 6,807,682	\$ 3,185,778	\$ 83,793	\$ 55,064	\$ 5,975,564	\$ 217,508
Net Assets, Beginning, As Restated	32,041,911	28,856,133	195,772	140,708	(8,608,565)	(8,826,073)
Net Assets, Ending	\$38,849,593	\$ 32,041,911	\$ 279,565	\$ 195,772	\$ (2,633,001)	\$ (8,608,565)

Revenues

For the fiscal year ended June 30, 2022, revenues generated by the Primary Government's governmental activities totaled \$43,030,914. General property taxes, the County's largest revenue source, were \$20,561,841, a 3.53% increase vs. FY21. Included in this total are real and personal property levies, which are due on December 5th each year. The real estate tax rate for FY22 was \$0.835 per \$100 of assessed value. The FY22 tax rate did not change from the FY 21 tax rate.

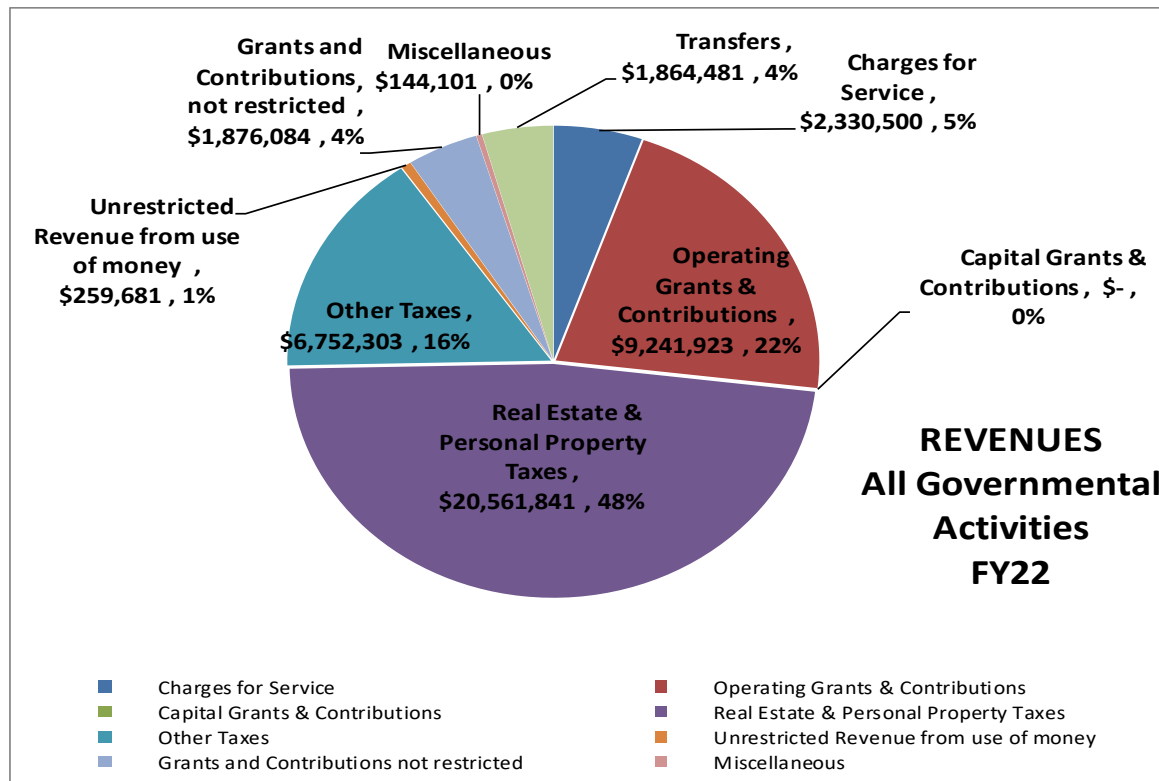
FY22 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief 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 48.7% up to the first \$20,000 in value for FY22.

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 \$2,533,172 from the previous year, totaling \$6,752,303 in FY22. This increase was mostly due to the addition of the 1% School Tax approved via Referendum in November 2019 totaling \$2,056,479. Transient Occupancy Tax also

had a significant increase of \$349,530. Other changes included \$45,967 decrease in Recordation taxes from decreased real estate transactions and a \$48,000 increase in Food 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 \$11,572,423. Program revenues in the governmental funds include a "charges for services" category that totaled \$2,295,570, charges for waste disposal, recreation programs, and building permits. Also included in Program Revenues are Operating and Capital Grants and Contributions.

The remaining \$4,144,347 is mostly made up of transfers and Grants and Contributions that were not restricted.



Expenses

For the fiscal year ended June 30, 2022, expenses for governmental activities totaled \$36,223,232, an increase of \$853,797 from FY21. For FY22, interest expense on long-term debt was \$1,651,118, an increase of \$752,349 from FY21 due to 2019 & 2021 VPSA debt.

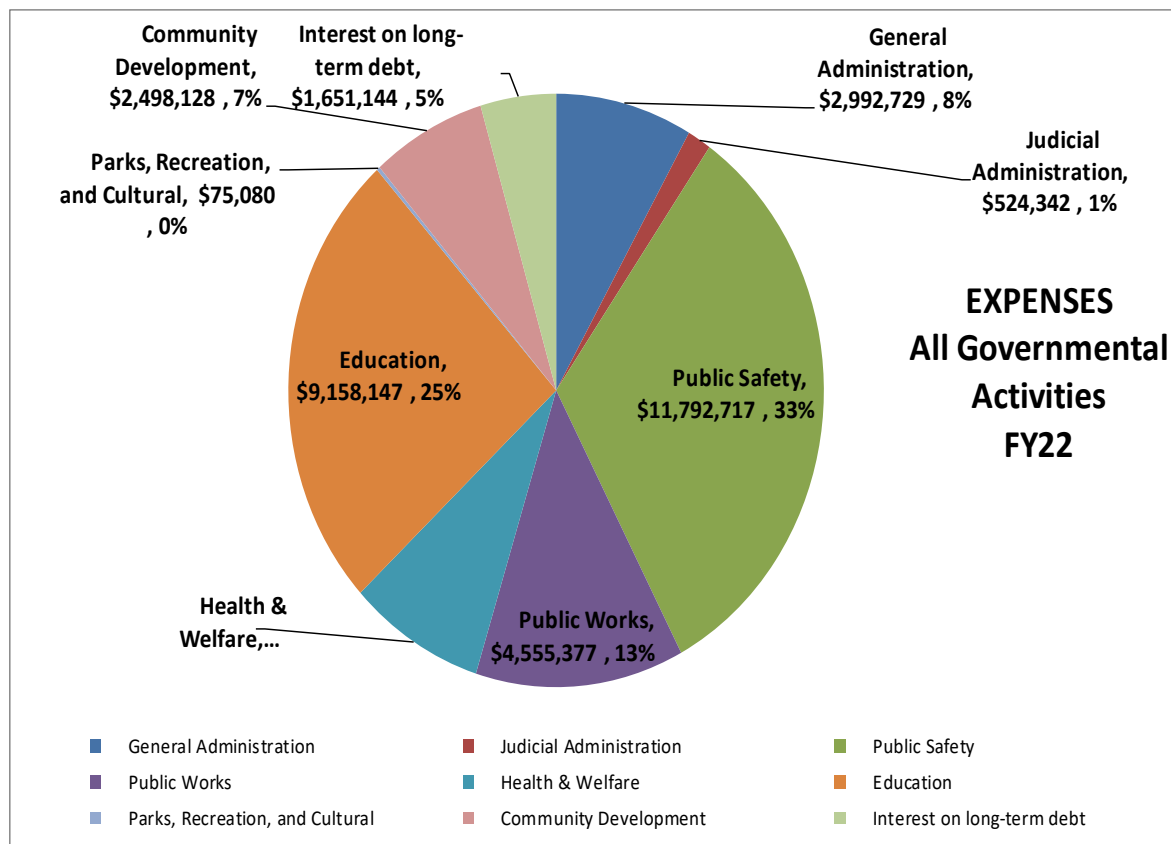
The County's health insurance plan continues to be trending down with the change to The Local Choice and the addition of our wellness program resulting in a decrease in annual premiums for the first two years and stable rates for the 3rd year. The County's contribution was reduced from \$6,972 to \$6,492 per participating employee and decreased from \$1,536 for wellness program participants to \$1,500 in FY22. 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 remained constant at 8.89% of the employee's salary. The new two-year rate of 9.17% went into effect for FY23.

Public Works increased by \$1,309,718 due to some large capital projects including energy efficiency enhancements, while Public Safety increased by \$213,507 as a result of higher first responder salaries and increased EMS staffing required in Exmore due to reduction in volunteers. Parks, Recreation and Cultural expenses decreased by \$578,230 mostly due to capital items.

Community Development expenses increased vs. FY21 by \$243,601, mostly due to a greater percentage of filled staffing positions in Planning, Permitting & Zoning plus capital purchases.

The County's Proprietary Fund expenses reflected a total of \$129,183, a \$40,741 decrease compared to FY21. Even with level rates for Bayview customers who do not exceed the minimum 4,000-gallon usage, the

County received revenue of \$208,075, a \$16,913 decrease vs. FY21, creating a \$83,793 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, 2022, the County's governmental funds reflect a combined fund balance of \$77,999,262, most of which is restricted, committed or assigned for specific purposes such as capital outlay and debt service. This is an increase of \$30,465,235, mostly due to the addition of the 2021 VPSA bond sale and progress on the High/Middle School Enhancement Project, Occohannock & Kiptopeke HVAC enhancements. Fund balance in the General Fund decreased by \$2,029,446. The decrease was due to using County Undesignated Fund balance to pay for the \$2,730,694 Energy Performance Project and no transfer from the Capital Fund to reimburse for any County (not school) capital projects. Additionally, there is a large USDA Grant reimbursement & Loan for capital items acquired in FY22 that we will received in FY23 upon completion of the Grant requirements.

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.

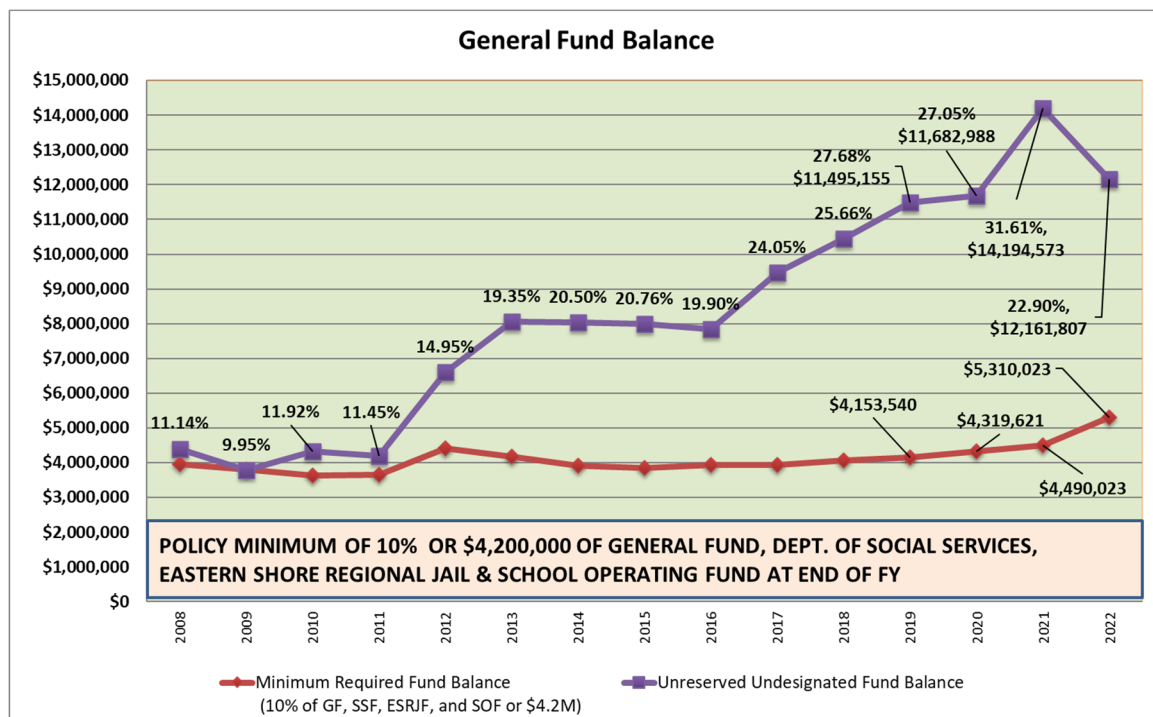
The Social Service and School Funds have not historically accumulated a separate fund balance (except for sick leave liability, a small amount designated for scholarships, etc.); therefore, general fund balance must be sufficient to cover unexpected cash flow needs and lagging revenue collections in those funds when necessary. For Fiscal Year 2022, the Board took the following actions:

Any remaining unspent appropriations in the School Operating Fund for FY22 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 \$12,161,807 with a total fund balance of \$12,165,127 compared to \$14,194,573 for FY21, a \$2,005,522 decrease 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, 2022, the unassigned General Fund balance decreased from 31.55% of actual operating expenditures as defined in the policy in FY21 to FY22's total of 22.90%. 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 \$7,801,089 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 \$197,771
- Virginia Comp Board Hazard Pay funding \$65,000
- True up 1% School Sales Tax to equal actual collections \$806,480
- True up Transient Occupancy Tax to equal actual collections \$283,775
- Oyster Resiliency Grant \$202,232
- Virginia Housing Grant \$50,000
- Virginia Dept. of Emergency Management (VDEM) Community Center Generator Grant \$345,000
- VDEM Grant – County Contribution \$155,000
- Virginia Housing & Community Development Grant \$60,000
- USDA Grant – Occohannock medical/food distribution areas HVAC enhancement, EMS Ambulance & Quick Response Vehicle (QRV) \$988,300
- ARPA General Fund Amendments \$845,400
- Carry forward of capital requests that were not completed in FY21 \$342,012

- Virginia General Assembly awarded a \$2,000,000 contribution to create a Community Center in the former Middle School. County Contribution \$486,207
- ABM Bundled Energy Project – County complex buildings \$2,730,694
- ESRJ/Mediko contract change - \$109,139

Capital Assets

The County of Northampton's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$50,667,338 (net of accumulated depreciation) while business -type activities were \$95,221. 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-21	Net Increase/ (Decrease)	Balance 30-Jun-22
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,540,007	\$ -	\$ 2,540,007
Construction in Progress	356,930	4,028,775	4,385,705
Jointly Construction in Progress	\$ 3,320,511	\$ 12,602,387	\$ 15,922,898
Other Capital Assets			
Buildings	\$ 48,855,249	\$ 54,095	\$ 48,909,344
Furniture & Other Equipment	5,748,652	664,926	6,413,578
Improvements other than Buildings	3,214,609	166,370	3,380,979
Jointly Owned Improvements	2,859,970	(210,328)	2,649,642
Right-to-use lease asset	-	142,667	142,667
Less: Accumulated Depreciation	<u>(31,280,626)</u>	<u>(2,396,856)</u>	<u>(33,677,482)</u>
Net Capital Assets	<u>\$ 35,615,302</u>	<u>\$ 15,052,036</u>	<u>\$ 50,667,338</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 FY22, in accordance with the plan, \$0.191 cents of the real estate property tax levy billed would go toward debt. Based on actual collections \$0.205 was transferred 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 2022, 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 FY22, this ratio was 7.715% vs. 9.61% in FY21. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY22, this ratio was approximately 3.16% vs. 1.99% in FY21. The change is mostly due to the addition of \$37,790,000 in principal debt from the VPSA 2021 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, 2022 is as follows:

General		
USDA Loans	\$	230,581
Leases		33,185
2012 Bond VRA Refinancing		1,985,000
2012 Bond VRA Refinancing B		<u>8,320,000</u>
Subtotal	\$	10,568,766
Schools		
Lease-Purchase Obligations (School Operating Fund)	\$	0
2006 QZAB		2,214,428
Literary Loans		0
2012 VPSA Gen. Obligation School Bond		665,000
2019 VPSA Gen. Obligation School Bond		24,040,000
2021 VPSA Gen. Obligation School Bond		<u>37,790,000</u>
Subtotal	\$	64,709,428
Grand Total	\$	<u>75,278,194</u>

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, 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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and investments	\$ 24,844,485	\$ 195,989	\$ 25,040,474	\$ 4,501,000
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,475,059	-	1,475,059	-
Accounts receivable	570,424	875	571,299	99,998
Interest receivable	982	-	982	229
Lease receivable	371,234	-	371,234	172,887
Due from component unit	1,549,901	-	1,549,901	-
Due from other governmental units	1,614,266	-	1,614,266	5,097,146
Prepaid items	30,176	-	30,176	375
Restricted assets:				
Cash and cash equivalents (in custody of others)	2,458,039	-	2,458,039	-
Investments (in custody of others)	55,489,043	-	55,489,043	-
Net pension asset	3,205,808	7,989	3,213,797	675,885
Capital assets (net of accumulated depreciation):				
Land	2,540,007	-	2,540,007	373,276
Buildings and improvements	23,702,836	-	23,702,836	3,731,520
Improvements other than buildings	1,791,060	38,203	1,829,263	914,438
Machinery and equipment	2,291,780	5,654	2,297,434	1,790,565
Construction in progress	20,308,603	51,364	20,359,967	4,479,909
Lease buildings and improvements	24,310	-	24,310	-
Lease machinery and equipment	8,742	-	8,742	-
Total assets	\$ 142,276,755	\$ 300,074	\$ 142,576,829	\$ 21,837,228
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,088,915	\$ 6,525	\$ 2,095,440	\$ 3,056,330
OPEB related items	386,971	1,853	388,824	638,577
Total deferred outflows of resources	\$ 2,475,886	\$ 8,378	\$ 2,484,264	\$ 3,694,907
LIABILITIES				
Accounts payable	\$ 5,105,322	\$ 7,655	\$ 5,112,977	\$ 4,500,464
Accrued liabilities	1,532,601	2,168	1,534,769	1,776,377
Accrued interest payable	1,423,406	-	1,423,406	-
Due to primary government	-	-	-	1,549,901
Unearned revenue	2,182,711	-	2,182,711	15,682
Long-term liabilities:				
Due within one year	4,533,059	14	4,533,073	40,209
Due in more than one year	83,039,984	6,842	83,046,826	11,980,885
Total liabilities	\$ 97,817,083	\$ 16,679	\$ 97,833,762	\$ 19,863,518
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 4,939,808	\$ 9,639	\$ 4,949,447	\$ 7,342,627
OPEB related items	563,444	2,569	566,013	787,612
Deferred revenue - leases related	360,953	-	360,953	171,379
Deferred revenue - property taxes	43,781	-	43,781	-
Deferred revenue - jail phone	204,539	-	204,539	-
Deferred revenue - gain on refunding	1,973,440	-	1,973,440	-
Total deferred inflows of resources	\$ 8,085,965	\$ 12,208	\$ 8,098,173	\$ 8,301,618
NET POSITION				
Net investment in capital assets	\$ 20,161,411	\$ 95,221	\$ 20,256,632	\$ 11,289,708
Restricted:				
Forfeited assets	62,350	-	62,350	-
CDBG projects	83,027	-	83,027	-
Purchase of development rights	11,446	-	11,446	-
Net pension asset	3,205,808	7,989	3,213,797	-
Debt service and bond covenants	2,458,039	-	2,458,039	-
Unrestricted (deficit)	12,867,512	176,355	13,043,867	(13,922,709)
Total net position	\$ 38,849,593	\$ 279,565	\$ 39,129,158	\$ (2,633,001)

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, 2022

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,992,729	\$ 34,930	\$ 233,453	\$ -
Judicial administration	524,342	218,219	576,457	-
Public safety	11,792,717	1,199,894	5,755,023	-
Public works	4,555,377	768,681	-	-
Health and welfare	2,975,568	-	2,254,350	-
Education	9,158,147	43,555	-	-
Parks, recreation, and cultural	75,080	65,221	349,343	-
Community development	2,498,128	-	73,297	-
Interest on long-term debt	1,651,144	-	-	-
Total governmental activities	\$ 36,223,232	\$ 2,330,500	\$ 9,241,923	\$ -
Business-type activities:				
Public utilities	\$ 129,183	\$ 208,075	\$ -	\$ -
Total business-type activities	\$ 129,183	\$ 208,075	\$ -	\$ -
Total primary government	\$ 36,352,415	\$ 2,538,575	\$ 9,241,923	\$ -
COMPONENT UNIT:				
School Board	\$ 22,424,522	\$ 183,719	\$ 18,484,274	\$ -
Total component unit	\$ 22,424,522	\$ 183,719	\$ 18,484,274	\$ -
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				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
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
\$ (2,724,346)	\$ -	\$ (2,724,346)	\$ -
270,334	-	270,334	-
(4,837,800)	-	(4,837,800)	-
(3,786,696)	-	(3,786,696)	-
(721,218)	-	(721,218)	-
(9,114,592)	-	(9,114,592)	-
339,484	-	339,484	-
(2,424,831)	-	(2,424,831)	-
(1,651,144)	-	(1,651,144)	-
<u>\$ (24,650,809)</u>	<u>\$ -</u>	<u>\$ (24,650,809)</u>	<u>\$ -</u>
\$ -	\$ 78,892	\$ 78,892	\$ -
\$ -	\$ 78,892	\$ 78,892	\$ -
<u>\$ (24,650,809)</u>	<u>\$ 78,892</u>	<u>\$ (24,571,917)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (3,756,529)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,756,529)</u>
\$ 20,561,841	\$ -	\$ 20,561,841	\$ -
4,139,963	-	4,139,963	-
335,039	-	335,039	-
359,014	-	359,014	-
410,177	-	410,177	-
1,018,413	-	1,018,413	-
489,697	-	489,697	-
259,681	-	259,681	-
144,101	-	144,101	518,268
1,876,084	-	1,876,084	-
-	-	-	9,213,825
1,869,382	-	1,869,382	-
(4,901)	4,901	-	-
<u>\$ 31,458,491</u>	<u>\$ 4,901</u>	<u>\$ 31,463,392</u>	<u>\$ 9,732,093</u>
\$ 6,807,682	\$ 83,793	\$ 6,891,475	\$ 5,975,564
32,041,911	195,772	32,237,683	(8,608,565)
<u>\$ 38,849,593</u>	<u>\$ 279,565</u>	<u>\$ 39,129,158</u>	<u>\$ (2,633,001)</u>

