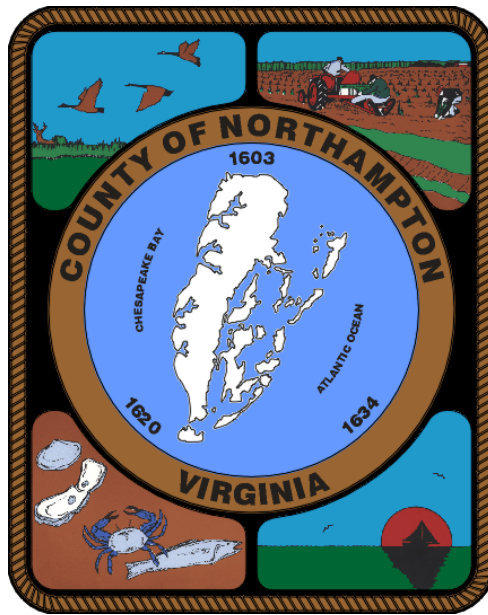


# **COUNTY OF NORTHAMPTON, VIRGINIA**



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2020**

## **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**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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Prepared By:

Northampton Department of Finance

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COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

---

|  | <u>Page</u> |
|--|-------------|
| <b>INTRODUCTORY SECTION</b>  |             |
| Title Page   | i           |
| Table of Contents  | ii-v        |
| Directory of Principal Officials   | vi          |
| Organizational Chart   | vii         |
| Letter of Transmittal  | viii-xxii   |
| <b>FINANCIAL SECTION</b>   |             |
| Independent Auditors' Report   | 1-3         |
| Management's Discussion and Analysis   | 4-13        |
| <b><u>Basic Financial Statements:</u></b>  |             |
| <b>Government-wide Financial Statements:</b>   |             |
| Exhibit 1      Statement of Net Position   | 14          |
| Exhibit 2      Statement of Activities   | 15-16       |
| <b>Fund Financial Statements:</b>  |             |
| Exhibit 3      Balance Sheet—Governmental Funds  | 17          |
| Exhibit 4      Reconciliation of the Balance Sheet of Governmental Funds to the<br>Statement of Net Position   | 18          |
| Exhibit 5      Statement of Revenues, Expenditures, and Changes in Fund Balances—<br>Governmental Funds  | 19-20       |
| Exhibit 6      Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities | 21          |
| Exhibit 7      Statement of Net Position—Proprietary Fund  | 22          |
| Exhibit 8      Statement of Revenues, Expenses, and Changes in Net Position—<br>Proprietary Fund   | 23          |
| Exhibit 9      Statement of Cash Flows—Proprietary Fund  | 24          |
| Exhibit 10     Statement of Fiduciary Net Position - Fiduciary Funds   | 25          |
| <b>Notes to Financial Statements</b>   | 26-92       |

COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

|   | <u>Page</u> |
|---|-------------|
| <b><u>Required Supplementary Information:</u></b>   |             |
| Exhibit 11 Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual—General Fund  | 93          |
| Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual—Eastern Shore Regional Jail Fund                    | 94          |
| Exhibit 13 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios—<br>Primary Government— Pensions Plans                             | 95-96       |
| Exhibit 14 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios—<br>Component Unit School Board (nonprofessional) — Pensions Plans | 97-98       |
| Exhibit 15 Schedule of Employer’s Share of Net Pension Liability VRS Teacher<br>Retirement Plan—Pensions Plans  | 99-100      |
| Exhibit 16 Schedule of Employer Contributions—Pension Plans   | 101         |
| Exhibit 17 Notes to Required Supplementary Information—Pension Plans  | 102         |
| Exhibit 18 Schedule of County’s Share of Net OPEB Liability—Group Life Insurance<br>(GLI) Plan  | 103         |
| Exhibit 19 Schedule of Employer Contributions—Group Life Insurance (GLI) Plan   | 104         |
| Exhibit 20 Notes to Required Supplementary Information—Group Life Insurance<br>(GLI) Plan   | 105         |
| Exhibit 21 Schedule of School Board’s Share of Net OPEB Liability—Teacher Employee<br>Health Insurance Credit (HIC) Plan                              | 106         |
| Exhibit 22 Schedule of Employer Contributions—Teacher Employee Health Insurance<br>Credit (HIC) Plan  | 107         |
| Exhibit 23 Notes to Required Supplementary Information—Teacher Employee Health<br>Insurance Credit (HIC) Plan   | 108         |
| Exhibit 24 Schedule of Changes in Total OPEB Liability (Asset) and Related<br>Ratios—Primary Government   | 109         |
| Exhibit 25 Schedule of Changes in Total OPEB Liability (Asset) and Related<br>Ratios—Component Unit School Board                                      | 110         |
| Exhibit 26 Notes to Required Supplementary Information—County OPEB  | 111         |
| Exhibit 27 Notes to Required Supplementary Information—Component Unit School<br>Board   | 112         |