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FUND FINANCIAL STATEMENTS

COUNTY OF NORTHAMPTON, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2022

	General	Eastern Shore Regional Jail	Debt Service
ASSETS			
Cash and investments	\$ 13,221,237	\$ 352,438	\$ -
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,475,059	-	-
Accounts receivable	551,337	18,907	-
Lease receivable	371,234	-	-
Interest receivable	982	-	-
Due from component unit	-	-	-
Due from other governmental units	1,190,487	181,875	-
Prepaid items	3,320	-	-
Restricted assets:			
Cash and cash equivalents	-	-	2,458,039
Investments	-	-	-
Total assets	\$ <u>16,813,656</u>	\$ <u>553,220</u>	\$ <u>2,458,039</u>
LIABILITIES			
Accounts payable	\$ 1,565,203	\$ 196,028	\$ 26,855
Accrued liabilities	459,704	152,653	-
Reconciled overdraft payable	-	-	-
Retainage payable	199,002	-	-
Unearned revenue	1,045,446	-	-
Total liabilities	\$ <u>3,269,355</u>	\$ <u>348,681</u>	\$ <u>26,855</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,018,221	\$ -	\$ -
Unavailable revenue - jail phone	-	204,539	-
Unavailable revenue - leases	360,953	-	-
Total deferred inflows of resources	\$ <u>1,379,174</u>	\$ <u>204,539</u>	\$ <u>-</u>
FUND BALANCES			
Nonspendable	\$ 13,601	\$ -	\$ -
Restricted	-	-	2,431,184
Committed	-	-	-
Assigned	-	-	-
Unassigned	12,151,526	-	-
Total fund balances	\$ <u>12,165,127</u>	\$ <u>-</u>	\$ <u>2,431,184</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>16,813,656</u>	\$ <u>553,220</u>	\$ <u>2,458,039</u>

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

Exhibit 3

<u>Capital Projects</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 10,008,012	\$ 1,137,265	\$ 158,577	\$ 24,877,529
-	-	-	1,475,059
-	-	180	570,424
-	-	-	371,234
-	-	-	982
1,549,901	-	-	1,549,901
-	-	241,904	1,614,266
-	-	26,856	30,176
-	-	-	2,458,039
55,489,043	-	-	55,489,043
<u>\$ 67,046,956</u>	<u>\$ 1,137,265</u>	<u>\$ 427,517</u>	<u>\$ 88,436,653</u>
\$ 3,275,639	\$ -	\$ 41,597	\$ 5,105,322
-	-	80,540	692,897
-	-	33,044	33,044
640,702	-	-	839,704
-	1,137,265	-	2,182,711
<u>\$ 3,916,341</u>	<u>\$ 1,137,265</u>	<u>\$ 155,181</u>	<u>\$ 8,853,678</u>
\$ -	\$ -	\$ -	\$ 1,018,221
-	-	-	204,539
-	-	-	360,953
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,583,713</u>
\$ -	\$ -	\$ 26,856	\$ 40,457
53,122,603	-	156,823	55,710,610
10,008,012	-	-	10,008,012
-	-	88,657	88,657
-	-	-	12,151,526
<u>\$ 63,130,615</u>	<u>\$ -</u>	<u>\$ 272,336</u>	<u>\$ 77,999,262</u>
<u>\$ 67,046,956</u>	<u>\$ 1,137,265</u>	<u>\$ 427,517</u>	<u>\$ 88,436,653</u>

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Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	77,999,262
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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	\$	84,202,153	
Accumulated depreciation		<u>(33,567,867)</u>	50,634,286

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	\$	974,440	
Net pension asset		<u>3,205,808</u>	4,180,248

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

Pension related items	\$	2,088,915	
OPEB related items		<u>386,971</u>	2,475,886

Right to use leased assets used in government activities are not financial resources and therefore are not reported in the funds.

Lease assets at historical costs	\$	142,667	
Accumulated amortization		<u>(109,615)</u>	33,052

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

Bonds and loans payable	\$	(83,026,298)	
Accrued interest payable		(1,423,406)	
Net OPEB liability		(1,470,763)	
Lease liability		(33,185)	
Landfill post-closure liability		(2,173,108)	
Compensated absences		<u>(869,689)</u>	(88,996,449)

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

Pension related items	\$	(4,939,808)	
OPEB related items		(563,444)	
Gain on refunding		<u>(1,973,440)</u>	(7,476,692)

Net position of governmental activities			\$ <u><u>38,849,593</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, 2022

	General	Eastern Shore Regional Jail	Debt Service
REVENUES			
General property taxes	\$ 20,311,351	\$ -	\$ -
Other local taxes	6,752,303	-	-
Permits, privilege fees, and regulatory licenses	217,090	-	-
Fines and forfeitures	170,093	-	-
Revenue from the use of money and property	96,064	-	44,219
Charges for services	1,806,380	86,203	-
Miscellaneous	61,320	-	613
Recovered costs	374,246	6,683	161,139
Intergovernmental:			
Local government	-	-	-
Commonwealth	4,946,997	2,096,966	-
Federal	187,099	113,033	-
Total revenues	<u>\$ 34,922,943</u>	<u>\$ 2,302,885</u>	<u>\$ 205,971</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,703,553	\$ -	\$ -
Judicial administration	886,138	-	-
Public safety	6,983,700	5,847,197	-
Public works	6,141,635	-	-
Health and welfare	543,251	-	-
Education	9,054,571	-	-
Parks, recreation, and cultural	547,811	-	-
Community development	2,509,130	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	2,181,030
Interest and other fiscal charges	-	-	1,834,716
Bond issuance costs	-	-	199,820
Total expenditures	<u>\$ 29,369,789</u>	<u>\$ 5,847,197</u>	<u>\$ 4,215,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,553,154</u>	<u>\$ (3,544,312)</u>	<u>\$ (4,009,595)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,052,569	\$ 3,585,276	\$ 3,417,503
Transfers out	(8,635,169)	(40,964)	-
Issuance of general obligation bonds	-	-	-
Bond premium issuance	-	-	630,690
Issuance of refunding bonds	-	-	8,475,000
Payment-refunded bonds escrow agent	-	-	(8,360,000)
Total other financing sources (uses)	<u>\$ (7,582,600)</u>	<u>\$ 3,544,312</u>	<u>\$ 4,163,193</u>
Net change in fund balances	\$ (2,029,446)	\$ -	\$ 153,598
Fund balances - beginning	14,194,573	-	2,277,586
Fund balances - ending	<u>\$ 12,165,127</u>	<u>\$ -</u>	<u>\$ 2,431,184</u>

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

Exhibit 5

Capital Projects	American Rescue Plan Act	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 20,311,351
-	-	-	6,752,303
-	-	-	217,090
-	-	-	170,093
154,328	-	-	294,611
-	-	15,804	1,908,387
-	-	82,168	144,101
-	-	-	542,068
1,869,382	-	-	1,869,382
-	-	1,028,068	8,072,031
-	1,197,239	1,548,605	3,045,976
<u>\$ 2,023,710</u>	<u>\$ 1,197,239</u>	<u>\$ 2,674,645</u>	<u>\$ 43,327,393</u>
\$ -	\$ 8,107	\$ -	\$ 2,711,660
-	-	-	886,138
-	286,988	-	13,117,885
-	1,676	-	6,143,311
-	-	2,632,186	3,175,437
70,000	-	-	9,124,571
-	-	-	547,811
-	55,073	72,560	2,636,763
12,877,329	-	261,181	13,138,510
-	-	-	2,181,030
-	-	-	1,834,716
-	-	-	199,820
<u>\$ 12,947,329</u>	<u>\$ 351,844</u>	<u>\$ 2,965,927</u>	<u>\$ 55,697,652</u>
<u>\$ (10,923,619)</u>	<u>\$ 845,395</u>	<u>\$ (291,282)</u>	<u>\$ (12,370,259)</u>
\$ 2,073,778	\$ -	\$ 515,000	\$ 10,644,126
(939,089)	(845,395)	(188,410)	(10,649,027)
42,094,705	-	-	42,094,705
-	-	-	630,690
-	-	-	8,475,000
-	-	-	(8,360,000)
<u>\$ 43,229,394</u>	<u>\$ (845,395)</u>	<u>\$ 326,590</u>	<u>\$ 42,835,494</u>
\$ 32,305,775	\$ -	\$ 35,308	\$ 30,465,235
30,824,840	-	237,028	47,534,027
<u>\$ 63,130,615</u>	<u>\$ -</u>	<u>\$ 272,336</u>	<u>\$ 77,999,262</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, 2022

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

Net change in fund balances - total governmental funds	\$	30,465,235
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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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	17,544,481	
Depreciation expense		(2,662,968)	
Jointly owned asset allocation of assets		<u>113,956</u>	14,995,469

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	250,490
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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	\$	(42,840,395)	
Principal payments		2,204,410	
Decrease in landfill post-closure liability		<u>750,104</u>	(39,885,881)

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	\$	(166)	
OPEB expense		(26,164)	
Pension expense		786,446	
Amortization of bond issuance premiums		1,167,498	
(Increase) decrease in accrued interest payable		<u>(945,245)</u>	<u>982,369</u>

Change in net position of governmental activities	\$	<u><u>6,807,682</u></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, 2022

	Enterprise Fund Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 195,989
Accounts receivable	875
Total current assets	\$ 196,864
Noncurrent assets:	
Net pension asset	\$ 7,989
Capital assets:	
Machinery and equipment	\$ 42,497
Improvements other than buildings	38,851
Construction in progress	51,364
Less accumulated depreciation	(37,491)
Total capital assets	\$ 95,221
Total noncurrent assets	\$ 103,210
Total assets	\$ 300,074
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 6,525
OPEB related items	1,853
Total deferred outflows of resources	\$ 8,378
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,655
Accrued liabilities	2,168
Compensated absences - current portion	14
Total current liabilities	\$ 9,837
Noncurrent liabilities:	
Net OPEB liabilities	\$ 6,717
Compensated absences - net of current portion	125
Total noncurrent liabilities	\$ 6,842
Total liabilities	\$ 16,679
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 9,639
OPEB related items	2,569
Total deferred inflows of resources	\$ 12,208
NET POSITION	
Investment in capital assets	\$ 95,221
Unrestricted	184,344
Total net position	\$ 279,565

Some amounts reported for business-type activities in the statement of net assets (Exhibit 1) are different because certain internal service fund assets and liabilities are included with business type activities.

Net assets of business-type activities

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, 2022

	Enterprise Fund Public Utilities Fund
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 75,179
Wastewater revenues	132,896
Total operating revenues	<u>\$ 208,075</u>
OPERATING EXPENSES	
Personnel	\$ 28,822
Fringe benefits	1,152
Contractual services	47,517
Depreciation	5,603
Other charges	35,603
Total operating expenses	<u>\$ 118,697</u>
Operating income (loss)	<u>\$ 89,378</u>
NONOPERATING REVENUES (EXPENSES)	
Loss on disposal of equipment	\$ (10,486)
Total nonoperating revenues (expenses)	<u>\$ (10,486)</u>
Income before transfers	<u>\$ 78,892</u>
Transfers:	
Transfers in	4,901
Change in net position	<u>\$ 83,793</u>
Net position - beginning	195,772
Net position - ending	<u><u>\$ 279,565</u></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, 2022

	Enterprise Fund Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 208,747
Payments to suppliers	(83,930)
Payments to and for employees	(41,243)
Net cash provided by (used for) operating activities	<u>\$ 83,574</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 4,901
Net cash provided by (used for) noncapital financing activities	<u>\$ 4,901</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (45,017)
Net cash provided by (used for) capital and related financing activities	<u>\$ (45,017)</u>
Net increase (decrease) in cash and cash equivalents	\$ 43,458
Cash and cash equivalents - beginning	152,531
Cash and cash equivalents - ending	<u><u>\$ 195,989</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 89,378
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 5,603
(Increase) decrease in accounts receivable	672
(Increase) decrease in deferred outflows of resources	7,063
(Increase) decrease in net pension asset	(7,989)
Increase (decrease) in accounts payable	(233)
Increase (decrease) in accrued liabilities	(577)
Increase (decrease) in net OPEB liabilities	(3,513)
Increase (decrease) in deferred inflows of resources	9,504
Increase (decrease) in net pension liability	(16,348)
Increase (decrease) in compensated absences	14
Total adjustments	<u>\$ (5,804)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 83,574</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 1,785,400
Accounts receivable	320,101
Due from other governmental units	6,288
Total assets	\$ <u>2,111,789</u>
LIABILITIES	
Accounts payable	\$ 270,491
Accrued liabilities	115,000
Reconciled overdraft payable	219,682
Total liabilities	\$ <u>605,173</u>
NET POSITION	
Restricted for:	
Individuals	\$ 228,839
Other organizations	509,048
Other governments	768,729
Total net position	\$ <u><u>1,506,616</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, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Other governmental entities	\$ 3,323,646
Participant fees	466,486
Miscellaneous	373,706
State grants	30,671
Investment earnings:	
Interest and dividends	76
Total additions	\$ <u>4,194,585</u>
DEDUCTIONS	
Recipient payments	\$ 405,916
Payments for professional services	434,084
Grants to other organizations	79,712
Payments for other charges	158,814
Payments for capital outlay	184,113
Payments for personnel	2,355,529
Purchases of supplies	227,004
Total deductions	\$ <u>3,845,172</u>
Net increase (decrease) in fiduciary net position	\$ <u>349,413</u>
Net position - beginning	\$ <u>1,157,203</u>
Net position - ending	\$ <u><u>1,506,616</u></u>

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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 specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, 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, 2022 (CONTINUED)

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 government-wide financial statements to emphasize it is both 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, 2022.

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, 2022.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

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

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

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

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

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

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

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.

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, American Rescue Plan Act 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 associated with this fund is derived primarily from the Commonwealth of Virginia and charges for services. The County also reports and the American Rescue Plan Act Fund as a major Special Revenue Fund. Revenue associated with this fund is derived from the American Rescue Plan Act (ARPA).

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

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

1. 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.

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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 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.

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, 2022 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.

	<u>Real Property</u>	<u>Personal Property</u>
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, 2022 (CONTINUED)

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

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Improvements other than buildings	20
Machinery and equipment	5-15
Lease equipment	2-4
Lease building	2

I. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

I. Leases (Continued)

Lessor

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

Key Estimates and Judgments

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

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

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

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

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.

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

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

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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.

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 \$2,458,039 represent amounts set aside in a sinking fund for debt service at June 30, 2022 and \$55,489,043 represent Virginia State Non-Arbitrage Pool funds held for school construction.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

Q. Fund Balance

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

- Nonspendable fund balance - amounts that are 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;
- 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, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). 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).

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Q. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibits 3 and 40, 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	\$ 3,320	\$ -	\$ -	\$ 26,856	\$ 30,176	\$ 375
Lease related	10,281	-	-	-	10,281	10,281
Total Nonspendable	<u>\$ 13,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,856</u>	<u>\$ 40,457</u>	<u>\$ 10,656</u>
Restricted:						
Debt sinking fund	\$ -	\$ 2,431,184	\$ -	\$ -	\$ 2,431,184	\$ -
School construction	-	-	53,122,603	-	53,122,603	-
Forfeited asset sharing	-	-	-	62,350	62,350	-
CDBG projects	-	-	-	83,027	83,027	-
Purchase of development rights	-	-	-	11,446	11,446	-
Total Restricted	<u>\$ -</u>	<u>\$ 2,431,184</u>	<u>\$ 53,122,603</u>	<u>\$ 156,823</u>	<u>\$ 55,710,610</u>	<u>\$ -</u>
Committed:						
Capital projects	\$ -	\$ -	\$ 10,008,012	\$ -	\$ 10,008,012	\$ -
School capital improvement plan	-	-	-	-	-	451,814
School sick leave payout reserve	-	-	-	-	-	390,554
School federal grant programs	-	-	-	-	-	126,005
School cafeteria operations	-	-	-	-	-	452,161
School retiree health insurance	-	-	-	-	-	51,990
School activity	-	-	-	-	-	384,933
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,008,012</u>	<u>\$ -</u>	<u>\$ 10,008,012</u>	<u>\$ 1,857,457</u>
Assigned:						
Harbor improvements	\$ -	\$ -	\$ -	\$ 88,657	\$ 88,657	\$ -
Total Assigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,657</u>	<u>\$ 88,657</u>	<u>\$ -</u>
Unassigned	\$ 12,161,807	\$ -	\$ -	\$ -	\$ 12,161,807	\$ -
Total Fund Balances	<u>\$ 12,175,408</u>	<u>\$ 2,431,184</u>	<u>\$ 63,130,615</u>	<u>\$ 272,336</u>	<u>\$ 78,009,543</u>	<u>\$ 1,868,113</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

R. Deferred Outflow/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 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 pension, OPEB, and leases 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.
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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Excess of expenditures over appropriations:
For the year ended June 30, 2022, no expenditures exceeded appropriations at the fund level.

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, 2022 were held by the County or in the County’s name by the County’s custodial banks.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2022 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 25,927,754
Virginia State Non-Arbitrage Pool	<u>55,489,043</u>
Total	<u><u>\$ 81,416,797</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (Continued)

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.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 25,927,754	\$ 25,927,754
Virginia State Non-Arbitrage Pool	55,489,043	55,489,043
Total	<u>\$ 81,416,797</u>	<u>\$ 81,416,797</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, 2022 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2022, the County has amounts due from other governments as follows:

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
Local sales tax	\$ 693,297	\$ -
Local communication sales tax	58,056	-
Victim witness	5,526	-
Mobile home titling tax	3,837	-
VPA funds	34,868	-
State sales tax	-	380,910
Constitutional officer reimbursements	323,159	-
MVC Rolling stock tax	1,649	-
Auto rental tax	1,281	-
Emergency management	219,340	-
VA Port Authority grant	154,937	-
Library of Virginia grant	27,196	-
Federal Government:		
School funds	-	4,716,236
Community development grant	15,165	-
VPA funds	47,475	-
Victim witness	12,895	-
Other federal funds	15,585	-
Total due from other governments	\$ 1,614,266	\$ 5,097,146

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Business-type activities:				
Capital assets not subject to depreciation:				
Construction in progress	\$ 45,198	\$ 6,166	\$ -	\$ 51,364
Total capital assets not subject to depreciation	\$ 45,198	\$ 6,166	\$ -	\$ 51,364
Capital assets subject to depreciation:				
Improvements other than buildings	\$ 18,875	\$ 38,851	\$ 18,875	\$ 38,851
Machinery and equipment	42,497	-	-	42,497
Total capital assets subject to depreciation	\$ 61,372	\$ 38,851	\$ 18,875	\$ 81,348
Accumulated depreciation:				
Improvements other than buildings	\$ (7,131)	\$ (1,906)	\$ (8,389)	\$ (648)
Machinery and equipment	(33,146)	(3,697)	-	(36,843)
Total accumulated depreciation	\$ (40,277)	\$ (5,603)	\$ (8,389)	\$ (37,491)
Total capital assets being depreciated, net	\$ 21,095	\$ 33,248	\$ 10,486	\$ 43,857
Business-type activities capital assets, net	\$ 66,293	\$ 39,414	\$ 10,486	\$ 95,221

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Construction in progress	\$ 45,198	\$ 6,166	\$ -	\$ 51,364
Total capital assets not subject to depreciation	\$ 45,198	\$ 6,166	\$ -	\$ 51,364
Capital assets subject to depreciation:				
Improvements other than buildings	\$ 18,875	\$ 38,851	\$ 18,875	\$ 38,851
Machinery and equipment	42,497	-	-	42,497
Total capital assets subject to depreciation	\$ 61,372	\$ 38,851	\$ 18,875	\$ 81,348
Accumulated depreciation:				
Improvements other than buildings	\$ (7,131)	\$ (1,906)	\$ (8,389)	\$ (648)
Machinery and equipment	(33,146)	(3,697)	-	(36,843)
Total accumulated depreciation	\$ (40,277)	\$ (5,603)	\$ (8,389)	\$ (37,491)
Total capital assets being depreciated, net	\$ 21,095	\$ 33,248	\$ 10,486	\$ 43,857
Business-type activities capital assets, net	\$ 66,293	\$ 39,414	\$ 10,486	\$ 95,221

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

Component Unit - School Board

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 373,276	\$ -	\$ -	\$ 373,276
Construction in progress	10,200	4,469,709	-	4,479,909
Total capital assets not subject to depreciation	\$ 383,476	\$ 4,469,709	\$ -	\$ 4,853,185
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,553,067	\$ -	\$ -	\$ 11,553,067
Improvements other than buildings	2,785,141	-	-	2,785,141
Machinery and equipment	7,833,889	16,151	-	7,850,040
Total capital assets subject to depreciation	\$ 22,172,097	\$ 16,151	\$ -	\$ 22,188,248
Accumulated depreciation:				
Buildings and improvements	\$ (7,573,574)	\$ (247,973)	\$ -	\$ (7,821,547)
Improvements other than buildings	(1,733,887)	(136,816)	-	(1,870,703)
Machinery and equipment	(5,520,904)	(538,571)	-	(6,059,475)
Total accumulated depreciation	\$ (14,828,365)	\$ (923,360)	\$ -	\$ (15,751,725)
Total capital assets being depreciated, net	\$ 7,343,732	\$ (907,209)	\$ -	\$ 6,436,523
Governmental activities capital assets, net	\$ 7,727,208	\$ 3,562,500	\$ -	\$ 11,289,708

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	1,013,632
Judicial administration		181,166
Public safety		999,909
Public works		260,851
Health and welfare		54,891
Education		120,924
Parks, recreation and cultural		29,237
Community development		<u>2,358</u>
Total Governmental activities	\$	<u><u>2,662,968</u></u>

Enterprise activities:

Public utilities	\$	<u><u>5,603</u></u>
Component Unit School Board	\$	<u><u>923,360</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, 2022, 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, 2022 (CONTINUED)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 1,052,569	\$ 8,635,169
Eastern Shore Regional Jail	3,585,276	40,964
Debt Service	3,417,503	-
Capital Projects	2,073,778	939,089
American Rescue Plan Act	-	845,395
Other Governmental Funds	515,000	188,410
Total Governmental Funds	\$ <u>10,644,126</u>	\$ <u>10,649,027</u>
 Total-All Funds	 \$ <u><u>10,644,126</u></u>	 \$ <u><u>10,649,027</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, 2022 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2022 is as follows:

	Balance at July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:							
Incurred by County:							
Direct borrowings and placements:							
Lease revenue bonds	\$ 12,235,000	\$ -	\$ 12,235,000	\$ 8,475,000	\$ 10,405,000	\$ 10,305,000	\$ 2,080,000
Add deferred amounts:							
For issuance premium	2,916,473		2,916,473	630,690	2,974,031	573,132	-
Notes payable	269,482	-	269,482	-	38,901	230,581	39,844
Lease liabilities	-	56,565	56,565	-	23,380	33,185	26,818
Landfill post-closure liability	2,923,212	-	2,923,212	-	750,104	2,173,108	-
Compensated absences	869,523	-	869,523	87,118	86,952	869,689	86,969
Net pension liability	3,185,621	-	3,185,621	4,784,702	7,970,323	-	-
Net OPEB liabilities	1,674,133	-	1,674,133	339,624	542,994	1,470,763	-
Total incurred by County	\$ 24,073,444	\$ 56,565	\$ 24,130,009	\$ 14,317,134	\$ 22,791,685	\$ 15,655,458	\$ 2,233,631
Incurred by School Board:							
Direct borrowings and placements:							
State literary fund loans	\$ 12,129	\$ -	\$ 12,129	\$ -	\$ 12,129	\$ -	\$ -
General obligation bonds	27,004,428	-	27,004,428	37,790,000	85,000	64,709,428	2,299,428
Add deferred amounts:							
For issuance premium	3,070,357	-	3,070,357	4,304,705	166,905	7,208,157	-
Total incurred by School Board	\$ 30,086,914	\$ -	\$ 30,086,914	\$ 42,094,705	\$ 264,034	\$ 71,917,585	\$ 2,299,428
Total Governmental Activities	\$ 54,160,358	\$ 56,565	\$ 54,216,923	\$ 56,411,839	\$ 23,055,719	\$ 87,573,043	\$ 4,533,059
Business-type Activities:							
Compensated absences	\$ 125	\$ -	\$ 125	\$ 27	\$ 13	\$ 139	\$ 14
Net pension liability	16,348	-	16,348	-	16,348	-	-
Net OPEB liabilities	10,230	-	10,230	1,447	4,960	6,717	-
Total Business-type Activities	\$ 26,703	\$ -	\$ 26,703	\$ 1,474	\$ 21,321	\$ 6,856	\$ 14

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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,	County Obligations		Governmental Activities			
			Bonds and Notes Payable from Direct Borrowings and Direct Placements			
	Lease Liabilities		Lease Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	26,818	116	\$ 2,080,000	\$ 280,491	\$ 39,844	\$ 4,904
2024	6,367	30	2,045,000	199,388	40,801	3,947
2025	-	-	2,095,000	140,901	37,508	3,034
2026	-	-	935,000	98,082	34,113	2,223
2027	-	-	965,000	71,219	18,564	1,572
2028	-	-	340,000	52,779	18,983	1,153
2029	-	-	350,000	43,048	19,418	718
2030	-	-	355,000	33,082	19,859	277
2031	-	-	370,000	22,854	1,491	3
2032	-	-	380,000	12,285	-	-
2033	-	-	390,000	3,461	-	-
Total	\$ 33,185	\$ 146	\$ 10,305,000	\$ 957,589	\$ 230,581	\$ 17,831

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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	
	General Obligation	
	Bonds	
	Principal	Interest
2023	\$ 2,299,428	\$ 2,535,927
2024	760,000	2,223,016
2025	810,000	2,185,697
2026	2,095,000	2,115,078
2027	2,205,000	2,009,115
2028	2,975,000	1,880,126
2029	3,135,000	1,727,399
2030	3,295,000	1,566,091
2031	3,485,000	1,394,896
2032	3,665,000	1,214,359
2033	3,850,000	1,024,605
2034	4,040,000	854,083
2035	4,160,000	730,889
2036	4,260,000	628,315
2037	4,370,000	523,858
2038	4,475,000	417,440
2039	4,585,000	305,541
2040	4,700,000	187,913
2041	2,740,000	96,025
2042	2,805,000	32,258
Total	\$ 64,709,428	\$ 23,652,628

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (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)						\$ 869,689	\$ 86,969
Net OPEB liabilities (payable from the General Fund)						\$ 1,470,763	\$ -
Landfill post-closure liability						\$ 2,173,108	\$ -
Direct borrowings and direct placements:							
<u>Lease Revenue Bonds:</u>							
VRA Virginia Pooled Financing Program refunding bond	(a)	2.73%	08/02/12	10/01/32	28,430,000	\$ 1,985,000	\$ 1,985,000
VRA Virginia Pooled Financing Program refunding bond outstanding \$8,320,000 plus unamortized premium of \$573,132	(a)	1.78% to 2.86%	08/04/21	10/01/32	8,475,000	8,893,132	95,000
Total Lease revenue bonds						\$ 10,878,132	\$ 2,080,000
<u>Notes Payable:</u>							
USDA promissory note payable, secured by public works equipment		3.00%	12/20/19	12/20/24	39,000	\$ 20,180	\$ 7,915
USDA promissory note payable, secured by public works equipment		2.25%	07/09/20	07/09/30	180,000	148,530	16,968
USDA promissory note payable, secured by public works equipment		2.25%	06/22/21	06/22/26	76,500	61,871	14,961
Total Notes payable						\$ 230,581	\$ 39,844
<u>Lease Liabilities:</u>							
Copier lease		2.00%	07/01/21	07/01/23	5,280	\$ 868	\$ 868
Copier lease		4.00%	07/01/21	05/01/23	8,700	4,426	1,697
Copier lease		2.00%	07/01/21	11/01/24	8,700	1,445	1,445
Copier lease		2.00%	07/01/21	01/01/23	12,785	1,343	1,343
Office Space		2.00%	07/01/21	08/31/23	105,000	25,103	21,465
Total Lease liabilities						\$ 33,185	\$ 26,818
Total long-term obligations incurred by the County						\$ 15,655,458	\$ 2,233,631

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Direct borrowings and direct placements:

General Obligation Bonds:

VPSA Bond outstanding \$665,000 plus unamortized premium of \$50,420.	(b)	2.05% to 5.05%	11/15/12	07/15/28	1,290,000	\$ 715,420	\$ 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	2,214,428
VPSA Bond outstanding \$24,040,000 plus unamortized premium of \$2,853,032.	(b)	2.80% to 5.05%	11/12/19	07/15/39	24,040,000	26,893,032	-
VPSA Bond outstanding \$37,790,000 plus unamortized premium of \$4,304,705.	(b)	2.30% to 5.05%	10/19/21	07/15/41	37,790,000	42,094,705	-
Total General Obligation Bonds						\$ 71,917,585	\$ 2,299,428
Total Direct Borrowings and Direct Placements						\$ 71,917,585	\$ 2,299,428
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 71,917,585	\$ 2,299,428
Total outstanding debt - governmental activities						\$ 87,573,043	\$ 4,533,059

	Notes	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Business-type Activities:							
Compensated absences (payable from the Enterprise Fund)						\$ 139	\$ 14
Net OPEB liabilities (payable from the Enterprise Fund)						\$ 6,717	\$ -
Total outstanding debt - business-type activities						\$ 6,856	\$ 14

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

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, 2022:

	Balance at July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Compensated absences (payable from the School Fund)	\$ 443,847	\$ 2,628	\$ 44,385	\$ 402,090	\$ 40,209
Capital leases	80,952	-	80,952	-	-
Net pension liability	15,935,491	748,418	8,585,446	8,098,463	-
Net OPEB liabilities	3,774,944	652,760	907,163	3,520,541	-
Total	<u>\$ 20,235,234</u>	<u>\$ 1,403,806</u>	<u>\$ 9,617,946</u>	<u>\$ 12,021,094</u>	<u>\$ 40,209</u>

	Amount Outstanding
Compensated absences (payable from the School Fund)	\$ 402,090
Net pension liability (payable from the School Fund)	8,098,463
Net OPEB liabilities (payable from the School Fund)	<u>3,520,541</u>
Total Long-Term Obligations Incurred by School Board	<u>\$ 12,021,094</u>

NOTE 8—ADVANCED REFUNDING:

On August 4, 2021, the County issued \$8,475,000 in VRA Refunding Bonds, Series 2021 Summer with interest rates ranging from 1.775% to 2.862%. The net proceeds \$8,904,070 (after payment of \$201,620 in issuance costs and receipts of \$630,690 in premium on the bond) plus other available funds in the amount of \$1,301 were used to refund \$8,360,000 of outstanding VRA Bonds, Series 2012B which had interest rates ranging from 3.201% to 5.125%. The net proceeds are held by the trustee. As a result, the balance on the 2012B Series bond was \$1,985,000 as of June 30, 2022. have been removed from the statement of net position of the business-type activities.

The net carrying amount of the old debt exceeded the reacquisition price by \$2,170,784. This amount is reported as a deferred inflow of resources and is being amortized over the remaining life of the refunding debt. The County refunded the Series 202B bonds to reduce its total debt service payments over 11 years by \$648,176 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$604,267.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

NOTE 9—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, 2022, 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 \$2,173,108 reported as a long-term liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$1,173,108 is based on what it would cost to perform all postclosure care in fiscal year 2022 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 10—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2022, deferred and unavailable revenue related to unspent jail telephone commission funds, uncollected lease income, and property taxes are reported as follows:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unearned revenue representing the amount of unspent ARPA funding at year end	\$ 1,137,265	\$ 1,137,265
Unearned revenue representing the amount of unspent VDSS grant for rebuilding the community center	1,045,446	1,045,446
Total unearned revenue	<u>\$ 2,182,711</u>	<u>\$ 2,182,711</u>
Unavailable revenue representing unspent jail telephone commission funds not available for funding of current expenditures.	\$ 204,539	\$ 204,539
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	974,440
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	43,781	43,781
Unavailable revenue representing uncollected lease income that are not available for the funding of current expenditures	360,953	360,953
Total unavailable revenue	<u>\$ 4,974,695</u>	<u>\$ 5,949,135</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

NOTE 11—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 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, 2022 (CONTINUED)

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, 2022 (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, 2020 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	110	26
Inactive members:		
Vested inactive members	24	12
Non-vested inactive members	63	15
Inactive members active elsewhere in VRS	55	11
Total inactive members	142	38
Active members	213	38
Total covered employees	465	102

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2022 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 \$875,537 and \$832,901 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 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 \$41,719 and \$38,567 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liabilities used to calculate the net pension liabilities, were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

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

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2020	\$ 38,914,892	\$ 35,712,923	\$ 3,201,969
Changes for the year:			
Service cost	\$ 1,127,441	\$ -	\$ 1,127,441
Interest	2,558,606	-	2,558,606
Difference between expected and actual experience	(139,917)	-	(139,917)
Assumption changes	1,074,393	-	1,074,393
Contributions - employer	-	829,668	(829,668)
Contributions - employee	-	491,862	(491,862)
Net investment income	-	9,738,103	(9,738,103)
Benefit payments, including refunds of employee contributions	(2,019,222)	(2,019,222)	-
Administrative expenses	-	(24,262)	24,262
Other changes	-	918	(918)
Net changes	\$ 2,601,301	\$ 9,017,067	\$ (6,415,766)
Balances at June 30, 2021	\$ 41,516,193	\$ 44,729,990	\$ (3,213,797)

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020	\$ 3,790,352	\$ 3,740,508	\$ 49,844
Changes for the year:			
Service cost	\$ 88,317	\$ -	\$ 88,317
Interest	245,229	-	245,229
Difference between expected and actual experience	(115,607)	-	(115,607)
Assumption changes	128,150	-	128,150
Contributions - employer	-	38,568	(38,568)
Contributions - employee	-	42,341	(42,341)
Net investment income	-	993,446	(993,446)
Benefit payments, including refunds of employee contributions	(314,655)	(314,655)	-
Administrative expenses	-	(2,629)	2,629
Other changes	-	92	(92)
Net changes	\$ 31,434	\$ 757,163	\$ (725,729)
Balances at June 30, 2021	\$ 3,821,786	\$ 4,497,671	\$ (675,885)

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)	\$ 2,132,694	\$ (3,213,797)	\$ (7,632,182)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ (286,778)	\$ (675,885)	\$ (1,006,848)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$77,126 and \$(119,242) respectively. At June 30, 2022, 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	\$ 283,270	\$ 101,999	\$ -	\$ 75,971
Changes of assumptions	936,633	-	72,674	-
Net difference between projected and actual earnings on plan investments	-	4,847,448	-	489,359
Employer contributions subsequent to the measurement date	875,537	-	41,719	-
Total	\$ 2,095,440	\$ 4,949,447	\$ 114,393	\$ 565,330

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

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

\$875,537 and \$41,719 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, 2023. 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)
2023	\$ (534,686)	\$ (119,434)
2024	(769,779)	(109,706)
2025	(954,715)	(113,727)
2026	(1,470,364)	(149,789)
2027	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 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 \$1,523,107 and \$1,475,811 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Contributions (Continued)

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$8,089,463 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.10432% as compared to 0.10920% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(253,314). 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, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 689,779
Change in assumptions	1,418,830	-
Net difference between projected and actual earnings on pension investments	-	5,103,435
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	984,083
Employer contributions subsequent to the measurement date	<u>1,523,107</u>	<u>-</u>
Total	<u>\$ 2,941,937</u>	<u>\$ 6,777,297</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 (Continued)

\$1,523,107 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, 2023. 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	
2023	\$ (1,341,442)
2024	(1,170,150)
2025	(1,261,881)
2026	(1,585,099)
2027	105
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	<u>7,763,263</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%
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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		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability (Asset)	\$	15,629,595	\$ 8,098,463	\$ 1,903,101

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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	\$ 2,095,440	\$ 4,949,447	\$ (3,213,797)	\$ 77,126	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	114,393	565,330	(675,885)	(119,242)
School Board Professional	-	-	-	-	2,941,937	6,777,297	8,098,463	(253,314)
Totals	<u>\$ 2,095,440</u>	<u>\$ 4,949,447</u>	<u>\$ (3,213,797)</u>	<u>\$ 77,126</u>	<u>\$ 3,056,330</u>	<u>\$ 7,342,627</u>	<u>\$ 7,422,578</u>	<u>\$ (372,556)</u>

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, 2022 (CONTINUED)

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, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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 \$56,622 and \$53,672 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$51,964 and \$50,215 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$5,383 and \$4,939 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the County reported a liability of \$560,480 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$524,388 and \$51,577, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was .04810% as compared to 0.04740% at June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups' proportion was 0.04500% and 0.00440%, respectively as compared to 0.04700% and 0.00470% respectively at June 30, 2019.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$31,383. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of \$8,054. For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$226. 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, 2022 (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, 2022, 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	\$ 63,925	\$ 4,271	\$ 59,808	\$ 3,996	\$ 5,883	\$ 393
Net difference between projected and actual earnings on GLI OPEB plan investment	-	133,775	-	125,160	-	12,310
Changes in assumptions	30,899	76,686	28,909	71,747	2,843	7,057
Changes in proportionate share	38,378	2,281	1,833	53,190	251	8,769
Employer contributions subsequent to the measurement date	56,622	-	51,964	-	5,383	-
Total	<u>\$ 189,824</u>	<u>\$ 217,013</u>	<u>\$ 142,514</u>	<u>\$ 254,093</u>	<u>\$ 14,360</u>	<u>\$ 28,529</u>

\$56,622, \$51,964 and \$5,383, 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, 2023. 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			
2023	\$ (19,190)	\$ (39,263)	\$ (4,428)
2024	(12,105)	(32,703)	(3,856)
2025	(11,121)	(30,225)	(3,830)
2026	(35,698)	(48,111)	(5,699)
2027	(5,697)	(13,241)	(1,739)
Thereafter	-	-	-

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the 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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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, 2022 (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Discount Rate (Continued)

by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 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	\$ 818,882	\$ 560,480	\$ 351,809
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 766,150	\$ 524,388	\$ 329,155
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 75,356	\$ 51,577	\$ 32,375

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 (CONTINUED)

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, 2022 (CONTINUED)

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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>9</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>9</u>
Active members	<u>38</u>
Total covered employees	<u><u>47</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, 2022 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 \$4,879 and \$4,468 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 46,800	\$ -	\$ 46,800
Changes for the year:			
Service cost	\$ 1,271	\$ -	\$ 1,271
Interest	3,159	-	3,159
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	1,329	-	1,329
Contributions - employer	-	4,467	(4,467)
Net investment income	-	567	(567)
Benefit payments	-	-	-
Administrative expenses	-	(20)	20
Other changes	-	-	-
Net changes	\$ 5,759	\$ 5,014	\$ 745
Balances at June 30, 2021	\$ 52,559	\$ 5,014	\$ 47,545

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 \$	52,252	\$ 47,545	\$ 43,479

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, 2022, the School Board recognized HIC Plan OPEB expense of \$4,490. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	334
Change in assumptions	1,056	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	\$ 4,879	\$ -
Total	\$ 5,935	\$ 334

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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)

\$4,879 reported as deferred outflows of resources related to the HIC OPEB resulting from the County'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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ 190
2024	190
2025	190
2026	152
2027	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 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 \$116,301 and \$112,467 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the school division reported a liability of \$1,349,031 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)

employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC was 0.10510% as compared to 0.11040% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$84,930. 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.

At June 30, 2022, 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	\$ -	\$ 23,540
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	17,771
Change of assumptions	36,467	5,422
Change in proportionate share	-	117,923
Employer contributions subsequent to the measurement date	<u>116,301</u>	<u>-</u>
Total	<u>\$ 152,768</u>	<u>\$ 164,656</u>

\$116,301 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, 2023. 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>	
2023	\$ (26,589)
2024	(26,790)
2025	(24,753)
2026	(21,015)
2027	(15,481)
Thereafter	(13,561)

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality Rates - Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%
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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, 2022 (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

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, 2021, the rate contributed by each school

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Discount Rate (Continued)

division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,518,635	\$ 1,349,031	\$ 1,205,505

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 (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, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	190	245
Total retirees with coverage	-	14
Total	190	259

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, 2023 was \$17,000 and \$91,000.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of July 1, 2021. 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 the School Board.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2021 and the corresponding measurement period of July 1, 2019 to July 1, 2021. The measurement of the total OPEB liability is based on a valuation date of July 1, 2021.

The employer's net OPEB liability is reported herein for the School Board as of June 30, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2021 and the corresponding measurement period of July 1, 2020 to July 1, 2021. The measurement of the total OPEB liability is based on a valuation date of July 1, 2021.

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 1.92% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.			
Healthcare Cost Trend Rates	(6.91%) for fiscal year 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%			
Mortality Rate	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.			
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, 2022 (CONTINUED)

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

County and School Board: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 893,000	\$ 1,424,000
Changes for the year:		
Service cost	46,000	85,000
Interest	23,000	36,000
Difference between expected and actual experience	(108,000)	(34,000)
Changes of assumptions	80,000	128,000
Contributions - employer	(17,000)	(91,000)
Net changes	\$ 24,000	\$ 124,000
Balances at June 30, 2022	\$ 917,000	\$ 1,548,000

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate		
	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Primary Government:			
Total OPEB liability	\$ 1,002,000	\$ 917,000	\$ 841,000
Component Unit School Board:			
Total OPEB liability	\$ 1,741,000	\$ 1,548,000	\$ 1,385,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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
Primary Government:			
Total OPEB liability	\$ 807,000	\$ 917,000	\$ 1,048,000

	Rates		
	Healthcare Cost Trend		
	1% Decrease Rate	Current Rate	1% Increase Rate
Component Unit School Board:			
Total OPEB liability	\$ 1,307,000	\$ 1,548,000	\$ 1,859,000

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the County and the School Board recognized OPEB expense in the amount of \$47,000 and \$104,000. At June 30, 2022, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,000	\$ 322,000	\$ -	\$ 290,000
Changes of assumptions	130,000	27,000	232,000	50,000
Employer contributions subsequent to the measurement date	17,000	-	91,000	-
Total	<u>\$ 199,000</u>	<u>\$ 349,000</u>	<u>\$ 323,000</u>	<u>\$ 340,000</u>

\$17,000 and \$91,000 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2023	\$ (27,000)	\$ (25,000)
2024	(27,000)	(25,000)
2025	(31,000)	(25,000)
2026	(34,000)	(25,000)
2027	(44,000)	(25,000)
Thereafter	(4,000)	17,000

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, 2022 (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	\$ 189,824	\$ 217,013	\$ 560,480	\$ 31,383	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	14,360	28,529	51,577	226
School Board Professional	-	-	-	-	142,514	254,093	524,388	8,054
Health Insurance Credit Plan (Note 16)	-	-	-	-	5,935	334	47,545	4,490
Teacher Health Insurance Credit Plan (Note 17)	-	-	-	-	152,768	164,656	1,349,031	84,930
County Stand-Alone Plan (Note 18)	199,000	349,000	917,000	47,000	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	323,000	340,000	1,548,000	104,000
Totals	<u>\$ 388,824</u>	<u>\$ 566,013</u>	<u>\$ 1,477,480</u>	<u>\$ 78,383</u>	<u>\$ 638,577</u>	<u>\$ 787,612</u>	<u>\$ 3,520,541</u>	<u>\$ 201,700</u>

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, 2022 was \$46,917.

NOTE 21—LITIGATION:

At June 30, 2022, 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 22—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

Primary Government:

	Governmental Activities	General Fund
Lessee activity:		
Lease assets	\$ 56,565	\$ -
Lease liabilities	\$ 56,855	\$ -
Lessor activity:		
Leases receivable	\$ 356,159	\$ 356,159
Deferred inflows of resources - leases	\$ 356,159	\$ 356,159

Component Unit:

	Governmental Activities	School Board
Lessor activity:		
Leases receivable	\$ 230,916	\$ 230,916
Deferred inflows of resources - leases	\$ 230,916	\$ 230,916

The County implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2022. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

NOTE 23—LEASES RECEIVABLE:

The following is a summary of lease receivable transactions of the County for the year ended June 30, 2022:

Lease Revenue	Interest Revenue	Total Revenue
\$ 21,058	\$ 10,050	\$ 31,108

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 23—LEASES RECEIVABLE: (CONTINUED)

The following is a detail of lease receivables as of the year ended June 30, 2022:

<u>Lease Description</u>	<u>Annual Installments</u>	<u>Start Date</u>	<u>End Date</u>
Water Tower	\$ 800	2021	2026
Water Tower	500	2021	2025
Farm Land	447	2021	2028
Cell Tower	14,400	2021	2023
Building	15,000	2021	2024

There are no variable payments for the above leases.