**COUNTY OF NORTHAMPTON, VIRGINIA**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS (CONTINUED)**

|  | <u>Page</u> |
|--|-------------|
| <b>FINANCIAL SECTION (CONTINUED)</b>   |             |
| <b><u>Other Supplementary Information:</u></b>   |             |
| <b>Combining and Individual Statements and Schedules:</b>  |             |
| Exhibit 28      Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual—Debt Service Fund             | 113         |
| Exhibit 29      Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual—Capital Projects Fund         | 114         |
| Exhibit 30      Combining Balance Sheet—Nonmajor Special Revenue Funds   | 115-116     |
| Exhibit 31      Combining Statement of Revenues, Expenditures, and Changes in Fund<br>Balances—Nonmajor Special Revenue Funds        | 117-118     |
| Exhibit 32      Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances—Budget and Actual—Nonmajor Special Revenue Funds | 119-123     |
| Exhibit 33      Combining Statement of Fiduciary Net Position—Fiduciary Funds  | 124-125     |
| Exhibit 34      Combining Statement of Changes in Assets and Liabilities—Agency Funds  | 126-127     |
| <b>Discretely Presented Component Unit—School Board:</b>   |             |
| Exhibit 35      Combining Balance Sheet  | 128         |
| Exhibit 36      Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balances—Governmental Funds                     | 129         |
| Exhibit 37      Schedule of Revenues, Expenditures and Changes in Fund Balances—<br>Budget and Actual                                | 130-133     |
| Exhibit 38      Combining Statement of Fiduciary Net Position—Fiduciary Funds  | 134         |
| Exhibit 39      Combining Statement of Changes in Fiduciary Net Position—Fiduciary<br>Funds  | 135         |
| <b>Supporting Schedules:</b>   |             |
| Schedule 1      Schedule of Revenues—Budget and Actual—Governmental Funds  | 136-144     |
| Schedule 2      Schedule of Expenditures—Budget and Actual—Governmental Funds  | 145-150     |

COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS (CONTINUED)

|   | <u>Page</u> |
|---|-------------|
| STATISTICAL INFORMATION   |             |
| Table 1 Net Position by Component—Last Ten Fiscal Years   | 151-152     |
| Table 2 Changes in Net Position—Last Ten Fiscal Years   | 153-156     |
| Table 3 Fund Balances Governmental Funds—Last Ten Fiscal Years  | 157-158     |
| Table 4 Changes in Fund Balances Governmental Funds—Last Ten Fiscal Years   | 159-160     |
| Table 5 Principal Property Tax Payers—Current and Nine Years Ago  | 161         |
| Table 6 Property Tax Levies and Collections—Last Ten Fiscal Years   | 162         |
| Table 7 Assessed Value and Estimated Actual Value of Taxable Property—Last Ten Fiscal Years   | 163-164     |
| Table 8 Direct and Overlapping Property Tax Rates—Last Ten Calendar Years   | 165         |
| Table 9 Ratio of General Bonded Debt Outstanding—Last Ten Fiscal Years  | 166         |
| Table 10 Ratio of Outstanding Debt by Type—Last Ten Fiscal Years  | 167         |
| Table 11 Demographic and Economic Statistics—Last Ten Calendar Years  | 168         |
| Table 12 Principal Employers—Current and Nine Years Ago   | 169         |
| Table 13 Full-time Equivalent County Government Employees by Function—Last Ten Fiscal Years   | 170         |
| Table 14 Operating Indicators by Function—Last Ten Fiscal Years (where available)   | 171-172     |
| Table 15 Capital Asset Statistics by Function/Program—Last Ten Fiscal Years   | 173-174     |
| COMPLIANCE SECTION  |             |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 175-176     |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance  | 177-178     |
| Schedule of Expenditures of Federal Awards  | 179-181     |
| Notes to Schedule of Expenditures of Federal Awards   | 182         |
| Schedule of Findings and Questioned Costs   | 183         |
| Summary Schedule of Prior Audit Findings  | 184         |