NOTE 24—UPCOMING PRONOUNCEMENTS:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

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

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

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

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 2022 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.

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 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 2022 and the balance delivered approximately 12 months later.

In 2022, the County received its share of the second 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 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, 2021 and added \$81.9 billion to the ESF. In March 2022, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 20,026,443	\$ 20,026,443	\$ 20,311,351	\$ 284,908
Other local taxes	4,728,641	5,818,896	6,752,303	933,407
Permits, privilege fees, and regulatory licenses	136,650	136,650	217,090	80,440
Fines and forfeitures	409,000	409,000	170,093	(238,907)
Revenue from the use of money and property	64,480	64,480	96,064	31,584
Charges for services	1,495,778	1,495,778	1,806,380	310,602
Miscellaneous	10,000	60,185	61,320	1,135
Recovered costs	241,569	241,569	374,246	132,677
Intergovernmental:				
Commonwealth	5,933,060	6,831,326	4,946,997	(1,884,329)
Federal	91,054	1,142,318	187,099	(955,219)
Total revenues	\$ 33,136,675	\$ 36,226,645	\$ 34,922,943	\$ (1,303,702)
EXPENDITURES				
Current:				
General government administration	\$ 2,929,984	\$ 3,086,641	\$ 2,703,553	\$ 383,088
Judicial administration	880,113	929,777	886,138	43,639
Public safety	6,875,006	8,454,411	6,983,700	1,470,711
Public works	5,597,401	7,937,959	6,141,635	1,796,324
Health and welfare	691,066	691,066	543,251	147,815
Education	9,054,571	9,054,571	9,054,571	-
Parks, recreation, and cultural	720,459	721,937	547,811	174,126
Community development	1,631,989	2,076,000	2,509,130	(433,130)
Total expenditures	\$ 28,380,589	\$ 32,952,362	\$ 29,369,789	\$ 3,582,573
Excess (deficiency) of revenues over (under) expenditures	\$ 4,756,086	\$ 3,274,283	\$ 5,553,154	\$ 2,278,871
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,211,585	\$ 2,406,797	\$ 1,052,569	\$ (1,354,228)
Transfers out	(6,236,671)	(9,465,987)	(8,635,169)	830,818
Total other financing sources (uses)	\$ (5,025,086)	\$ (7,059,190)	\$ (7,582,600)	\$ (523,410)
Net change in fund balances	\$ (269,000)	\$ (3,784,907)	\$ (2,029,446)	\$ 1,755,461
Fund balances - beginning	269,000	3,784,907	14,194,573	10,409,666
Fund balances - ending	\$ -	\$ -	\$ 12,165,127	\$ 12,165,127

Eastern Shore Regional Jail Fund

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 274,301	\$ 274,301	\$ 86,203	\$ (188,098)
Miscellaneous	-	-	-	-
Recovered costs	3,000	3,000	6,683	3,683
Intergovernmental:				
Commonwealth	2,358,042	2,250,271	2,096,966	(153,305)
Total revenues	<u>\$ 2,635,343</u>	<u>\$ 2,527,572</u>	<u>\$ 2,302,885</u>	<u>\$ (224,687)</u>
EXPENDITURES				
Current:				
Public safety	\$ 4,503,618	\$ 6,105,858	\$ 5,847,197	\$ 258,661
Total expenditures	<u>\$ 4,503,618</u>	<u>\$ 6,105,858</u>	<u>\$ 5,847,197</u>	<u>\$ 258,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,868,275)</u>	<u>\$ (3,578,286)</u>	<u>\$ (3,544,312)</u>	<u>\$ 33,974</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,935,800	\$ 3,645,811	\$ 3,585,276	\$ (60,535)
Transfers out	(67,525)	(67,525)	(40,964)	26,561
Total other financing sources (uses)	<u>\$ 1,868,275</u>	<u>\$ 3,578,286</u>	<u>\$ 3,544,312</u>	<u>\$ (33,974)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

American Rescue Plan Act Fund

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

For the Year Ended June 30, 2022

	<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>
REVENUES				
Intergovernmental:				
Federal	-	2,337,889	1,197,239	(1,140,650)
Total revenues	\$ -	\$ 2,337,889	\$ 1,197,239	\$ (1,140,650)
EXPENDITURES				
Current:				
General government administration	\$ -	\$ 315,548	\$ 8,107	307,441
Public safety	-	406,988	286,988	120,000
Public works	-	126,994	1,676	125,318
Health and welfare	-	275,000	-	275,000
Community development	-	363,057	55,073	307,984
Total expenditures	\$ -	\$ 1,487,587	\$ 351,844	\$ 1,135,743
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 850,302	\$ 845,395	\$ (4,907)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (850,302)	\$ (845,395)	4,907
Total other financing sources (uses)	\$ -	\$ (850,302)	\$ (845,395)	\$ 4,907
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2021

	2021	2020
Total pension liability		
Service cost	\$ 1,127,441	\$ 1,092,317
Interest	2,558,606	2,402,528
Changes in benefit terms	-	-
Difference between expected and actual experience	(139,917)	610,469
Changes of assumptions	1,074,393	-
Benefit payments	(2,019,222)	(1,566,844)
Net change in total pension liability	\$ 2,601,301	\$ 2,538,470
Total pension liability - beginning	38,914,892	36,376,422
Total pension liability - ending (a)	\$ 41,516,193	\$ 38,914,892
Plan fiduciary net position		
Contributions - employer	\$ 829,668	\$ 752,177
Contributions - employee	491,862	465,393
Net investment income	9,738,103	673,237
Benefit payments	(2,019,222)	(1,566,844)
Administrator charges	(24,262)	(22,886)
Other	918	(856)
Net change in plan fiduciary net position	\$ 9,017,067	\$ 300,221
Plan fiduciary net position - beginning	35,712,923	35,412,702
Plan fiduciary net position - ending (b)	\$ 44,729,990	\$ 35,712,923
County's net pension liability (asset) - ending (a) - (b)	\$ (3,213,797)	\$ 3,201,969
Plan fiduciary net position as a percentage of the total pension liability	107.74%	91.77%
Covered payroll	\$ 9,913,126	\$ 9,758,018
County's net pension liability (asset) as a percentage of covered payroll	-32.42%	32.81%

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.

2019	2018	2017	2016	2015	2014
\$ 967,981	\$ 973,374	\$ 956,949	\$ 943,326	\$ 926,204	\$ 925,228
2,289,392	2,206,097	2,098,998	2,047,945	1,926,687	1,805,167
-	-	723,111	-	-	-
144,128	(433,911)	(497,814)	(925,448)	43,818	-
1,021,717	-	(276,394)	-	-	-
(1,504,798)	(1,606,470)	(1,343,258)	(1,329,725)	(999,177)	(989,616)
\$ 2,918,420	\$ 1,139,090	\$ 1,661,592	\$ 736,098	\$ 1,897,532	\$ 1,740,779
33,458,002	32,318,912	30,657,320	29,921,222	28,023,690	26,282,911
<u>\$ 36,376,422</u>	<u>\$ 33,458,002</u>	<u>\$ 32,318,912</u>	<u>\$ 30,657,320</u>	<u>\$ 29,921,222</u>	<u>\$ 28,023,690</u>
\$ 718,548	\$ 661,255	\$ 649,769	\$ 760,120	\$ 773,751	\$ 811,390
443,683	421,116	410,791	392,011	400,292	397,922
2,238,859	2,338,980	3,476,551	489,866	1,239,556	3,653,770
(1,504,798)	(1,606,470)	(1,343,258)	(1,329,725)	(999,177)	(989,616)
(21,900)	(20,193)	(19,927)	(17,501)	(16,542)	(19,324)
(1,413)	(2,082)	(3,102)	(209)	(261)	192
\$ 1,872,979	\$ 1,792,606	\$ 3,170,824	\$ 294,562	\$ 1,397,619	\$ 3,854,334
33,539,723	31,747,117	28,576,293	28,281,731	26,884,112	23,029,778
<u>\$ 35,412,702</u>	<u>\$ 33,539,723</u>	<u>\$ 31,747,117</u>	<u>\$ 28,576,293</u>	<u>\$ 28,281,731</u>	<u>\$ 26,884,112</u>
\$ 963,720	\$ (81,721)	\$ 571,795	\$ 2,081,027	\$ 1,639,491	\$ 1,139,578
97.35%	100.24%	98.23%	93.21%	94.52%	95.93%
\$ 9,178,895	\$ 8,367,700	\$ 8,135,972	\$ 8,016,513	\$ 8,079,121	\$ 7,965,906
10.50%	-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, 2021

	2021	2020
Total pension liability		
Service cost	\$ 88,317	\$ 90,741
Interest	245,229	245,863
Difference between expected and actual experience	(115,607)	(79,808)
Changes of assumptions	128,150	-
Benefit payments	(314,655)	(217,707)
Net change in total pension liability	\$ 31,434	\$ 39,089
Total pension liability - beginning	3,790,352	3,751,263
Total pension liability - ending (a)	<u>\$ 3,821,786</u>	<u>\$ 3,790,352</u>
Plan fiduciary net position		
Contributions - employer	\$ 38,568	\$ 45,909
Contributions - employee	42,341	45,563
Net investment income	993,446	71,695
Benefit payments	(314,655)	(217,707)
Administrator charges	(2,629)	(2,509)
Other	92	(167)
Net change in plan fiduciary net position	\$ 757,163	\$ (57,216)
Plan fiduciary net position - beginning	3,740,508	3,797,724
Plan fiduciary net position - ending (b)	<u>\$ 4,497,671</u>	<u>\$ 3,740,508</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (675,885)	\$ 49,844
Plan fiduciary net position as a percentage of the total pension liability	117.69%	98.68%
Covered payroll	\$ 911,769	\$ 971,858
School Division's net pension liability (asset) as a percentage of covered payroll	-74.13%	5.13%

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.

2019		2018		2017		2016		2015		2014	
\$	89,764	\$	96,360	\$	104,546	\$	103,098	\$	103,369	\$	61,828
	243,749		243,920		244,018		245,622		234,428		231,160
	(43,615)		(119,907)		(131,137)		(145,175)		56,039		-
	89,593		-		4,446		-		-		-
	(220,709)		(224,939)		(221,599)		(231,328)		(236,505)		(256,107)
\$	158,782	\$	(4,566)	\$	274	\$	(27,783)	\$	157,331	\$	36,881
	3,592,481		3,597,047		3,596,773		3,624,556		3,467,225		3,430,344
\$	<u>3,751,263</u>	\$	<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>
\$	48,175	\$	61,530	\$	62,531		105,053	\$	105,888	\$	115,410
	47,933		46,798		48,487		49,007		49,513		52,929
	241,685		259,179		392,758		56,104		144,460		443,203
	(220,709)		(224,939)		(221,599)		(231,328)		(236,505)		(256,107)
	(2,453)		(2,286)		(2,331)		(2,055)		(2,034)		(2,446)
	(152)		(229)		(346)		(24)		(32)		23
\$	114,479	\$	140,053	\$	279,500	\$	(23,243)	\$	61,290	\$	353,012
	3,683,245		3,543,192		3,263,692		3,286,935		3,225,645		2,872,633
\$	<u>3,797,724</u>	\$	<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>
\$	(46,461)	\$	(90,764)	\$	53,855	\$	333,081	\$	337,621	\$	241,580
	101.24%		102.53%		98.50%		90.74%		90.69%		93.03%
\$	1,020,902	\$	982,525	\$	978,504	\$	980,718	\$	986,149	\$	946,087
	-4.55%		-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, 2021

	2021	2020
Employer's Proportion of the Net Pension Liability (Asset)	0.10432%	0.10920%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,098,463	\$ 15,885,647
Employer's Covered Payroll	9,294,819	9,678,311
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	87.13%	164.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

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.

	2019	2018	2017	2016	2015	2014
	0.11336%	0.11402%	0.11530%	0.11850%	0.12128%	0.12418%
\$	14,918,820	\$ 13,409,000	\$ 14,179,000	\$ 16,607,000	\$ 15,265,000	\$ 15,007,000
	9,670,453	9,323,625	9,282,121	9,067,859	8,777,441	9,085,111
	154.27%	143.82%	152.76%	183.14%	173.91%	165.18%
	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plans

For the Years Ended June 30, 2013 through June 30, 2022

		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							
2022	\$	875,537	\$ 875,537	\$ -	\$ 10,482,260		8.35%
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%
Component Unit School Board (nonprofessional)							
2022	\$	41,719	\$ 41,719	\$ -	\$ 996,748		4.19%
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%
Component Unit School Board (professional)							
2022	\$	1,523,107	\$ 1,523,107	\$ -	\$ 9,611,675		15.85%
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%

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

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2022

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through 2021

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 Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2021	0.04810% \$	560,480 \$	9,939,199	5.64%	67.45%
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):					
2021	0.04500% \$	524,388 \$	9,299,014	5.64%	67.45%
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):					
2021	0.00440% \$	51,577 \$	914,614	5.64%	67.45%
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, 2013 through June 30, 2022

		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:						
2022	\$ 56,622	\$ 56,622	\$ -	\$ 10,485,633	0.54%	
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%	
Component Unit School Board (professional):						
2022	\$ 51,964	\$ 51,964	\$ -	\$ 9,622,983	0.54%	
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%	
Component Unit School Board (nonprofessional):						
2022	\$ 5,383	\$ 5,383	\$ -	\$ 996,791	0.54%	
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%	

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the School Board's (nonprofessional) Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 1,271	\$ -
Interest	3,159	-
Changes in benefit terms	-	46,800
Differences between expected and actual experience	-	-
Changes of assumptions	1,329	-
Benefit payments	-	-
Net change in total HIC OPEB liability	\$ 5,759	\$ 46,800
Total HIC OPEB Liability - beginning	46,800	-
Total HIC OPEB Liability - ending (a)	\$ 52,559	\$ 46,800
Plan fiduciary net position		
Contributions - employer	\$ 4,467	\$ -
Net investment income	567	-
Benefit payments	-	-
Administrator charges	(20)	-
Other	-	-
Net change in plan fiduciary net position	\$ 5,014	\$ -
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending (b)	\$ 5,014	\$ -
County's net HIC OPEB liability - ending (a) - (b)	\$ 47,545	\$ 46,800
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.54%	0.00%
Covered payroll	\$ 911,769	\$ -
County's net HIC OPEB liability as a percentage of covered payroll	5.21%	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 Years Ended June 30, 2021 and June 30, 2022

Date	Contractually		Contributions in Relation to Contractually		Contribution		Employer's		Contributions	
	Required		Required		Deficiency		Covered		as a % of	
	Contribution		Contribution		(Excess)		Payroll		Covered	
	(1)		(2)		(3)		(4)		(5)	
2022	\$	4,879	\$	4,879	\$	-	\$	995,669		0.49%
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, 2022

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2021

<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>
2021	0.10510%	\$ 1,349,031	\$ 9,294,819	14.51%	13.15%
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, 2013 through June 30, 2022

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)		
2022	\$ 116,301	\$ 116,301	\$ -	9,611,675	1.21%
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%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

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

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

Primary Government

For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 46,000	\$ 50,000	\$ 43,000	\$ 43,000	\$ 42,000
Interest	23,000	36,000	36,000	33,000	31,000
Changes of assumptions	80,000	54,000	45,000	(63,000)	-
Differences between expected and actual experience	(108,000)	(322,000)	53,000	59,000	-
Benefit payments	(17,000)	(41,000)	(20,000)	(20,000)	(12,000)
Net change in total OPEB liability	\$ 24,000	\$ (223,000)	\$ 157,000	\$ 52,000	\$ 61,000
Total OPEB liability - beginning	893,000	1,116,000	959,000	907,000	846,000
Total OPEB liability - ending	\$ 917,000	\$ 893,000	\$ 1,116,000	\$ 959,000	\$ 907,000
 Covered employee payroll	 \$ 9,064,000	 \$ 9,064,000	 \$ 8,527,000	 \$ 8,527,000	 \$ 7,101,000
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 10.12%	 9.85%	 13.09%	 11.25%	 12.77%

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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 85,000	\$ 79,000	\$ 66,000	\$ 76,000	\$ 74,000
Interest	36,000	46,000	53,000	57,000	55,000
Changes of assumptions	128,000	90,000	-	(86,000)	-
Differences between expected and actual experience	(34,000)	(129,000)	(114,000)	(138,000)	-
Other changes	-	-	62,000	-	-
Benefit payments	(91,000)	(101,000)	(38,000)	(40,000)	(133,000)
Net change in total OPEB liability	\$ 124,000	\$ (15,000)	\$ 29,000	\$ (131,000)	\$ (4,000)
Total OPEB liability - beginning	1,424,000	1,439,000	1,410,000	1,541,000	1,545,000
Total OPEB liability - ending	\$ 1,548,000	\$ 1,424,000	\$ 1,439,000	\$ 1,410,000	\$ 1,541,000
 Covered employee payroll	 \$ 10,581,000	 \$ 9,095,000	 \$ 9,095,000	 \$ 9,229,000	 \$ 9,229,000
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 14.63%	 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, 2022

Valuation Date: 7/1/2021
Measurement Date: 7/1/2021

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	1.92%
Healthcare Cost Trend Rates	(6.91%) for fiscal year 2021 (to reflect actual experience), then 7.00 for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Scale	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 7/1/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Discount Rate	1.92%
Healthcare Cost Trend Rates	7.00% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

Debt Service Fund

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ 44,219	\$ 44,219	\$ -
Miscellaneous	-	-	613	613
Recovered costs	161,145	161,145	161,139	(6)
Total revenues	<u>\$ 161,145</u>	<u>\$ 205,364</u>	<u>\$ 205,971</u>	<u>\$ 607</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,139,353	\$ 2,726,341	\$ 2,181,056	\$ 545,285
Interest and other fiscal charges	1,497,402	1,497,402	1,834,690	(337,288)
Bond issuance costs	-	202,922	199,820	3,102
Total expenditures	<u>\$ 3,636,755</u>	<u>\$ 4,426,665</u>	<u>\$ 4,215,566</u>	<u>\$ 211,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,475,610)</u>	<u>\$ (4,221,301)</u>	<u>\$ (4,009,595)</u>	<u>\$ 211,706</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,475,610	3,475,610	3,417,503	\$ (58,107)
Issuance of refunding bonds	-	9,105,691	8,475,000	(630,691)
Bond issuance premium	-	-	630,690	630,690
Payment to refunding bond escrow agent	-	(8,360,000)	(8,360,000)	-
Total other financing sources (uses)	<u>\$ 3,475,610</u>	<u>\$ 4,221,301</u>	<u>\$ 4,163,193</u>	<u>\$ (58,108)</u>
Net change in fund balances	\$ -	\$ -	\$ 153,598	\$ 153,598
Fund balances - beginning	-	-	2,277,586	2,277,586
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,431,184</u>	<u>\$ 2,431,184</u>

Capital Projects Fund

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 154,328	\$ 154,328
Intergovernmental:				
Local government	319,482	319,482	1,869,382	1,549,900
Total revenues	<u>\$ 319,482</u>	<u>\$ 319,482</u>	<u>\$ 2,023,710</u>	<u>\$ 1,704,228</u>
EXPENDITURES				
Current:				
Education	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Capital projects	1,943,799	66,784,531	12,877,329	53,907,202
Total expenditures	<u>\$ 2,013,799</u>	<u>\$ 66,854,531</u>	<u>\$ 12,947,329</u>	<u>\$ 53,907,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,694,317)</u>	<u>\$ (66,535,049)</u>	<u>\$ (10,923,619)</u>	<u>\$ 55,611,430</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,185,987)	\$ (2,527,999)	\$ (939,089)	\$ 1,588,910
Transfers in	1,317,525	2,836,830	2,073,778	(763,052)
Issuance of general obligation bonds	-	49,649,516	42,094,705	(7,554,811)
Total other financing sources (uses)	<u>\$ (868,462)</u>	<u>\$ 49,958,347</u>	<u>\$ 43,229,394</u>	<u>\$ (6,728,953)</u>
Net change in fund balances	<u>\$ (2,562,779)</u>	<u>\$ (16,576,702)</u>	<u>\$ 32,305,775</u>	<u>\$ 48,882,477</u>
Fund balances - beginning	2,562,779	16,576,702	30,824,840	14,248,138
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 63,130,615</u></u>	<u><u>\$ 63,130,615</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 62,350	\$ 11,446
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	-	-
Due from other governmental units	82,344	-	-
Prepaid items	26,856	-	-
Total assets	<u>\$ 109,200</u>	<u>\$ 62,350</u>	<u>\$ 11,446</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	80,540	-	-
Reconciled overdraft payable	1,804	-	-
Total liabilities	<u>\$ 82,344</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES			
Nonspendable	\$ 26,856	\$ -	\$ -
Restricted		62,350	11,446
Assigned	-	-	-
Total fund balances	<u>\$ 26,856</u>	<u>\$ 62,350</u>	<u>\$ 11,446</u>
Total liabilities and fund balances	<u>\$ 109,200</u>	<u>\$ 62,350</u>	<u>\$ 11,446</u>

Exhibit 35

<u>CDBG Projects Fund</u>	<u>Brownfield Community Assessment Fund</u>	<u>Harbor Improvement Fund</u>	<u>Total</u>
\$ 83,027	\$ 1,754	\$	\$ 158,577
-	-	180	180
-	4,623	154,937	241,904
-	-	-	26,856
<u>\$ 83,027</u>	<u>\$ 6,377</u>	<u>\$ 155,117</u>	<u>\$ 427,517</u>
\$ -	\$ 6,377	\$ 35,220	\$ 41,597
-	-	-	80,540
-	-	31,240	33,044
<u>\$ -</u>	<u>\$ 6,377</u>	<u>\$ 66,460</u>	<u>\$ 155,181</u>
\$ -	\$ -	\$ -	\$ 26,856
83,027	-	-	156,823
-	-	88,657	88,657
<u>\$ 83,027</u>	<u>\$ -</u>	<u>\$ 88,657</u>	<u>\$ 272,336</u>
<u>\$ 83,027</u>	<u>\$ 6,377</u>	<u>\$ 155,117</u>	<u>\$ 427,517</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, 2022

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Miscellaneous	70,302	-	-
Intergovernmental:			
Commonwealth	759,057	176	-
Federal	1,495,293	-	-
Total revenues	<u>\$ 2,324,652</u>	<u>\$ 176</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 2,632,186	\$ -	\$ -
Community development	-	-	-
Capital projects	-	-	-
Total expenditures	<u>\$ 2,632,186</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (307,534)</u>	<u>\$ 176</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 515,000	\$ -	\$ -
Transfers out	(180,610)	(7,800)	-
Total other financing sources (uses)	<u>\$ 334,390</u>	<u>\$ (7,800)</u>	<u>\$ -</u>
Net change in fund balances	\$ 26,856	\$ (7,624)	\$ -
Fund balances - beginning	-	69,974	11,446
Fund balances - ending	<u>\$ 26,856</u>	<u>\$ 62,350</u>	<u>\$ 11,446</u>

Exhibit 36

<u>CDBG Projects Fund</u>	<u>Brownfield Community Assessment Fund</u>	<u>Harbor Improvement Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 15,804	\$ 15,804
11,866	-	-	82,168
-	19,248	249,587	1,028,068
-	53,312	-	1,548,605
<u>\$ 11,866</u>	<u>\$ 72,560</u>	<u>\$ 265,391</u>	<u>\$ 2,674,645</u>
\$ -	\$ -	\$ -	\$ 2,632,186
-	72,560	-	72,560
-	-	261,181	261,181
<u>\$ -</u>	<u>\$ 72,560</u>	<u>\$ 261,181</u>	<u>\$ 2,965,927</u>
<u>\$ 11,866</u>	<u>\$ -</u>	<u>\$ 4,210</u>	<u>\$ (291,282)</u>
\$ -	\$ -	\$ -	\$ 515,000
-	-	-	(188,410)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,590</u>
\$ 11,866	\$ -	\$ 4,210	\$ 35,308
71,161	-	84,447	237,028
<u>\$ 83,027</u>	<u>\$ -</u>	<u>\$ 88,657</u>	<u>\$ 272,336</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, 2022

	Virginia Public Assistance Fund			Variance with Final Budget
	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	70,302	70,302
Intergovernmental:				
Commonwealth	869,133	869,133	759,057	(110,076)
Federal	1,316,058	1,316,058	1,495,293	179,235
Total revenues	<u>\$ 2,185,191</u>	<u>\$ 2,185,191</u>	<u>\$ 2,324,652</u>	<u>\$ 139,461</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Health and welfare	2,606,104	2,606,104	2,632,186	(26,082)
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,606,104</u>	<u>\$ 2,606,104</u>	<u>\$ 2,632,186</u>	<u>\$ (26,082)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (420,913)</u>	<u>\$ (420,913)</u>	<u>\$ (307,534)</u>	<u>\$ 113,379</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 515,000	\$ 515,000	\$ 515,000	\$ -
Transfers out	<u>(94,087)</u>	<u>(94,087)</u>	<u>(180,610)</u>	<u>(86,523)</u>
Total other financing sources (uses)	<u>\$ 420,913</u>	<u>\$ 420,913</u>	<u>\$ 334,390</u>	<u>\$ (86,523)</u>
Net change in fund balances	\$ -	\$ -	\$ 26,856	\$ 26,856
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,856</u>	<u>\$ 26,856</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	177	176	(1)	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 177	\$ 176	\$ (1)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 177	\$ -	\$ 177	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 177	\$ -	\$ 177	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 176	\$ 176	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(7,800)	(7,800)	-	-	-	-	-
\$ -	\$ (7,800)	\$ (7,800)	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (7,800)	\$ (7,624)	\$ 176	\$ -	\$ -	\$ -	\$ -
-	7,800	69,974	62,174	-	-	11,446	11,446
\$ -	\$ -	\$ 62,350	\$ 62,350	\$ -	\$ -	\$ 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, 2022

CDBG Projects Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	11,866	11,866
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 11,866	\$ 11,866
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 11,866	\$ 11,866
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 11,866	\$ 11,866
Fund balances - beginning	-	-	71,161	71,161
Fund balances - ending	\$ -	\$ -	\$ 83,027	\$ 83,027

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)
\$ -	\$ -	\$ -	\$ -	\$ 13,500	\$ 13,500	\$ 15,804	\$ 2,304
-	-	-	-	-	-	-	-
-	-	19,248	19,248	396,750	396,750	249,587	(147,163)
300,000	300,000	53,312	(246,688)	-	-	-	-
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 72,560</u>	<u>\$ (227,440)</u>	<u>\$ 410,250</u>	<u>\$ 410,250</u>	<u>\$ 265,391</u>	<u>\$ (144,859)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	300,000	72,560	227,440	-	-	-	-
-	-	-	-	529,000	529,000	261,181	267,819
<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 72,560</u>	<u>\$ 227,440</u>	<u>\$ 529,000</u>	<u>\$ 529,000</u>	<u>\$ 261,181</u>	<u>\$ 267,819</u>
<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (118,750)</u>	<u>\$ (118,750)</u>	<u>\$ 4,210</u>	<u>\$ 122,960</u>
\$ -	\$ -	\$ -	\$ -	\$ 118,750	\$ 118,750	\$ -	\$ (118,750)
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,750</u>	<u>\$ 118,750</u>	<u>\$ -</u>	<u>\$ (118,750)</u>
\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,210	\$ 4,210
-	-	-	-	-	-	84,447	84,447
<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,657</u>	<u>\$ 88,657</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Joint IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund
ASSETS			
Cash and cash equivalents	\$ 226,497	\$ -	\$ 158,951
Investments	-	-	-
Accounts receivable	-	290,172	-
Due from other governmental units	-	-	-
Total assets	\$ 226,497	\$ 290,172	\$ 158,951
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	70,490	-
Reconciled overdraft payable	-	219,682	-
Total liabilities	\$ -	\$ 290,172	\$ -
NET POSITION			
Restricted for:			
Individuals	\$ -	\$ -	\$ 158,951
Other organizations	-	-	-
Other governments	226,497	-	-
Total net position	\$ 226,497	\$ -	\$ 158,951

Custodial Funds					
NC Tourism Commission Fund	911 Capital Fund	911 Operating Fund	Inmate Custodial Fund	Building Inspection Fees Fund	Total
\$ 520,312	\$ 326,457	\$ 482,153	\$ 70,344	\$ 686	\$ 1,785,400
-	-	-	-	-	-
-	-	29,929	-	-	320,101
-	6,288	-	-	-	6,288
<u>\$ 520,312</u>	<u>\$ 332,745</u>	<u>\$ 512,082</u>	<u>\$ 70,344</u>	<u>\$ 686</u>	<u>\$ 2,111,789</u>
\$ 11,264	\$ 138,764	\$ 120,463	\$ -	\$ -	\$ 270,491
-	-	43,368	456	686	115,000
-	-	-	-	-	219,682
<u>\$ 11,264</u>	<u>\$ 138,764</u>	<u>\$ 163,831</u>	<u>\$ 456</u>	<u>\$ 686</u>	<u>\$ 605,173</u>
\$ -	\$ -	\$ -	\$ 69,888	\$ -	\$ 228,839
509,048	-	-	-	-	509,048
-	193,981	348,251	-	-	768,729
<u>\$ 509,048</u>	<u>\$ 193,981</u>	<u>\$ 348,251</u>	<u>\$ 69,888</u>	<u>\$ -</u>	<u>\$ 1,506,616</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	Custodial Funds			
	Joint IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund	NC Tourism Commission Fund
ADDITIONS				
Contributions:				
Other governmental entities	\$ -	\$ 1,443,200	\$ -	\$ 366,275
Participant fees	408	-	-	-
Miscellaneous	-	-	116,337	-
State grants	-	-	-	-
Investment earnings:				
Interest and dividends	-	-	72	-
Total additions	\$ <u>408</u>	\$ <u>1,443,200</u>	\$ <u>116,409</u>	\$ <u>366,275</u>
DEDUCTIONS				
Recipient payments	\$ -	\$ -	\$ 124,383	\$ -
Payments for professional services	10,152	-	-	11,775
Grants to other organizations	-	-	-	79,712
Payments for other charges	-	-	-	-
Payments for capital outlay	-	-	-	-
Payments for personnel	-	1,442,971	-	-
Purchases of supplies	-	229	-	-
Total deductions	\$ <u>10,152</u>	\$ <u>1,443,200</u>	\$ <u>124,383</u>	\$ <u>91,487</u>
Net increase (decrease) in fiduciary net position	\$ <u>(9,744)</u>	\$ <u>-</u>	\$ <u>(7,974)</u>	\$ <u>274,788</u>
Net position - beginning	\$ <u>236,241</u>	\$ <u>-</u>	\$ <u>166,925</u>	\$ <u>234,260</u>
Net position - ending	\$ <u><u>226,497</u></u>	\$ <u><u>-</u></u>	\$ <u><u>158,951</u></u>	\$ <u><u>509,048</u></u>

911 Capital Fund	911 Operating Fund	Inmate Custodial Fund	Building Inspection Fees Fund	Total
\$ 313,343	\$ 1,200,828	\$ -	\$ -	\$ 3,323,646
-	309,565	156,513	-	466,486
172	8,119	246,383	2,695	373,706
30,671	-	-	-	30,671
-	4	-	-	76
<u>\$ 344,186</u>	<u>\$ 1,518,516</u>	<u>\$ 402,896</u>	<u>\$ 2,695</u>	<u>\$ 4,194,585</u>
\$ -	\$ -	\$ 281,533	\$ -	\$ 405,916
98,199	313,958	-	-	434,084
-	-	-	-	79,712
-	149,939	6,180	2,695	158,814
177,741	6,372	-	-	184,113
-	912,558	-	-	2,355,529
-	77,502	149,273	-	227,004
<u>\$ 275,940</u>	<u>\$ 1,460,329</u>	<u>\$ 436,986</u>	<u>\$ 2,695</u>	<u>\$ 3,845,172</u>
<u>\$ 68,246</u>	<u>\$ 58,187</u>	<u>\$ (34,090)</u>	<u>\$ -</u>	<u>\$ 349,413</u>
<u>\$ 125,735</u>	<u>\$ 290,064</u>	<u>\$ 103,978</u>	<u>\$ -</u>	<u>\$ 1,157,203</u>
<u>\$ 193,981</u>	<u>\$ 348,251</u>	<u>\$ 69,888</u>	<u>\$ -</u>	<u>\$ 1,506,616</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Grants Fund	School Cafeteria Fund	School Retiree Health Insurance Fund	School Activity Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,823,283	\$ -	\$ 480,013	\$ 52,113	\$ 384,933	\$ 4,740,342
Receivables (net of allowance for uncollectibles):						
Accounts receivable	96,469	-	3,529	-	-	99,998
Lease receivable	172,887	-	-	-	-	172,887
Interest receivable	229	-	-	-	-	229
Due from other governmental units	380,910	4,680,424	35,812	-	-	5,097,146
Prepaid items	375	-	-	-	-	375
Total assets	<u>\$ 4,474,153</u>	<u>\$ 4,680,424</u>	<u>\$ 519,354</u>	<u>\$ 52,113</u>	<u>\$ 384,933</u>	<u>\$ 10,110,977</u>
LIABILITIES						
Accounts payable	\$ 392,188	\$ 4,107,285	\$ 868	\$ 123	\$ -	\$ 4,500,464
Accrued liabilities	1,502,260	207,792	66,325	-	-	1,776,377
Reconciled overdraft payable	-	239,342	-	-	-	239,342
Due to primary government	1,549,901	-	-	-	-	1,549,901
Unearned revenue - lease	171,379	-	-	-	-	171,379
Unearned revenue - other	15,682	-	-	-	-	15,682
Total liabilities	<u>\$ 3,631,410</u>	<u>\$ 4,554,419</u>	<u>\$ 67,193</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 8,253,145</u>
FUND BALANCES						
Nonspendable	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ 375
Committed	842,368	126,005	452,161	51,990	384,933	1,857,457
Total fund balances	<u>\$ 842,743</u>	<u>\$ 126,005</u>	<u>\$ 452,161</u>	<u>\$ 51,990</u>	<u>\$ 384,933</u>	<u>\$ 1,857,832</u>
Total liabilities and fund balances	<u>\$ 4,474,153</u>	<u>\$ 4,680,424</u>	<u>\$ 519,354</u>	<u>\$ 52,113</u>	<u>\$ 384,933</u>	<u>\$ 10,110,977</u>

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

Total fund balances per above	\$ 1,857,832
-------------------------------	--------------

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

Capital assets, cost	\$ 27,041,433	
Accumulated depreciation	(15,751,725)	11,289,708

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

Net pension asset	\$ 675,885	675,885
-------------------	------------	---------

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

Pension related items	\$ 3,056,330	
OPEB related items	638,577	3,694,907

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

Net OPEB liabilities	\$ (3,520,541)	
Net Pension liability	(8,098,463)	
Compensated absences	(402,090)	(12,021,094)

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

Pension related items	\$ (7,342,627)	
OPEB related items	(787,612)	(8,130,239)

Net position of governmental activities	\$ (2,633,001)
---	----------------

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund	School Grants Fund	School Cafeteria Fund	School Retiree Health Insurance Fund	School Activity Fund	Total Governmental Funds
REVENUES						
Charges for services	\$ -	\$ -	\$ 58,981	\$ 124,738	\$ -	\$ 183,719
Miscellaneous	224,494	-	-	-	293,774	518,268
Intergovernmental:						
Local government	9,099,869	-	-	-	-	9,099,869
Commonwealth	10,424,376	-	19,790	-	-	10,444,166
Federal	-	6,920,378	1,055,736	-	-	7,976,114
Total revenues	<u>\$ 19,748,739</u>	<u>\$ 6,920,378</u>	<u>\$ 1,134,507</u>	<u>\$ 124,738</u>	<u>\$ 293,774</u>	<u>\$ 28,222,136</u>
EXPENDITURES						
Current:						
Education	\$ 19,663,386	\$ 6,920,378	\$ 956,270	\$ 122,399	\$ 255,728	\$ 27,918,161
Debt service:						
Principal retirement	80,952	-	-	-	-	80,952
Interest and other fiscal charges	1,698	-	-	-	-	1,698
Total expenditures	<u>\$ 19,746,036</u>	<u>\$ 6,920,378</u>	<u>\$ 956,270</u>	<u>\$ 122,399</u>	<u>\$ 255,728</u>	<u>\$ 28,000,811</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,703	\$ -	\$ 178,237	\$ 2,339	\$ 38,046	\$ 221,325
Net change in fund balances	\$ 2,703	\$ -	\$ 178,237	\$ 2,339	\$ 38,046	\$ 221,325
Fund balances - beginning	840,040	126,005	273,924	49,651	346,887	1,636,507
Fund balances - ending	<u>\$ 842,743</u>	<u>\$ 126,005</u>	<u>\$ 452,161</u>	<u>\$ 51,990</u>	<u>\$ 384,933</u>	<u>\$ 1,857,832</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 \$ 221,325

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	\$ 4,485,860	
Depreciation expense	(923,360)	3,562,500

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	80,952
--------------------	--------

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	\$ 41,757	
OPEB expense	66,152	
Pension expense	2,002,878	2,110,787

Change in net position of governmental activities	\$ 5,975,564
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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, 2022

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 53,013	\$ 53,013	\$ 58,981	\$ 5,968
Miscellaneous	-	2,800	-	(2,800)
Intergovernmental:				
Commonwealth	9,417	20,140	19,790	(350)
Federal	1,013,323	1,181,684	1,055,736	(125,948)
Total revenues	\$ 1,075,753	\$ 1,257,637	\$ 1,134,507	\$ (123,130)
EXPENDITURES				
Current:				
Education	\$ 1,125,753	\$ 1,307,637	\$ 956,270	\$ 351,367
Total expenditures	\$ 1,125,753	\$ 1,307,637	\$ 956,270	\$ 351,367
Excess (deficiency) of revenues over (under) expenditures	\$ (50,000)	\$ (50,000)	\$ 178,237	\$ 228,237
Net change in fund balances	\$ (50,000)	\$ (50,000)	\$ 178,237	\$ 228,237
Fund balances - beginning	50,000	50,000	273,924	223,924
Fund balances - ending	\$ -	\$ -	\$ 452,161	\$ 452,161

-

School Retiree Health Insurance Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	
			Positive	
			(Negative)	
\$ -	\$ -	\$ 124,738	\$ 124,738	
-	-	-	-	
-	-	-	-	
-	-	-	-	
\$ -	\$ -	\$ 124,738	\$ 124,738	
\$ -	\$ -	\$ 122,399	\$ (122,399)	
\$ -	\$ -	\$ 122,399	\$ (122,399)	
\$ -	\$ -	\$ 2,339	\$ 2,339	
\$ -	\$ -	\$ 2,339	\$ 2,339	
-	-	49,651	49,651	
\$ -	\$ -	\$ 51,990	\$ 51,990	

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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, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	201,072	224,150	224,494	344
Intergovernmental:				
Local government	9,099,869	9,099,869	9,099,869	-
Commonwealth	10,319,440	10,518,506	10,424,376	(94,130)
Federal	-	-	-	-
Total revenues	\$ 19,620,381	\$ 19,842,525	\$ 19,748,739	\$ (93,786)
EXPENDITURES				
Current:				
Education	\$ 19,875,481	\$ 20,097,625	\$ 19,663,386	\$ 434,239
Debt service:				
Principal retirement	80,952	80,952	80,952	-
Interest and other fiscal charges	1,698	1,698	1,698	-
Total expenditures	\$ 19,958,131	\$ 20,180,275	\$ 19,746,036	\$ 434,239
Excess (deficiency) of revenues over (under) expenditures	\$ (337,750)	\$ (337,750)	\$ 2,703	\$ 340,453
Net change in fund balances	\$ (337,750)	\$ (337,750)	\$ 2,703	\$ 340,453
Fund balances - beginning	337,750	337,750	840,040	502,290
Fund balances - ending	\$ -	\$ -	\$ 842,743	\$ 842,743

School Grants Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
-	-	-	-	
2,997,539	10,825,537	6,920,378	(3,905,159)	
\$ 2,997,539	\$ 10,825,537	\$ 6,920,378	\$ (3,905,159)	
\$ 2,997,539	\$ 10,825,537	\$ 6,920,378	\$ 3,905,159	
-	-	-	-	
-	-	-	-	
2,997,539	10,825,537	6,920,378	3,905,159	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
2,997,539	10,825,537	6,920,378	3,905,159	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	126,005	126,005	
\$ -	\$ -	\$ 126,005	\$ 126,005	

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2022

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ASSETS				
Investments	\$ 19,653	\$ 5,008	\$ 3,295	\$ 27,956
Total assets	<u>\$ 19,653</u>	<u>\$ 5,008</u>	<u>\$ 3,295</u>	<u>\$ 27,956</u>
NET POSITION				
Restricted:				
Held in trust for scholarships	\$ 19,653	\$ 5,008	\$ 3,295	\$ 27,956
Total net position	<u>\$ 19,653</u>	<u>\$ 5,008</u>	<u>\$ 3,295</u>	<u>\$ 27,956</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2022

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ADDITIONS				
Contributions:				
Private donations	\$ 150	\$ -	\$ -	\$ 150
Total contributions	\$ 150	\$ -	\$ -	\$ 150
Investment earnings:				
Interest	\$ 50	\$ 14	\$ 3	\$ 67
Total additions	\$ 200	\$ 14	\$ 3	\$ 217
Change in net position	\$ 200	\$ 14	\$ 3	\$ 217
Net position - beginning	19,453	4,994	3,292	27,739
Net position - ending	\$ 19,653	\$ 5,008	\$ 3,295	\$ 27,956