COUNTY OF NORTHAMPTON, VIRGINIA

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Board of Supervisors

Oliver H. Bennett, Chairperson  
L. Dixon Leatherbury, Vice-Chairperson

John R. Coker  
Betsy Mapp

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

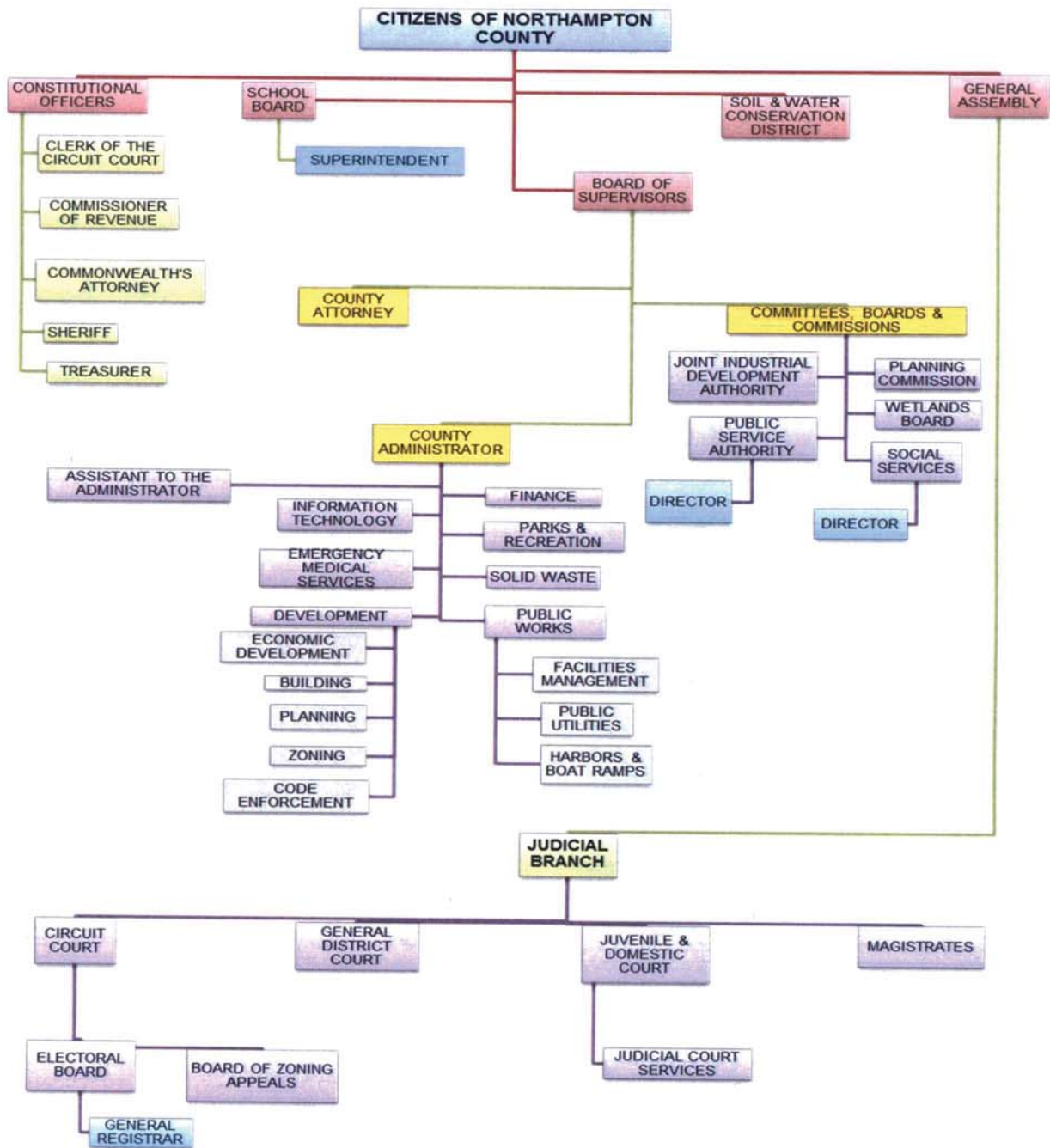
John Williams

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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# *County of Northampton*

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

December 4, 2020

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, 2020.