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SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,038,005	\$ 16,038,005	\$ 16,173,625	\$ 135,620
Real and personal public service corporation taxes	497,902	497,902	486,695	(11,207)
Personal property taxes	3,054,243	3,054,243	3,325,190	270,947
Mobile home taxes	22,423	22,423	21,279	(1,144)
Penalties	213,870	213,870	215,550	1,680
Interest	200,000	200,000	89,012	(110,988)
Total general property taxes	<u>\$ 20,026,443</u>	<u>\$ 20,026,443</u>	<u>\$ 20,311,351</u>	<u>\$ 284,908</u>
Other local taxes:				
Local sales and use taxes	\$ 2,850,000	\$ 3,656,480	\$ 4,139,963	\$ 483,483
Consumers' utility taxes	325,000	325,000	335,039	10,039
Business license taxes	40,000	40,000	33,026	(6,974)
Motor vehicle licenses	363,000	363,000	359,014	(3,986)
Bank stock taxes	30,000	30,000	40,320	10,320
Taxes on recordation and wills	305,500	305,500	416,351	110,851
Hotel and motel room taxes	500,000	783,775	1,018,413	234,638
Restaurant food taxes	315,141	315,141	410,177	95,036
Total other local taxes	<u>\$ 4,728,641</u>	<u>\$ 5,818,896</u>	<u>\$ 6,752,303</u>	<u>\$ 933,407</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,650	\$ 1,650	\$ 1,332	\$ (318)
Permits and other licenses	<u>135,000</u>	<u>135,000</u>	<u>215,758</u>	<u>80,758</u>
Total permits, privilege fees, and regulatory licenses	<u>\$ 136,650</u>	<u>\$ 136,650</u>	<u>\$ 217,090</u>	<u>\$ 80,440</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 409,000	\$ 409,000	\$ 170,093	\$ (238,907)
Total fines and forfeitures	<u>\$ 409,000</u>	<u>\$ 409,000</u>	<u>\$ 170,093</u>	<u>\$ (238,907)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 41,200	\$ 41,200	\$ 61,134	\$ 19,934
Revenue from use of property	23,280	23,280	34,930	11,650
Total revenue from use of money and property	<u>\$ 64,480</u>	<u>\$ 64,480</u>	<u>\$ 96,064</u>	<u>\$ 31,584</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 45,000	\$ 45,000	\$ 44,047	\$ (953)
Charges for courthouse security	259,278	259,278	442,804	183,526
Charges for sheriff secondary employment	50,000	50,000	54,201	4,201
Charges for Commonwealth's Attorney	3,240	3,240	4,079	839
Charges for ambulance fees	293,000	293,000	399,596	106,596
Charges for school officer	50,000	50,000	43,555	(6,445)
Charges for sanitation and waste removal	738,970	738,970	751,739	12,769
Charges for solar farm fees	16,610	16,610	16,942	332
Charges for parks and recreation	39,680	39,680	49,417	9,737
Total charges for services	<u>\$ 1,495,778</u>	<u>\$ 1,495,778</u>	<u>\$ 1,806,380</u>	<u>\$ 310,602</u>
Miscellaneous:				
Miscellaneous	\$ 10,000	\$ 60,185	\$ 61,320	\$ 1,135
Total miscellaneous	<u>\$ 10,000</u>	<u>\$ 60,185</u>	<u>\$ 61,320</u>	<u>\$ 1,135</u>
Recovered costs:				
General recovered costs	\$ 60,000	\$ 60,000	\$ 44,326	\$ (15,674)
Code enforcement	36,000	36,000	6,558	(29,442)
Treasurer recovered costs	145,569	145,569	323,362	177,793
Total recovered costs	<u>\$ 241,569</u>	<u>\$ 241,569</u>	<u>\$ 374,246</u>	<u>\$ 132,677</u>
Total revenue from local sources	<u>\$ 27,112,561</u>	<u>\$ 28,253,001</u>	<u>\$ 29,788,847</u>	<u>\$ 1,535,846</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ -	\$ -	\$ 1,649	\$ 1,649
Mobile home titling tax	13,000	13,000	15,332	2,332
Motor vehicle rental tax	4,000	4,000	6,874	2,874
Communications tax	414,209	414,209	362,942	(51,267)
State recordation tax	46,000	46,000	-	(46,000)
Games of skill tax	-	-	5,328	5,328
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,899,176</u>	<u>\$ 1,899,176</u>	<u>\$ 1,814,092</u>	<u>\$ (85,084)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 247,914	\$ 247,914	\$ 247,871	\$ (43)
Sheriff	1,140,006	1,402,777	1,007,153	(395,624)
Commissioner of revenue	103,693	103,693	103,697	4
Treasurer	100,892	100,892	100,859	(33)
Registrar/electoral board	75,000	75,413	63,827	(11,586)
Clerk of the Circuit Court	236,365	270,717	267,784	(2,933)
Total shared expenses	<u>\$ 1,903,870</u>	<u>\$ 2,201,406</u>	<u>\$ 1,791,191</u>	<u>\$ (410,215)</u>
Other categorical aid:				
Four for Life	\$ 12,513	\$ 12,513	\$ -	\$ (12,513)
Litter control grant	10,100	10,100	13,297	3,197
VA rescue squad assistance grant	30,000	30,000	-	(30,000)
Library grant	10,816	10,816	27,196	16,380
VA department of emergency management	-	345,000	293,553	(51,447)
Health department settlement	20,000	20,000	-	(20,000)
Victim-witness grant	15,157	15,157	18,188	3,031
Other state funds	2,000,000	2,252,232	954,554	(1,297,678)
Fire programs	31,428	34,926	34,926	-
Total other categorical aid	<u>\$ 2,130,014</u>	<u>\$ 2,730,744</u>	<u>\$ 1,341,714</u>	<u>\$ (1,389,030)</u>
Total categorical aid	<u>\$ 4,033,884</u>	<u>\$ 4,932,150</u>	<u>\$ 3,132,905</u>	<u>\$ (1,799,245)</u>
Total revenue from the Commonwealth	<u>\$ 5,933,060</u>	<u>\$ 6,831,326</u>	<u>\$ 4,946,997</u>	<u>\$ (1,884,329)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 30,000	\$ 30,000	\$ 25,000	\$ (5,000)
Act funds	-	-	2,062	2,062
Total noncategorical aid	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 27,062</u>	<u>\$ (2,938)</u>
Categorical aid:				
Victim-witness grant	\$ 45,469	\$ 45,469	\$ 42,438	\$ (3,031)
Byrne Justice assistance grant	-	2,964	-	(2,964)
Emergency management	7,500	7,500	-	(7,500)
DMV grant	8,085	8,085	2,088	(5,997)
Community development block grant	-	60,000	60,000	-
USDA Grant - Rural Assistance	-	988,300	-	(988,300)
American rescue plan act - local law enforcement	-	-	54,902	54,902
American rescue plan act - DOJ	-	-	609	609
Total categorical aid	<u>\$ 61,054</u>	<u>\$ 1,112,318</u>	<u>\$ 160,037</u>	<u>\$ (952,281)</u>
Total revenue from the federal government	<u>\$ 91,054</u>	<u>\$ 1,142,318</u>	<u>\$ 187,099</u>	<u>\$ (955,219)</u>
Total General Fund	<u>\$ 33,136,675</u>	<u>\$ 36,226,645</u>	<u>\$ 34,922,943</u>	<u>\$ (1,303,702)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 274,301	\$ 274,301	\$ 86,203	\$ (188,098)
Total charges for services	\$ 274,301	\$ 274,301	\$ 86,203	\$ (188,098)
Recovered costs:				
Extradition costs	\$ 3,000	\$ 3,000	\$ 6,683	\$ 3,683
Total recovered costs	\$ 3,000	\$ 3,000	\$ 6,683	\$ 3,683
Total revenue from local sources	\$ 277,301	\$ 277,301	\$ 92,886	\$ (184,415)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 2,117,154	\$ 2,009,383	\$ 1,937,068	\$ (72,315)
Other categorical aid:				
Local jails	\$ 240,888	\$ 240,888	\$ 159,898	\$ (80,990)
Total categorical aid	\$ 2,358,042	\$ 2,250,271	\$ 2,096,966	\$ (153,305)
Total revenue from the Commonwealth	\$ 2,358,042	\$ 2,250,271	\$ 2,096,966	\$ (153,305)
Revenue from the federal government:				
Categorical aid:				
ARP Act	\$ -	\$ -	\$ 113,033	\$ 113,033
Total revenue from the federal government	-	-	113,033	113,033
Total Eastern Shore Regional Jail Fund	\$ 2,635,343	\$ 2,527,572	\$ 2,302,885	\$ (224,687)
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 70,302	\$ 70,302
Total revenue from local sources	\$ -	\$ -	\$ 70,302	\$ 70,302
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 869,133	\$ 869,133	\$ 759,057	\$ (110,076)
Total categorical aid	\$ 869,133	\$ 869,133	\$ 759,057	\$ (110,076)
Total revenue from the Commonwealth	\$ 869,133	\$ 869,133	\$ 759,057	\$ (110,076)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,316,058	\$ 1,316,058	\$ 1,495,293	\$ 179,235
Total categorical aid	\$ 1,316,058	\$ 1,316,058	\$ 1,495,293	\$ 179,235
Total revenue from the federal government	\$ 1,316,058	\$ 1,316,058	\$ 1,495,293	\$ 179,235
Total Virginia Public Assistance Fund	\$ 2,185,191	\$ 2,185,191	\$ 2,324,652	\$ 139,461

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Forfeited Asset Sharing Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ 177	\$ 176	\$ (1)
Total revenue from the Commonwealth	\$ -	\$ 177	\$ 176	\$ (1)
Total Forfeited Asset Sharing Fund	\$ -	\$ 177	\$ 176	\$ (1)
CDBG Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Program income	\$ -	\$ -	\$ 11,866	\$ 11,866
Total miscellaneous	\$ -	\$ -	\$ 11,866	\$ 11,866
Total revenue from local sources	\$ -	\$ -	\$ 11,866	\$ 11,866
Total CDBG Projects Fund	\$ -	\$ -	\$ 11,866	\$ 11,866
Brownfield Community Assessment Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Environmental Proteciton Agency grant	\$ -	\$ -	\$ 19,248	\$ 19,248
Total categorical aid	\$ -	\$ -	\$ 19,248	\$ 19,248
Total revenue from the Commonwealth	\$ -	\$ -	\$ 19,248	\$ 19,248
Revenue from the federal government:				
Categorical aid:				
Environmental Protection Agency grant	\$ 300,000	\$ 300,000	\$ 53,312	\$ (246,688)
Total Brownfield Community Assessment Fund	\$ 300,000	\$ 300,000	\$ 72,560	\$ (227,440)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Harbor Improvement Fund:				
Revenue from local sources:				
Charges for services:				
Boat slip rentals	\$ 13,500	\$ 13,500	\$ 15,804	\$ 2,304
Total charges for services	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 15,804</u>	<u>\$ 2,304</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA Port Authority Grant	\$ 396,750	\$ 396,750	\$ 249,587	\$ (147,163)
Total revenue from the Commonwealth	<u>\$ 396,750</u>	<u>\$ 396,750</u>	<u>\$ 249,587</u>	<u>\$ (147,163)</u>
Total Harbor Improvement Fund	<u>\$ 410,250</u>	<u>\$ 410,250</u>	<u>\$ 265,391</u>	<u>\$ (144,859)</u>
Debt Service Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 44,219	\$ 44,219	\$ -
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 44,219</u>	<u>\$ 44,219</u>	<u>\$ -</u>
Miscellaneous revenue:				
Other miscellaneous				-
Other miscellaneous	\$ -	\$ -	\$ 613	\$ 613
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 613</u>
Recovered costs:				
Reimbursement from C/W for regional jail	\$ -	\$ -	\$ -	\$ -
Other recovered costs	\$ 161,145	\$ 161,145	\$ 161,139	\$ (6)
Total recovered costs	<u>\$ 161,145</u>	<u>\$ 161,145</u>	<u>\$ 161,139</u>	<u>\$ (6)</u>
Total revenue from local sources	<u>\$ 161,145</u>	<u>\$ 205,364</u>	<u>\$ 205,971</u>	<u>\$ 607</u>
Total Debt Service Fund	<u>\$ 161,145</u>	<u>\$ 205,364</u>	<u>\$ 205,971</u>	<u>\$ 607</u>
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 154,328	\$ 154,328
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,328</u>	<u>\$ 154,328</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ 319,482	\$ 319,482	\$ 1,869,382	\$ 1,549,900
Total revenues from local governments	<u>\$ 319,482</u>	<u>\$ 319,482</u>	<u>\$ 1,869,382</u>	<u>\$ 1,549,900</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Capital Improvements Fund: (Continued)				
Total County Capital Improvements Fund	\$ 319,482	\$ 319,482	\$ 2,023,710	\$ 1,704,228
American Rescue Plan Act Fund:				
Revenue from the federal government:				
Categorical aid:				
ARP Act	-	2,337,889	1,197,239	(1,140,650)
Total revenue from the federal government	-	2,337,889	1,197,239	(1,140,650)
Total American Rescue Plan Act Fund	-	2,337,889	1,197,239	(1,140,650)
Total Primary Government	\$ 39,148,086	\$ 44,512,570	\$ 43,328,006	\$ (1,185,177)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 201,072	\$ 224,150	\$ 224,494	\$ 344
Total revenue from local sources	\$ 201,072	\$ 224,150	\$ 224,494	\$ 344
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 9,099,869	\$ 9,099,869	\$ 9,099,869	\$ -
Total revenues from local governments	\$ 9,099,869	\$ 9,099,869	\$ 9,099,869	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,961,770	\$ 1,961,770	\$ 2,434,561	\$ 472,791
Basic school aid	3,966,029	3,966,029	3,482,082	(483,947)
ISAP	8,386	8,386	8,233	(153)
Gifted and talented	37,950	37,950	35,718	(2,232)
Remedial education	254,910	254,910	239,918	(14,992)
Project graduation	4,079	4,079	3,781	(298)
English as a second language	95,912	95,912	87,539	(8,373)
Special education	513,500	513,500	512,622	(878)
Textbook payment	76,953	76,953	72,427	(4,526)
Virginia preschool initiative	133,987	133,987	178,281	44,294
Social security fringe benefits	237,725	237,725	223,744	(13,981)
Retirement fringe benefits	554,931	554,931	522,293	(32,638)
Group life insurance fringe benefits	16,469	16,469	19,929	3,460
SOL algebra	28,528	28,528	24,796	(3,732)
Early reading intervention	35,826	35,826	64,109	28,283
GED pass-thru grant	-	83,921	78,327	(5,594)
Special education homebound	3,888	3,888	-	(3,888)
National Board Certification incentive awards	-	10,000	-	(10,000)
Vocational educational	81,000	83,316	77,485	(5,831)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	\$ 791,640	\$ 791,640	\$ 744,923	\$ (46,717)
Primary class size	319,353	319,353	316,394	(2,959)
Compensation supplement	632,085	632,085	253,933	(378,152)
Supplemental lottery per pupil allocation	276,952	276,952	273,886	(3,066)
Technology	180,000	180,000	151,500	(28,500)
Alternative education	107,567	107,567	107,567	-
Jobs for Virginia graduates	-	30,000	24,951	(5,049)
Other state funds	-	66,666	424,620	357,954
Mentor teacher programs	-	6,163	6,163	-
No loss enrollment	-	-	54,594	54,594
Total categorical aid	<u>\$ 10,319,440</u>	<u>\$ 10,518,506</u>	<u>\$ 10,424,376</u>	<u>\$ (94,130)</u>
Total revenue from the Commonwealth	<u>\$ 10,319,440</u>	<u>\$ 10,518,506</u>	<u>\$ 10,424,376</u>	<u>\$ (94,130)</u>
Total School Operating Fund	<u>\$ 19,620,381</u>	<u>\$ 19,842,525</u>	<u>\$ 19,748,739</u>	<u>\$ (93,786)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 53,013	\$ 53,013	\$ 58,981	\$ 5,968
Total charges for services	<u>\$ 53,013</u>	<u>\$ 53,013</u>	<u>\$ 58,981</u>	<u>\$ 5,968</u>
Miscellaneous:				
Other miscellaneous	\$ -	\$ 2,800	\$ -	\$ (2,800)
Total miscellaneous	<u>\$ -</u>	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ (2,800)</u>
Total revenue from local sources	<u>\$ 53,013</u>	<u>\$ 55,813</u>	<u>\$ 58,981</u>	<u>\$ 3,168</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,417	\$ 20,140	\$ 19,790	\$ (350)
Total categorical aid	<u>\$ 9,417</u>	<u>\$ 20,140</u>	<u>\$ 19,790</u>	<u>\$ (350)</u>
Total revenue from the Commonwealth	<u>\$ 9,417</u>	<u>\$ 20,140</u>	<u>\$ 19,790</u>	<u>\$ (350)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Cafeteria Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 985,905	\$ 1,061,712	\$ 744,449	\$ (317,263)
Summer food program grant	27,418	27,418	239,607	212,189
Other federal grants	-	92,554	3,063	(89,491)
USDA commodities	-	-	68,617	68,617
Total categorical aid	<u>\$ 1,013,323</u>	<u>\$ 1,181,684</u>	<u>\$ 1,055,736</u>	<u>\$ (125,948)</u>
Total revenue from the federal government	<u>\$ 1,013,323</u>	<u>\$ 1,181,684</u>	<u>\$ 1,055,736</u>	<u>\$ (125,948)</u>
Total School Cafeteria Fund	<u>\$ 1,075,753</u>	<u>\$ 1,257,637</u>	<u>\$ 1,134,507</u>	<u>\$ (123,130)</u>
School Grants Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 919,036	\$ 1,094,172	\$ 671,446	\$ (422,726)
Title I Part C (Migrant)	333,570	261,457	182,595	(78,862)
Title II Part A	105,335	115,645	89,208	(26,437)
Title III Part A	36,251	48,484	23,893	(24,591)
Title IV Part A	99,111	132,537	74,282	(58,255)
Title V Part A	58,914	58,914	-	(58,914)
Title VI-B Special education	469,287	498,985	416,209	(82,776)
Title VI-B preschool	15,805	18,368	19,809	1,441
Title VI-B rural and low income schools	-	22,297	46,495	24,198
CTE/Perkins grant	47,080	49,173	27,902	(21,271)
1003 A school improvement grant	155,453	187,636	182,351	(5,285)
Consortium incentive grants	19,975	8,004	13,368	5,364
Other federal grants	737,722	8,329,865	5,172,820	(3,157,045)
Total categorical aid	<u>\$ 2,997,539</u>	<u>\$ 10,825,537</u>	<u>\$ 6,920,378</u>	<u>\$ (3,905,159)</u>
Total revenue from the federal government	<u>\$ 2,997,539</u>	<u>\$ 10,825,537</u>	<u>\$ 6,920,378</u>	<u>\$ (3,905,159)</u>
Total School Grants Fund	<u>\$ 2,997,539</u>	<u>\$ 10,825,537</u>	<u>\$ 6,920,378</u>	<u>\$ (3,905,159)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 124,738	\$ 124,738
Total revenue from local sources	\$ -	\$ -	\$ 124,738	\$ 124,738
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 124,738	\$ 124,738
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 293,774	\$ 293,774
Total miscellaneous revenue	\$ -	\$ -	\$ 293,774	\$ 293,774
Total School Activity Fund	\$ -	\$ -	\$ 293,774	\$ 293,774
Total Discretely Presented Component Unit - School Board	\$ 23,693,673	\$ 31,925,699	\$ 28,222,136	\$ (3,703,563)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 61,266	\$ 100,266	\$ 78,546	\$ 21,720
General and financial administration:				
County administrator	\$ 421,987	\$ 532,132	\$ 473,372	\$ 58,760
County attorney	77,976	78,496	78,495	1
Commissioner of revenue	273,676	273,676	269,292	4,384
General reassessment	197,503	197,503	175,322	22,181
Treasurer	384,493	410,154	410,154	-
Finance	425,110	425,110	423,665	1,445
Department of information technology	440,038	440,038	383,139	56,899
Contingency	199,833	146,244	-	146,244
Other general and financial administration	207,263	213,618	213,618	-
Total general and financial administration	\$ 2,627,879	\$ 2,716,971	\$ 2,427,057	\$ 289,914
Board of elections:				
Electoral board and officials	\$ 240,839	\$ 269,404	\$ 197,950	\$ 71,454
Total board of elections	\$ 240,839	\$ 269,404	\$ 197,950	\$ 71,454
Total general government administration	\$ 2,929,984	\$ 3,086,641	\$ 2,703,553	\$ 383,088
Judicial administration:				
Courts:				
Circuit court	\$ 30,300	\$ 30,300	\$ 30,124	\$ 176
General district court	7,600	7,600	6,728	872
Magistrate	3,225	3,225	569	2,656
Juvenile and domestic relations district court	6,740	6,740	5,728	1,012
Clerk of the circuit court	359,013	407,954	394,385	13,569
Victim and witness assistance	60,217	60,940	60,940	-
Total courts	\$ 467,095	\$ 516,759	\$ 498,474	\$ 18,285
Commonwealth's attorney:				
Commonwealth's attorney	\$ 413,018	\$ 413,018	\$ 387,664	\$ 25,354
Total commonwealth's attorney	\$ 413,018	\$ 413,018	\$ 387,664	\$ 25,354
Total judicial administration	\$ 880,113	\$ 929,777	\$ 886,138	\$ 43,639
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,277,415	\$ 3,589,854	\$ 3,253,689	\$ 336,165
Total law enforcement and traffic control	\$ 3,277,415	\$ 3,589,854	\$ 3,253,689	\$ 336,165

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 13,304	\$ 13,640	\$ 13,639	\$ 1
Fire prevention	192,596	272,863	257,959	14,904
Emergency medical services	2,584,632	2,897,988	1,618,772	1,279,216
ARPA expenditures	-	845,400	840,494	4,906
Total fire and rescue services	<u>\$ 2,790,532</u>	<u>\$ 4,029,891</u>	<u>\$ 2,730,864</u>	<u>\$ 1,299,027</u>
Correction and detention:				
Judicial court services	\$ 53,480	\$ 53,480	\$ 28,411	\$ 25,069
Total correction and detention	<u>\$ 53,480</u>	<u>\$ 53,480</u>	<u>\$ 28,411</u>	<u>\$ 25,069</u>
Other protection:				
Animal control	\$ 128,866	\$ 135,325	\$ 130,846	\$ 4,479
Other emergency services	589,113	610,261	594,822	15,439
Contribution to animal control facility	35,600	35,600	24,190	11,410
ARPA expenditures	-	-	10,500	(10,500)
CARES Act - Public health, safety and PPE	-	-	210,378	(210,378)
Total other protection	<u>\$ 753,579</u>	<u>\$ 781,186</u>	<u>\$ 970,736</u>	<u>\$ (189,550)</u>
Total public safety	<u>\$ 6,875,006</u>	<u>\$ 8,454,411</u>	<u>\$ 6,983,700</u>	<u>\$ 1,470,711</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,011,177	\$ 2,209,928	\$ 2,084,095	\$ 125,833
Administration	184,154	193,815	193,815	-
Total sanitation and waste removal	<u>\$ 2,195,331</u>	<u>\$ 2,403,743</u>	<u>\$ 2,277,910</u>	<u>\$ 125,833</u>
Maintenance of general buildings and grounds:				
General properties	\$ 3,402,070	\$ 5,534,216	\$ 3,863,725	\$ 1,670,491
Total maintenance of general buildings and grounds	<u>\$ 3,402,070</u>	<u>\$ 5,534,216</u>	<u>\$ 3,863,725</u>	<u>\$ 1,670,491</u>
Total public works	<u>\$ 5,597,401</u>	<u>\$ 7,937,959</u>	<u>\$ 6,141,635</u>	<u>\$ 1,796,324</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 441,692	\$ 441,692	\$ 441,692	\$ -
Total health	<u>\$ 441,692</u>	<u>\$ 441,692</u>	<u>\$ 441,692</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 77,574	\$ 77,574	\$ 77,574	\$ -
Total mental health and mental retardation	\$ 77,574	\$ 77,574	\$ 77,574	\$ -
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,700	\$ 100
Comprehensive Services Act	170,000	170,000	22,285	147,715
Total welfare	\$ 171,800	\$ 171,800	\$ 23,985	\$ 147,815
Total health and welfare	\$ 691,066	\$ 691,066	\$ 543,251	\$ 147,815
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 24,702	\$ 24,702	\$ 24,702	\$ -
Contribution to County School Board	9,029,869	9,029,869	9,029,869	-
Total education	\$ 9,054,571	\$ 9,054,571	\$ 9,054,571	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 287,307	\$ 287,479	\$ 234,820	\$ 52,659
Harbors and boat ramps	39,534	40,840	19,373	21,467
Total parks and recreation	\$ 326,841	\$ 328,319	\$ 254,193	\$ 74,126
Library:				
Contribution to regional library	\$ 363,618	\$ 363,618	\$ 263,618	\$ 100,000
Contribution to local library	30,000	30,000	30,000	-
Total library	\$ 393,618	\$ 393,618	\$ 293,618	\$ 100,000
Total parks, recreation, and cultural	\$ 720,459	\$ 721,937	\$ 547,811	\$ 174,126
Community development:				
Planning and community development:				
Community development	\$ 82,861	\$ 84,121	\$ 85,002	\$ (881)
CARES Act - Community support	-	-	2,062	(2,062)
ARPA expenditures	-	-	819,565	(819,565)
Planning, permitting and enforcement	1,036,588	1,195,564	839,470	356,094
Wetlands board	3,756	3,756	1,749	2,007
Planning commission	11,796	11,796	6,542	5,254
Other economic development	351,616	635,391	635,391	-
Total planning and community development	\$ 1,486,617	\$ 1,930,628	\$ 2,389,781	\$ (459,153)
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 33,504	\$ 33,504	\$ 33,504	\$ -
Total environmental management	\$ 33,504	\$ 33,504	\$ 33,504	\$ -
Cooperative extension program:				
Extension office	\$ 111,868	\$ 111,868	\$ 85,845	26,023
Total cooperative extension program	\$ 111,868	\$ 111,868	\$ 85,845	26,023
Total community development	\$ 1,631,989	\$ 2,076,000	\$ 2,509,130	\$ (433,130)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Total General Fund	\$ 28,380,589	\$ 32,952,362	\$ 29,369,789	\$ 3,582,573
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 4,503,618	\$ 6,105,858	\$ 5,847,197	\$ 258,661
Total correction and detention	\$ 4,503,618	\$ 6,105,858	\$ 5,847,197	\$ 258,661
Total Eastern Shore Regional Jail Fund	\$ 4,503,618	\$ 6,105,858	\$ 5,847,197	\$ 258,661
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,368,403	\$ 2,368,403	\$ 2,307,016	\$ 61,387
Public assistance	150,681	150,681	133,549	17,132
Other welfare services	87,020	87,020	191,621	(104,601)
Total welfare and social services	\$ 2,606,104	\$ 2,606,104	\$ 2,632,186	\$ (26,082)
Total health and welfare	\$ 2,606,104	\$ 2,606,104	\$ 2,632,186	\$ (26,082)
Total Virginia Public Assistance Fund	\$ 2,606,104	\$ 2,606,104	\$ 2,632,186	\$ (26,082)
Forfeited Asset Sharing Fund:				
Judicial administration:				
Commonwealth's attorney:				
Commonwealth's attorney	\$ -	\$ 177	\$ -	\$ 177
Total judicial administration	\$ -	\$ 177	\$ -	\$ 177
Total Forfeited Asset Sharing Fund	\$ -	\$ 177	\$ -	\$ 177
Brownfield Community Assessment Fund:				
Community development:				
Planning and community development:				
Construction and improvements	\$ -	\$ 300,000	\$ 72,560	\$ 227,440
Total community development	\$ -	\$ 300,000	\$ 72,560	\$ 227,440
Total Brownfield Community Assessment Fund	\$ -	\$ 300,000	\$ 72,560	\$ 227,440

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Harbor Improvement Fund:				
Capital projects:				
Harbors and boat ramps	\$ 529,000	\$ 529,000	\$ 261,181	\$ 267,819
Total capital projects	\$ 529,000	\$ 529,000	\$ 261,181	\$ 267,819
Total Harbor Improvement Fund	\$ 529,000	\$ 529,000	\$ 261,181	\$ 267,819
Debt Service Fund:				
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,139,353	\$ 2,726,341	\$ 2,181,030	\$ 545,311
Interest and other fiscal charges	1,497,402	1,497,402	1,834,716	(337,314)
Bond issuance costs	-	202,922	199,820	3,102
Total Debt Service Fund	\$ 3,636,755	\$ 4,426,665	\$ 4,215,566	\$ 211,099
Capital Projects Funds:				
Capital Improvements Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total education	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Capital projects expenditures:				
Other school capital projects	\$ 626,274	\$ 2,976,843	\$ 183,689	\$ 2,793,154
School enhancement project	-	61,683,683	12,693,640	48,990,043
Other construction and improvements	67,525	67,525	-	67,525
Contingencies	1,250,000	2,056,480	-	2,056,480
Total capital projects	\$ 1,943,799	\$ 66,784,531	\$ 12,877,329	\$ 53,907,202
Total Capital Improvements Fund	\$ 2,013,799	\$ 66,854,531	\$ 12,947,329	\$ 53,907,202
American Rescue Plan Act Fund:				
General and financial administration:				
County administrator	\$ -	\$ 315,548	\$ 8,107	\$ 307,441
Total general and financial administration	\$ -	\$ 315,548	\$ 8,107	\$ 307,441
Public safety:				
Correction and detention:				
Care and confinement	\$ -	\$ 120,000	\$ -	\$ 120,000
Total correction and detention	\$ -	\$ 120,000	\$ -	\$ 120,000

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Harbor Improvement Fund:				
Capital projects:				
Harbors and boat ramps	\$ 529,000	\$ 529,000	\$ 261,181	\$ 267,819
Total capital projects	\$ 529,000	\$ 529,000	\$ 261,181	\$ 267,819
Total Harbor Improvement Fund	\$ 529,000	\$ 529,000	\$ 261,181	\$ 267,819
Debt Service Fund:				
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,139,353	\$ 2,726,341	\$ 2,181,030	\$ 545,311
Interest and other fiscal charges	1,497,402	1,497,402	1,834,716	(337,314)
Bond issuance costs	-	202,922	199,820	3,102
Other debt service	-	-	-	-
Total Debt Service Fund	\$ 3,636,755	\$ 4,426,665	\$ 4,215,566	\$ 211,099
Capital Projects Funds:				
Capital Improvements Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total education	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Capital projects expenditures:				
Other school capital projects	\$ 626,274	\$ 2,976,843	\$ 183,689	\$ 2,793,154
School enhancement project	-	61,683,683	12,693,640	48,990,043
Other construction and improvements	67,525	67,525	-	67,525
Contingencies	1,250,000	2,056,480	-	2,056,480
Total capital projects	\$ 1,943,799	\$ 66,784,531	\$ 12,877,329	\$ 53,907,202
Total Capital Improvements Fund	\$ 2,013,799	\$ 66,854,531	\$ 12,947,329	\$ 53,907,202
American Rescue Plan Act Fund:				
General and financial administration:				
County administrator	\$ -	\$ 315,548	\$ 8,107	\$ 307,441
Total general and financial administration	\$ -	\$ 315,548	\$ 8,107	\$ 307,441
Public safety:				
Correction and detention:				
Care and confinement	\$ -	\$ 120,000	\$ -	\$ 120,000
Total correction and detention	\$ -	\$ 120,000	\$ -	\$ 120,000

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 1,755,695	\$ 1,783,195	\$ 1,752,283	\$ 30,912
Total administration of schools	\$ 1,755,695	\$ 1,783,195	\$ 1,752,283	\$ 30,912
Instruction costs:				
Elementary and secondary schools	\$ 14,116,389	\$ 14,307,033	\$ 12,914,831	\$ 1,392,202
Total instruction costs	\$ 14,116,389	\$ 14,307,033	\$ 12,914,831	\$ 1,392,202
Operating costs:				
Pupil transportation	\$ 1,305,406	\$ 1,305,406	\$ 1,047,629	\$ 257,777
Operation and maintenance of school plant	2,378,509	2,382,509	2,079,261	303,248
Total operating costs	\$ 3,683,915	\$ 3,687,915	\$ 3,126,890	\$ 561,025
Contribution to County Capital Projects Fund	\$ 319,482	\$ 319,482	\$ 1,869,382	\$ (1,549,900)
Total education	\$ 19,875,481	\$ 20,097,625	\$ 19,663,386	\$ 434,239
Debt service:				
Principal retirement	\$ 80,952	\$ 80,952	\$ 80,952	\$ -
Interest and other fiscal charges	1,698	1,698	1,698	-
Total debt service	\$ 82,650	\$ 82,650	\$ 82,650	\$ -
Total School Operating Fund	\$ 19,958,131	\$ 20,180,275	\$ 19,746,036	\$ 434,239
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,125,753	\$ 1,307,637	\$ 887,653	\$ 419,984
USDA commodities	-	-	68,617	(68,617)
Total school food services	\$ 1,125,753	\$ 1,307,637	\$ 956,270	\$ 351,367
Total education	\$ 1,125,753	\$ 1,307,637	\$ 956,270	\$ 351,367
Total School Cafeteria Fund	\$ 1,125,753	\$ 1,307,637	\$ 956,270	\$ 351,367
School Grants Fund:				
Education:				
Instruction	\$ 2,997,539	\$ 10,825,537	\$ 6,920,378	\$ 3,905,159
Total School Grants Fund	\$ 2,997,539	\$ 10,825,537	\$ 6,920,378	\$ 3,905,159
School Retiree Health Insurance Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 122,399	\$ (122,399)
Total education	\$ -	\$ -	\$ 122,399	\$ (122,399)
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 122,399	\$ (122,399)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Activity Fund:				
Education:				
Instructional services:				
Elementary and secondary schools	\$ -	\$ -	\$ 255,728	\$ (255,728)
Total education	\$ -	\$ -	\$ 255,728	\$ (255,728)
 Total School Activity Fund	 \$ -	 \$ -	 \$ 255,728	 \$ (255,728)
 Total Discretely Presented Component Unit - School Board	 \$ 24,081,423	 \$ 32,313,449	 \$ 28,000,811	 \$ 4,312,638

STATISTICAL INFORMATION

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Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.

1-4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5-8

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

9-10

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

11-12

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

13-15

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

COUNTY OF NORTHAMPTON, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019
Governmental activities				
Net investment in capital assets	\$ 20,161,411	\$ 12,847,424	\$ 12,791,941	\$ 11,822,786
Restricted	5,820,670	1,968,721	1,919,429	1,671,403
Unrestricted	12,867,512	17,225,766	14,144,763	13,221,915
Total governmental activities net position	<u>\$ 38,849,593</u>	<u>\$ 32,041,911</u>	<u>\$ 28,856,133</u>	<u>\$ 26,716,104</u>
Business-type activities				
Net investment in capital assets	\$ 95,221	\$ 66,293	\$ 27,740	\$ 34,741
Unrestricted	184,344	129,479	112,968	33,375
Total business-type activities net position	<u>\$ 279,565</u>	<u>\$ 195,772</u>	<u>\$ 140,708</u>	<u>\$ 68,116</u>
Primary government				
Net investment in capital assets	\$ 20,256,632	\$ 12,913,717	\$ 12,819,681	\$ 11,857,527
Restricted	5,820,670	1,968,721	1,919,429	1,671,403
Unrestricted	13,051,856	17,355,245	14,257,731	13,255,290
Total primary government net position	<u>\$ 39,129,158</u>	<u>\$ 32,237,683</u>	<u>\$ 28,996,841</u>	<u>\$ 26,784,220</u>

Table 1

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 13,426,790	\$ 13,075,221	\$ 13,311,004	\$ 13,002,316	\$ 13,311,792	\$ 13,198,763
3,545,615	3,195,132	2,915,707	3,005,354	2,593,299	2,299,456
11,733,339	11,922,127	9,069,441	7,678,896	9,587,750	9,115,224
<u>\$ 28,705,744</u>	<u>\$ 28,192,480</u>	<u>\$ 25,296,152</u>	<u>\$ 23,686,566</u>	<u>\$ 25,492,841</u>	<u>\$ 24,613,443</u>
\$ 41,742	\$ 16,149	\$ 18,036	\$ -	\$ -	\$ -
(36,699)	1,452	8,426	9,561	2,702	2,702
<u>\$ 5,043</u>	<u>\$ 17,601</u>	<u>\$ 26,462</u>	<u>\$ 9,561</u>	<u>\$ 2,702</u>	<u>\$ 2,702</u>
\$ 13,468,532	\$ 13,091,370	\$ 13,329,040	\$ 13,002,316	\$ 13,311,792	\$ 13,198,763
3,545,615	3,195,132	2,915,707	3,005,354	2,593,299	2,299,456
11,696,640	11,923,579	9,077,867	7,688,457	9,590,452	9,117,926
<u>\$ 28,710,787</u>	<u>\$ 28,210,081</u>	<u>\$ 25,322,614</u>	<u>\$ 23,696,127</u>	<u>\$ 25,495,543</u>	<u>\$ 24,616,145</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019
Expenses				
Governmental activities:				
General government administration	\$ 2,992,729	\$ 2,966,512	\$ 3,195,073	\$ 3,050,836
Judicial administration	524,342	936,664	805,032	738,392
Public safety	11,792,717	11,579,210	10,763,461	9,602,687
Public works	4,555,377	3,245,658	3,148,791	2,850,905
Health and welfare	2,975,568	3,193,313	2,921,111	2,786,249
Education	9,158,147	9,640,932	9,982,925	10,493,929
Parks, recreation, culture	75,080	653,310	442,445	756,434
Community development	2,498,128	2,255,067	1,486,382	1,215,550
Interest on long-term debt	1,651,144	898,769	1,124,481	435,051
Total governmental activities expenses	\$ 36,223,232	\$ 35,369,435	\$ 33,869,701	\$ 31,930,033
Business-type activities:				
Public utilities	\$ 129,183	\$ 169,924	\$ 260,122	\$ 194,946
Total business-type activities expenses	\$ 129,183	\$ 169,924	\$ 260,122	\$ 194,946
Total Primary government expenses	\$ 36,352,415	\$ 35,539,359	\$ 34,129,823	\$ 32,124,979
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ 34,930	\$ -	\$ -	\$ -
Judicial administration	218,219	345,436	558,010	684,650
Public safety	1,199,894	1,036,314	663,631	783,262
Public works	768,681	817,127	755,252	728,839
Education	43,555	39,294	17,154	-
Parks, recreation, culture	65,221	51,135	48,490	66,707
Community development	-	-	-	-
Operating grants and contributions	9,241,923	8,178,573	6,309,865	6,252,276
Capital grants and contributions	-	313,673	69,347	-
Total governmental activities program revenues	\$ 11,572,423	\$ 10,781,552	\$ 8,421,749	\$ 8,515,734
Business-type activities:				
Charges for services	\$ 208,075	\$ 224,988	\$ 336,989	\$ 262,294
Total business-type activities program revenues	\$ 208,075	\$ 224,988	\$ 336,989	\$ 262,294
Total primary government program revenue	\$ 11,780,498	\$ 11,006,540	\$ 8,758,738	\$ 8,778,028
Net(Expense)/Revenue				
Governmental activities	\$ (24,650,809)	\$ (24,587,883)	\$ (25,447,952)	\$ (23,414,299)
Business-type activities	78,892	55,064	76,867	67,348
Total primary government net expense	\$ (24,571,917)	\$ (24,532,819)	\$ (25,371,085)	\$ (23,346,951)

Table 2
Page 1 of 2

2018	2017	2016	2015	2014	2013
\$ 2,846,063	\$ 2,635,928	\$ 2,413,847	\$ 2,654,848	\$ 2,573,634	\$ 2,580,737
852,560	852,577	827,333	808,280	810,083	776,261
9,589,223	9,215,297	8,739,709	8,723,916	8,767,356	9,453,598
2,583,136	2,483,413	2,545,525	2,006,016	2,061,988	2,173,368
3,022,247	2,851,470	2,859,742	2,885,030	2,879,167	2,878,538
9,638,974	9,341,711	10,018,401	9,587,332	9,069,634	8,731,218
456,076	419,903	384,855	356,931	376,031	320,558
1,052,847	1,018,247	912,784	1,153,095	1,932,522	1,299,259
534,335	622,511	697,430	765,128	817,257	2,480,390
<u>\$ 30,575,461</u>	<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>
\$ 218,374	\$ 192,628	\$ 185,352	\$ 165,348	\$ 172,225	\$ 163,782
<u>\$ 218,374</u>	<u>\$ 192,628</u>	<u>\$ 185,352</u>	<u>\$ 165,348</u>	<u>\$ 172,225</u>	<u>\$ 163,782</u>
<u>\$ 30,793,835</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
784,750	768,860	654,510	722,594	748,040	562,536
694,031	469,439	304,566	267,459	302,044	348,892
806,547	574,315	575,089	535,686	506,268	451,294
-	-	-	-	-	-
60,534	53,744	51,200	58,630	58,479	46,528
-	-	-	40	20	188
6,130,345	6,085,668	6,080,273	6,137,361	5,815,182	5,604,379
-	33,129	52,577	-	741,305	1,482,705
<u>\$ 8,476,207</u>	<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>
\$ 196,844	\$ 187,630	\$ 180,235	\$ 165,486	\$ 160,946	\$ 174,910
<u>\$ 196,844</u>	<u>\$ 187,630</u>	<u>\$ 180,235</u>	<u>\$ 165,486</u>	<u>\$ 160,946</u>	<u>\$ 174,910</u>
<u>\$ 8,673,051</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>
\$ (22,099,254)	\$ (21,455,902)	\$ (21,681,411)	\$ (21,218,806)	\$ (21,116,334)	\$ (22,197,405)
(21,530)	(4,998)	(5,117)	138	(11,279)	11,128
<u>\$ (22,120,784)</u>	<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>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2022	2021	2020	2019
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 20,561,841	\$ 19,860,840	\$ 19,688,827	\$ 18,776,883
Local sales and use tax	4,139,963	1,957,466	1,443,547	1,347,759
Communication sales tax	-	-	-	-
Consumer utility tax	335,039	328,659	324,208	328,478
Business license taxes	359,014	374,220	38,265	38,126
Franchise taxes	410,177	362,177	-	-
Hotel and meals taxes	1,018,413	663,301	805,013	844,012
Other local taxes	489,697	533,308	613,373	575,224
Unrestricted revenues from use of money and property	259,681	144,449	602,166	254,371
Miscellaneous	144,101	181,048	169,872	119,981
Grants and contributions not restricted to specific programs	1,876,084	1,903,845	2,164,551	1,920,062
Gain(loss) on disposal of capital assets	-	-	-	-
Transfers	1,864,481	1,464,348	1,738,169	851,753
Total governmental activities	\$ 31,458,491	\$ 27,773,661	\$ 27,587,991	\$ 25,056,649
Business-type activities:				
Transfers	\$ 4,901	\$ -	\$ (4,275)	\$ (4,275)
Total business-type activities	\$ 4,901	\$ -	\$ (4,275)	\$ (4,275)
Total primary government	\$ 31,463,392	\$ 27,773,661	\$ 27,583,716	\$ 25,052,374
Change in Net Position				
Governmental activities	\$ 6,807,682	\$ 3,185,778	\$ 3,000,108	\$ (391,303)
Business-type activities	83,793	55,064	50,789	72,592
Total primary government	\$ 6,891,475	\$ 3,240,842	\$ 3,050,897	\$ (318,711)

Table 2
Page 2 of 2

	2018	2017	2016	2015	2014	2013
\$	18,283,266	\$ 18,041,615	\$ 17,065,329	\$ 16,695,685	\$ 16,646,517	\$ 16,777,134
	1,278,342	1,206,730	1,178,112	1,091,493	1,089,704	1,080,525
	-	-	-	-	-	-
	325,996	323,498	318,769	322,591	320,126	316,666
	39,667	38,221	37,220	38,132	41,232	39,679
	-	-	-	-	-	-
	828,344	624,632	598,525	553,510	527,093	520,300
	545,693	583,525	576,843	500,753	527,676	586,363
	131,362	107,437	174,263	77,791	71,502	-
	(158,082)	376,240	237,483	166,823	170,401	62,378
	1,953,926	1,972,832	1,975,885	2,012,975	2,022,633	246,097
	-	-	-	-	-	1,844,798
	546,170	1,077,500	991,545	394,521	578,848	747,803
\$	<u>23,774,684</u>	<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>
\$	5,225	\$ (3,863)	\$ 22,018	\$ -	\$ 18,000	\$ 18,710
\$	<u>5,225</u>	<u>(3,863)</u>	<u>22,018</u>	<u>-</u>	<u>18,000</u>	<u>18,710</u>
\$	<u>23,779,909</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>
\$	360,385	\$ 2,252,976	\$ 1,698,072	\$ 635,468	\$ 879,398	\$ 24,338
	72,573	(25,393)	17,020	138	6,721	29,838
\$	<u>432,958</u>	<u>2,227,583</u>	<u>1,715,092</u>	<u>635,606</u>	<u>886,119</u>	<u>54,176</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2022	2021	2020	2019
General Fund				
Nonspendable	\$ 30,176	\$ 27,244	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	12,161,807	14,167,329	11,682,987	11,495,155
Total General Fund	<u>\$ 12,191,983</u>	<u>\$ 14,194,573</u>	<u>\$ 11,682,987</u>	<u>\$ 11,495,155</u>
All Other Governmental Funds				
Nonspendable	\$ 30,176	\$ -	\$ 17,936	\$ -
Restricted	55,710,610	24,708,712	29,129,465	1,671,403
Committed	10,008,012	8,546,295	7,640,030	6,642,429
Assigned	88,657	84,447	84,445	98,719
Unassigned	12,161,807	-	(39,946)	(22,010)
Total all other governmental funds	<u>\$ 77,999,262</u>	<u>\$ 33,339,454</u>	<u>\$ 36,831,930</u>	<u>\$ 8,390,541</u>