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, 2020. The Independent Auditors' report is presented as the first component of the financial section of this report.

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



Northampton County Courthouse

## **Profile of the Government**

Northampton County comprises the southernmost portion of the Eastern Shore of Virginia, bordered on the north by



Accomack County, Virginia, on the west by the Chesapeake Bay, and on the east by the Atlantic Ocean.





At the southern end of the County is the Chesapeake Bay Bridge-Tunnel, connecting the County to the Hampton Roads area of Virginia. The County encompasses a land area of approximately 355 square miles. The County's population was 12,389 according to the 2010 census. The County is a full-service County and provides a variety of services to its citizens as authorized by the laws of the Commonwealth of Virginia. The County is authorized to issue general obligation bonds, generally subject to voter referendum.

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

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



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

In Virginia, cities and counties are not overlapping units of government. However, there are no incorporated cities within the boundaries of the County. There are six incorporated towns all or partly located in Northampton County, the largest of which are the Town of Exmore with a population of 1,378 and the Town of Cape Charles with a population of 1,003, and the others of which are the Towns of Cheriton, Eastville, Nassawadox and Belle Haven. These towns are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. Property in these towns is subject to



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





The County operates under an annual operating budget adopted in accordance with the provisions of the Code of Virginia. The budget is the legal basis of the budgetary accounting system and the standard by which proposed

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

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



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

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

## Demographic Factors and Local Economy

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



the Eastern Shore economy. Early farmers grew tobacco and later turned to livestock, some of which freely grazed on the seaside barrier islands. Eventually these farms raised grain crops and produce. Agriculture is still estimated to represent approximately 18% of the local economy.



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



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

watermen brought in their catch and seafood packing, oyster shucking and crab picking houses stayed busy. In recent years clams and oysters have seen a resurgence due to advances in aquaculture and improvements in the health of the Chesapeake Bay. Blue crabs from the Eastern Shore are still a sought-after commodity.