Table 3

2018	2017	2016	2015	2014	2013
\$ 2,963	\$ 782	\$ 1,748	\$ 874	\$ 874	\$ 674
-	-	-	-	-	-
-	-	-	190,175	-	-
139,908	139,908	66,000	-	139,168	-
10,332,116	9,464,231	7,763,364	7,804,166	7,898,674	8,058,543
<u>\$ 10,474,987</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,545,615	3,195,132	2,915,707	3,005,354	2,593,299	2,299,456
6,902,495	6,684,163	5,735,985	4,691,846	4,854,183	4,600,157
141,413	142,280	160,978	-	-	-
(22,010)	(192,866)	(191,846)	(203,262)	(182,910)	(170,856)
<u>\$ 10,567,513</u>	<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>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2022	2021	2020	2019
REVENUES				
General property taxes	\$ 20,311,351	\$ 20,092,815	\$ 19,579,185	\$ 18,998,268
Other local taxes	6,752,303	4,219,131	3,224,406	3,133,599
Permits, privilege fees, and regulatory licenses	217,090	154,123	128,213	118,752
Fines and forfeitures	170,093	296,670	511,699	639,442
Revenue from the use of money and property	294,611	54,417	602,166	254,371
Charges for services	1,908,387	1,716,642	1,402,625	1,505,264
Miscellaneous	144,101	72,004	169,872	119,981
Recovered costs	542,068	169,846	249,026	348,701
Intergovernmental revenues	12,987,389	12,344,988	10,277,657	9,019,816
Total revenues	\$ 43,327,393	\$ 39,120,636	\$ 36,144,849	\$ 34,138,194
EXPENDITURES				
Current:				
General government administration	\$ 2,711,660	\$ 2,532,056	\$ 2,480,599	\$ 2,391,971
Judicial administration	886,138	789,639	727,320	673,490
Public safety	13,117,885	11,044,585	10,589,133	9,685,493
Public works	6,143,311	3,033,477	3,286,052	2,716,341
Health and welfare	3,175,437	3,157,622	2,976,558	2,902,092
Education	9,124,571	9,025,571	9,050,725	8,996,636
Parks, recreation, and cultural	547,811	440,021	410,100	425,608
Community development	2,636,763	2,227,636	1,387,807	1,203,882
Capital projects	13,138,510	4,058,439	867,527	1,190,630
Debt service:				
Principal retirement	2,181,056	2,239,465	2,110,815	4,149,298
Interest and other fiscal charges	1,834,690	1,809,515	769,803	873,625
Bond issuance costs	199,820	-	-	-
Total expenditures	\$ 55,697,652	\$ 40,358,026	\$ 34,656,439	\$ 35,209,066
Excess (deficiency) of revenues over (under) expenditures	\$ (12,370,259)	\$ (1,237,390)	\$ 1,488,410	\$ (1,070,872)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,644,126	\$ 6,686,821	\$ 6,057,206	\$ 5,717,906
Transfers out	(10,649,027)	(6,686,821)	(6,165,431)	(5,766,131)
Bonds issued	42,094,705	-	24,040,000	-
Refunding bonds issued	8,475,000	-	-	-
Bond premium issuance	630,690	-	3,170,036	-
Issuance of note payable	-	256,500	39,000	-
Payment-refunded bonds escrow agent	(8,360,000)	-	-	-
Issuance of capital leases	-	-	-	-
Total other financing sources (uses)	\$ 42,835,494	\$ 256,500	\$ 27,140,811	\$ (48,225)
Net change in fund balances	\$ 30,465,235	\$ (980,890)	\$ 28,629,221	\$ (1,119,097)
Fund balances - beginning	47,534,027	48,514,917	19,885,696	21,004,793
Fund balances - ending	\$ 77,999,262	\$ 47,534,027	\$ 48,514,917	\$ 19,885,696
Debt Service as a percentage of noncapital expenditures	10.53%	11.47%	8.66%	14.81%

Table 4

2018	2017	2016	2015	2014	2013
\$ 18,272,125	\$ 18,039,197	\$ 17,212,661	\$ 16,682,266	\$ 16,717,264	\$ 17,199,372
3,018,042	2,776,606	2,709,469	2,506,479	2,505,831	2,543,533
141,646	167,599	168,928	109,011	115,874	128,550
781,255	553,690	442,889	510,887	537,765	378,652
131,362	107,437	174,263	77,791	71,502	62,378
1,422,961	1,145,069	973,548	964,511	961,212	902,236
44,584	347,709	209,667	130,164	138,158	264,511
282,924	483,456	402,761	213,750	272,875	255,303
8,635,666	9,165,266	9,122,298	8,544,857	9,175,968	9,698,395
<u>\$ 32,730,565</u>	<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>
\$ 2,098,866	\$ 2,109,381	\$ 2,150,567	\$ 1,961,308	\$ 2,038,882	\$ 1,968,506
685,186	689,380	677,613	648,852	623,134	607,948
9,139,783	8,735,849	8,240,146	8,118,561	8,019,032	7,214,604
2,488,639	2,262,325	2,130,659	2,120,556	2,142,149	2,001,046
2,938,337	2,813,823	2,892,299	2,893,156	2,835,881	2,800,420
8,687,800	8,739,800	8,754,047	8,176,890	8,306,488	7,984,224
430,593	376,247	366,068	338,095	353,402	298,448
1,000,540	988,099	977,163	1,430,497	1,770,565	1,297,764
656,236	176,072	983,315	812,998	755,337	1,647,734
1,912,130	1,822,131	2,269,250	1,861,182	1,856,774	36,705,041
970,634	1,054,591	1,127,579	1,191,756	1,256,768	2,461,003
-	-	-	-	-	-
<u>\$ 31,008,744</u>	<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>
\$ 1,721,821	\$ 3,018,331	\$ 847,778	\$ 185,865	\$ 538,037	\$ (33,553,808)
\$ 5,955,599	\$ 5,214,133	\$ 5,805,122	\$ 5,733,914	\$ 5,947,535	\$ 6,159,676
(6,008,824)	(5,250,770)	(5,867,640)	(5,733,914)	(6,115,535)	(6,178,386)
-	-	-	-	-	-
-	-	-	-	-	29,720,000
-	-	-	-	-	4,986,840
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	145,277	154,466
<u>\$ (53,225)</u>	<u>\$ (36,637)</u>	<u>\$ (62,518)</u>	<u>\$ -</u>	<u>\$ (22,723)</u>	<u>\$ 34,842,596</u>
\$ 1,668,596	\$ 2,981,694	\$ 785,260	\$ 185,865	\$ 515,314	\$ 1,288,788
19,373,904	16,451,936	15,666,676	15,303,288	14,787,974	13,499,156
<u>\$ 21,042,500</u>	<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>9.58%</u>	<u>9.80%</u>	<u>11.33%</u>	<u>10.50%</u>	<u>10.70%</u>	<u>60.59%</u>

Principal Property Tax Payers
Current and Ten Years Ago

Taxpayer	December 31, 2022			December 31, 2012		
	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
2012	\$ 16,645,152	\$ 1,036	\$ 16,646,187	\$ 15,537,432	93.35%	\$ 1,091,315	\$ 16,628,747	99.90%
2013	16,663,188	18,062	16,681,250	15,477,073	92.88%	1,187,101	16,664,174	99.90%
2014	16,654,676	6,434	16,661,110	15,677,996	94.14%	962,745	16,640,741	99.88%
2015	17,087,463	36,286	17,123,749	16,170,224	94.63%	934,636	17,104,860	99.89%
2016	18,068,330	9,998	18,078,328	17,101,267	94.65%	964,772	18,066,039	99.93%
2017	18,383,412	9,041	18,392,453	17,395,680	94.63%	939,165	18,334,845	99.69%
2018	18,972,804	2,978	18,975,782	17,985,687	94.80%	910,625	18,896,312	99.58%
2019	19,405,666	(138,776)	19,266,890	18,456,213	95.11%	661,401	19,117,614	99.23%
2020	19,976,062	(184,277)	19,791,785	19,192,031	96.08%	448,090	19,640,121	99.23%
2021	20,779,581	(2,000)	20,777,581	19,613,997	94.39%	-	19,613,997	94.40%

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
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	-
2022	1,541,505,900	166,282,400	374,765,300	58,286,800	2,140,840,400	0.8350	133,087,025	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	4,387,300	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
3.90	4,810,500	2.00	7,596,500	0.99	2,052,500	2.86	14,588,300	0.99	2,302,975,225	1.018

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
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
2022	0.776	0.225	0.000	0.004	0.003	0.003	0.006	1.018

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
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
2022	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)	
2013	\$ 37,906,670	\$ 2,145,866	\$ 35,760,804	\$ 2,899	1.19%
2014	36,023,096	2,450,550	33,572,546	2,749	1.39%
2015	34,079,522	2,762,716	31,316,806	2,552	1.30%
2016	31,651,888	2,752,047	28,899,841	2,336	1.19%
2017	29,578,315	3,057,346	26,520,969	2,147	1.28%
2018	27,414,742	3,371,311	24,043,431	1,960	1.14%
2019	23,014,001	1,518,958	21,495,043	1,755	0.99%
2020	47,900,779	1,665,914	46,234,865	3,755	2.11%
2021	45,507,869	1,816,140	43,691,729	3,572	1.93%
2022	83,026,300	2,431,184	80,595,116	6,669	3.50%

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

Governmental Activities						
Fiscal Year		General Obligation Bonds	Capital Leases Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2013	\$	35,760,804	\$ 341,477	\$ 36,102,281	7.46%	\$ 2,927
2014		33,572,546	262,111	33,834,657	7.12%	2,771
2015		31,316,806	93,059	31,409,865	6.52%	2,559
2016		28,899,841	-	28,899,841	5.65%	2,336
2017		26,520,969	-	26,520,969	4.78%	2,147
2018		24,043,431	-	24,043,431	4.02%	1,960
2019		21,495,043	-	21,495,043	3.43%	1,755
2020		46,234,865	-	46,234,865	6.91%	3,755
2021		43,691,729	-	43,691,729	6.03%	3,572
2022		80,595,116	-	80,595,116	10.43%	6,669

Note: Debt refinanced in July 2013.

Demographic and Economic Statistics
Last Ten Available Calendar Years

Calendar	Population	Personal Income (1)	Per Capita Personal	Median Age	Fall School Enrollment	Unemployment Rate
Year End	(1)	(in thousands)	Income (1)	(1)	(3)	(2)
2012	12,336	\$ 484,077	\$ 39,241	47.3	1,621	8.80%
2013	12,211	475,274	38,922	47.2	1,589	7.70%
2014	12,273	482,080	39,280	48.0	1,557	7.40%
2015	12,369	511,451	41,349	48.3	1,598	5.10%
2016	12,354	554,504	44,885	48.4	1,599	5.90%
2017	12,270	598,681	48,792	48.4	1,563	5.80%
2018	12,246	625,881	51,109	48.5	1,521	5.40%
2019	12,314	669,302	54,353	49.0	1,446	4.40%
2020	12,232	724,127	59,199	49.8	1,362	7.80%
2021	12,085	772,571	63,928	51.2	1,287	5.40%

Sources:

(1) Bureau of Economic Analysis

(2) Virginia Employment Commission

(3) Northampton County Schools

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	2021			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northampton County Schools	250-499	1	8.88%	250-499	2	5.00%
County of Northampton	100-249	2	5.00%	100-249	3	5.00%
Chesapeake Bay Bridge Tunnel	100-249	3	5.00%	100-249	5	2.00%
Ballard Fish and Oyster Company	100-249	4	4.38%			
David's Nursery	100-249	5	4.38%			
Food Lion	50-99	6	1.88%	50-99	10	1.00%
New Ravenna Acquisition LLC	50-99	7	1.88%	50-99	8	1.00%
Eastern Shore Rural Health System	50-99	8	1.88%			
Bay Creek Resort LLC	50-99	9	1.88%	-		
Tankard Nurseries	50-99	10	1.88%			
Shore Memorial Hospital (Riverside)				500-999	1	11.00%
Bayshore Concrete Products Company				100-249	4	2.00%
Heritage Hall				100-249	7	2.00%
Lfc Agricultural Services Inc.				100-249	6	2.00%
Therapeutic Interventions				50-99	9	1.00%
Total County Employees (Q4 2021 & Q4 2011)	<u>3,999</u>		<u>37.01%</u>	<u>1,400</u>		<u>32.00%</u>

Source: Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	20	19	20	20	20	19	19	19	19	19
Judicial	10	9	8	8	7	7	7	7	7	7
Public Safety	103	105	110	116	113	113	113	109	107	105
Public Works	16	14	13	13	10	10	10	10	10	9
Public Utilities	1	1	2	2	2	2	2	2	2	2
Health and Welfare	27	30	24	30	33	33	33	33	33	33
Parks, Recreation & Cultural	2	2	2	2	2	2	1	1	1	1
Community Development	7	8	8	9	11	9	9	9	10	12
TOTAL	186	188	187	200	198	195	194	190	189	188

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2022	2021	2020
General Administration			
Treasurer			
Tax bills printed	40,498	not available	32,305
Deposits	not available	2,467	2,277
Finance			
Paychecks and direct deposit notices	10,462	10,262	9,566
Accounts payable checks	3,676	3,656	3,877
Judicial Administration			
Clerk of the Circuit Court			
Criminal cases commenced	1,051	920	683
Law cases commenced	132	267	269
Deeds recorded	3,291	2,797	2,246
Public Safety			
Sheriff			
Calls for service	2,885	2,822	3,264
Arrests made * FY20 new RMS system counts in custody only	54	65	60
Traffic summons	2,226	3,278	5,489
Civil processes	1,467	1,399	1,748
Local prisoner days	25,185	16,185	28,020
Inmate transports	325	255	285
Out of state extraditions	25	15	15
EMS			
EMS dispatched	3,040	2,913	2,934
Avg daytime response time in minutes	8.64	8.93	9.03
Avg nighttime response time in minutes	9.67	9.42	10.42
Building inspections			
Plan reviews/Permits issued	332	299	276
Inspections	1,342	1,118	879
Public Works			
Solid waste services			
Tons received at landfill	19,333	17,243	18,167
Per capital waster generation (lbs/p/d)	8.12	7.07	6.76
Tipping fee per ton	\$ 75.00	\$ 75.00	\$ 75.00
Community Development			
Code compliance			
Abandoned vehicle/Inoperable vehicles	22	39	97
Overgrown grass	15	34	48
Dangerous structures	147	139	151
Assignment 911 addresses	61	153	113

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2019	2018	2017	2016	2015	2014	2013
32,209	40,234	39,786	31,652	38,833	38,630	46,125
2,237	2,217	2,223	2,177	2,172	2,247	3,915
9,054	8,762	9,280	8,646	8,112	8,371	7,948
3,733	3,725	3,561	3,452	3,574	3,566	3,411
763	814	738	497	487	N/A	N/A
347	209	128	173	194	N/A	N/A
2,043	2,157	2,128	2,045	2,138	N/A	N/A
3,214	3,380	3,209	3,379	N/A	N/A	N/A
165	240	298	296	N/A	N/A	N/A
6,970	7,552	7,372	7,048	N/A	N/A	N/A
2,329	2,324	2,723	2,646	N/A	N/A	N/A
30,729	33,966	32,920	38,596	40,155	38,125	53,025
259	274	268	288	235	295	300
20	14	14	8	11	13	9
2,895	2,790	2,628	2,699	2,842	2,759	2,758
8.57	8.52	8.53	9.34	9.29	8.99	9.06
10.29	10.24	10.41	10.29	10.49	10.75	11.42
293	489	303	254	332	331	367
961	766	663	765	780	1,025	1,074
17,791	17,889	17,171	15,687	17,075	15,737	14,088
7.59	7.41	6.34	6.23	6.31	6.05	6.23
\$ 72.00	\$ 69.00	\$ 69.00	\$ 69.00	\$ 65.00	\$ 65.00	\$ 65.00
5	0	2	8	11	9	90
43	42	12	10	61	54	74
41	20	2	6	31	44	19
257	32	20	36	39	51	

COUNTY OF NORTHAMPTON, VIRGINIA

Table 15

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Administration										
County Administration										
Eastville historic buildings	1	1	1	1	1	1	1	1	1	1
Eastville Inn	1	1	1	1	1	1	1	1	1	1
Temporary Admin. Bldg-Old Middle School	0	0	0	0	0	0	0	0	0	0
Former Middle School/Community Center	1	1	1	1	1	1	1	1	1	1
1899 Courthouse building	1	1	1	1	1	1	1	1	1	1
Old Jail Building	0	0	0	0	0	1	1	1	1	1
Judicial Administration										
1899 Courthouse building	0	0	0	0	0	0	0	0	0	0
2006 Courthouse	0	0	0	0	0	0	0	0	0	0
Public Safety										
Willow Oak sheriff administration building	0	0	0	0	0	0	0	0	0	0
Old jail building	0	0	0	0	0	0	0	0	0	0
Temporary housing unit	0	0	0	0	0	0	0	0	0	0
THU (Converted to Sheriff's Admin)	1	1	1	1	1	1	1	1	1	1
Eastern Shore Regional Jail	1	1	1	1	1	1	1	1	1	1
Sheriff's vehicles	54	51	49	47	46	44	44	46	45	45
Public Works										
Landfill	1	1	1	1	1	1	1	1	1	1
Transfer station	1	1	1	1	1	1	1	1	1	1
Convenience centers	6	6	6	6	6	6	6	6	6	5
Community Development										
Social services building (old)	0	0	0	0	0	1	1	1	1	1
Social services building (new)	1	1	1	1	1	1	1	1	1	1
Parks, Recreation and Cultural										
Parks	1	1	1	1	1	1	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1	1	1	1	1	1	1
Schools										
Attendance centers, Elementary	2	2	2	2	2	2	2	2	2	2
Attendance centers, Middle	1	1	1	1	1	1	1	1	1	0
Attendance centers, Secondary	1	1	1	1	1	1	1	1	1	1
Number of classrooms, Elementary	78	78	78	78	78	77	77	77	78	88
Number of classrooms, Middle	10	10	10	10	10	12	11	11	10	0
Number of classrooms, Secondary	53	53	53	53	53	51	51.5	51	51	51

COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of the Board of Supervisors
County of 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, 2022, and the related notes to the financial statements, which collectively comprise County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated November 18, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of 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 Associates

Richmond, Virginia
November 18, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2022. 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.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Farnum, Cox Associates

Richmond, Virginia
November 18, 2022

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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 Social Services:				
Guardianship Assistance	93.090	1110121/1110122	\$ 221	\$ -
Title IV-E Prevention Program	93.472	1140122	10,993	-
Temporary Assistance for Needy Families	93.558	0400121/0400122	252,693	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950221	28,509	-
Administered Programs	93.566	0500122	1,132	-
Low-Income Home Energy Assistance	93.568	0600421/0600422	44,376	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760121/0760122	54,578	-
Chafee Education and Training Vouchers Program	93.599	9160120/9160121	585	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	632	-
Foster Care - Title IV-E	93.658	1100121/1100122	144,149	-
Adoption Assistance	93.659	1120121/1120122	15,290	-
Social Services Block Grant	93.667	1000121/1000122	223,862	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	11,315	-
Children's Health Insurance Program	93.767	0540121/0540122	2,288	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200121/1200122	243,599	-
Elder Abuse Prevention Interventions Program	93.747	8000221	3,175	-
Total Department of Health and Human Services			\$ 1,037,397	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution--School (Child Nutrition Cluster)	10.555	Not available	\$ 68,617	\$ -
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623/ 202221N11994/ 20212H17034	202,321	-
Sub-total ALN 10.555			<u>\$ 270,938</u>	<u>\$ -</u>
Department of Agriculture:				
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	Not available	\$ 5,015	\$ -
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	13,482	-
COVID 19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	221,109	-
Sub-total ALN 10.559			<u>\$ 239,606</u>	<u>\$ -</u>
Department of Education:				
School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 33,029	\$ -
COVID 19 - School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	509,099	-
Sub-total ALN 10.553			<u>\$ 542,128</u>	<u>\$ -</u>
Child Nutrition Cluster			<u>\$ 1,052,672</u>	<u>\$ -</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (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 Agriculture:				
Pandemic EBT Administrative Costs	10.649	202121S900941	\$ 3,063	\$ -
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010121/0010122/ 0040121/0040122	\$ 457,897	\$ -
Total Department of Agriculture			\$ 1,513,632	\$ -
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20-A5143CE20	\$ 609	\$ -
Crime Victim Assistance	16.575	22-O1095VW19	42,438	-
Total Department of Justice			\$ 43,047	\$ -
Department of Treasury:				
Direct Payments:				
Department of Accounts:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,137,267	\$ -
Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2206FFARPA	227,906	55,073
Department of Education:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	263,935	-
Sub-total ALN 21.027			\$ 1,629,108	\$ 55,073
Department of Accounts:				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	Not available	\$ 2,062	\$ -
Total Department of Treasury			\$ 1,631,170	\$ 55,073
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Community Development:				
Community Development Block Grants/State's program and non- entitlement Grants in Hawaii	14.228	20PG15	\$ 60,000	\$ -
Total Department of Housing and Urban Development			\$ 60,000	\$ -

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (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	202151352	\$ 2,088	\$ -
Total Department of Transportation			\$ 2,088	\$ -
Environmental Protection Agency:				
Direct Payments:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	\$ 53,312	\$ -
Total Environmental Protection Agency			\$ 53,312	\$ -
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 853,797	\$ -
Migrant Education - State Grant Program	84.011	1790100-42910	182,595	-
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	27,902	-
Special Education Grants to States (Special Education Cluster)	84.027	1790100-43071-61234	416,209	-
Special Education Preschool Grants (Special Education Cluster)	84.173	1790100-82521	23,991	-
Special Education Cluster			\$ 440,200	\$ -
Migrant Education - Coordination Program	84.144	1790100-61399	\$ 13,368	-
Rural Education	84.358	1790100-43481	46,495	-
English Language Acquisition State Grants	84.365	1790100-60512	23,893	-
Supporting Effective Instruction State Grants	84.367	1790100-61480	89,208	-
Student Support and Academic Enrichment Program	84.424	Not available	74,282	-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Not available	47,609	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) (ESSER) Fund	84.425D	Not available	4,786,796	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	Not available	1,624	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not available	68,674	-
Sub-total ALN 84.425			\$ 4,904,703	\$ -
Total Department of Education			\$ 6,656,443	\$ -
Total Expenditures of Federal Awards			\$ 10,997,089	\$ 55,073

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, 2022

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, 2022. 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	\$	187,099
Eastern Shore Regional Jail		113,033
American Rescue Plan Act		1,197,239
Special Revenue Funds:		
Virginia Public Assistance Fund		1,495,293
Brownfield Community Assessment Fund		53,312
Total primary government	\$	<u>3,045,976</u>

Component Unit School Board:

School Cafeteria Fund	\$	1,055,736
School Grants Fund		6,920,378
Total component unit School Board	\$	<u>7,976,114</u>

Total federal expenditures per basic financial statements	\$	<u>11,022,090</u>
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Less: Federal Payment in Lieu of Taxes not included in the SEFA	\$	<u>(25,000)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>10,997,089</u></u>
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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.

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

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>
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program
84.425	Education Stabilization 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, 2022

There were no prior year findings.

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