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

## Unemployment

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

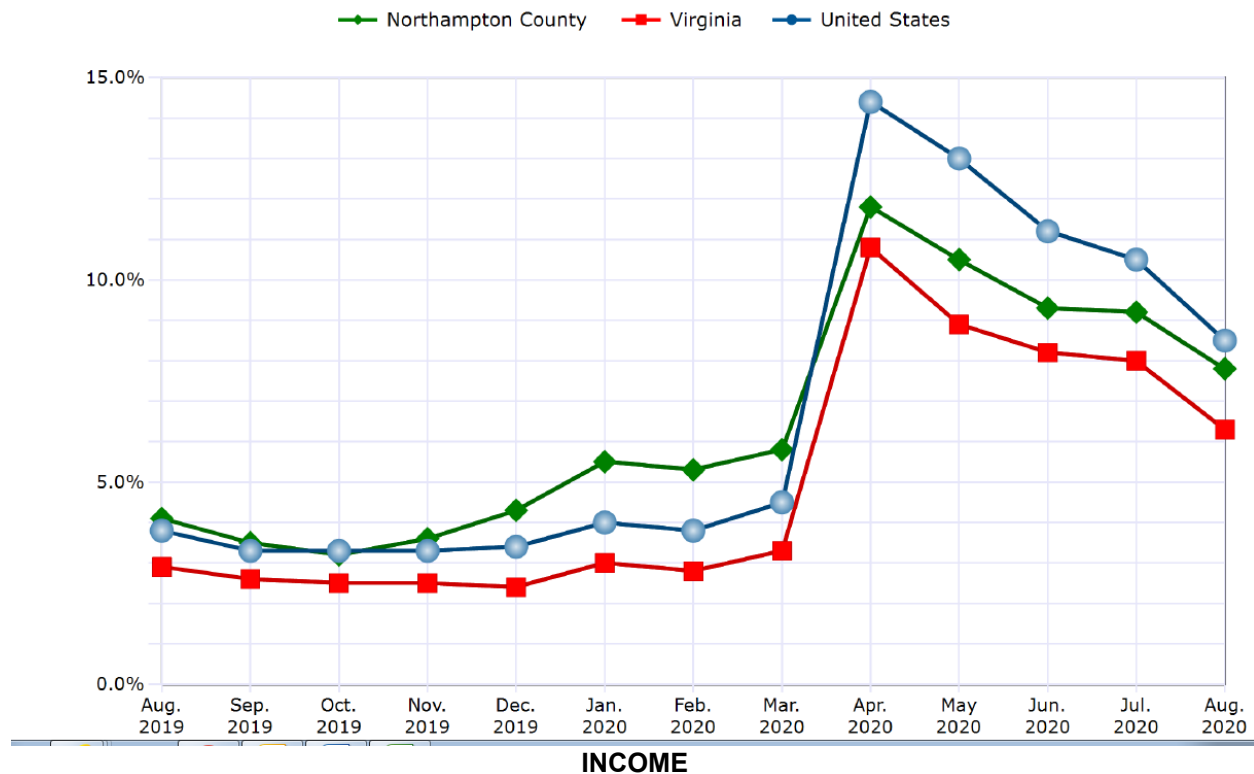
### Average Annual Unemployment Rates

| Year | Northampton County | Virginia | United States |
|------|--------------------|----------|---------------|
| 2009 | 7.7%               | 6.7%     | 9.3%          |
| 2010 | 8.5%               | 7.1%     | 9.6%          |
| 2011 | 8.9%               | 6.6%     | 8.9%          |
| 2012 | 9.3%               | 6.1%     | 8.1%          |
| 2013 | 9.1%               | 5.7%     | 7.4%          |
| 2014 | 7.6%               | 5.2%     | 6.2%          |
| 2015 | 6.1%               | 4.5%     | 5.3%          |
| 2016 | 5.9%               | 4.1%     | 4.9%          |
| 2017 | 5.8%               | 3.8%     | 4.4%          |
| 2018 | 5.4%               | 3.0%     | 3.9%          |
| 2019 | 4.4%               | 2.8%     | 3.7%          |

Source: Virginia Employment Commission



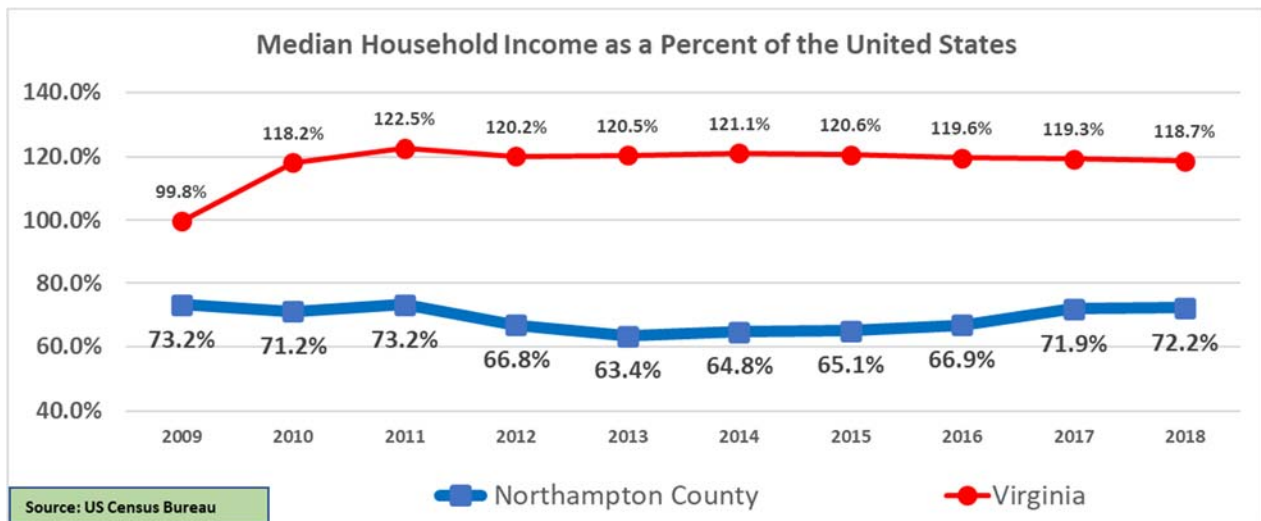
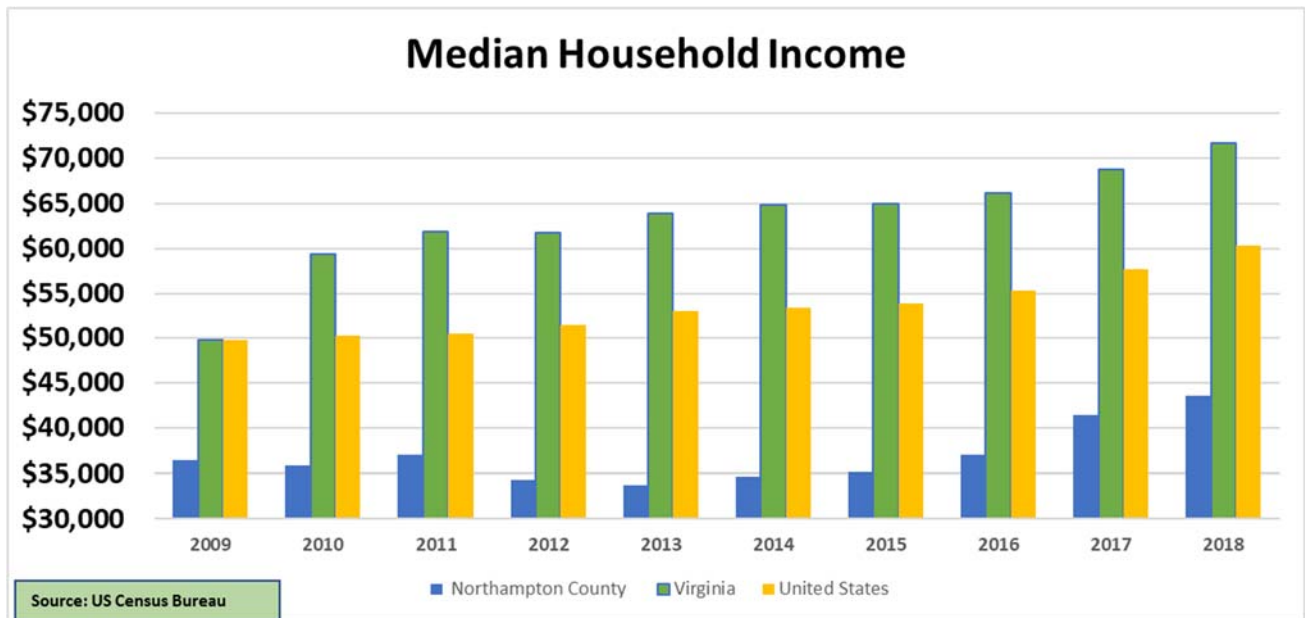
### Average Annual Unemployment Rates



Median household income for Northampton County in 2010 was \$34,501, the latest census. 2018 data shows \$43,553 or (21.8%) growth, outpacing the % change in Virginia (20.5%) & United States (20.1%) from 2010 to 2018. Median household income data for Northampton County, Virginia and the United States is as follows:

| Year                   | Northampton County | % Change | Virginia | % Change | United States | % Change |
|------------------------|--------------------|----------|----------|----------|---------------|----------|
| 2009                   | \$36,450           | 8.8%     | \$49,689 | 12.7%    | \$49,777      | 23.9%    |
| 2010                   | \$35,760           | -1.9%    | \$59,372 | 19.5%    | \$50,221      | 0.9%     |
| 2011                   | \$36,965           | 3.4%     | \$61,882 | 4.2%     | \$50,502      | 0.6%     |
| 2012                   | \$34,304           | -7.2%    | \$61,741 | -0.2%    | \$51,371      | 1.7%     |
| 2013                   | \$33,635           | -2.0%    | \$63,907 | 3.5%     | \$53,046      | 3.3%     |
| 2014                   | \$34,656           | 3.0%     | \$64,792 | 1.4%     | \$53,482      | 0.8%     |
| 2015                   | \$35,055           | 1.2%     | \$65,015 | 0.3%     | \$53,889      | 0.8%     |
| 2016                   | \$37,011           | 5.6%     | \$66,149 | 1.7%     | \$55,322      | 2.7%     |
| 2017                   | \$41,468           | 12.0%    | \$68,766 | 4.0%     | \$57,652      | 4.2%     |
| 2018                   | \$43,553           | 5.0%     | \$71,564 | 4.1%     | \$60,293      | 4.6%     |
| % Change 2018 vs. 2010 |                    | 21.8%    |          | 20.5%    |               | 20.1%    |

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



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

## Employment

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



Oyster, Virginia – overlooking Oyster Harbor

### 50 Largest Employers (FY20 rank)

|  |   |
|--|---|
| 1. Northampton County Schools (1)            | 26. J C Walker Brothers, Inc. (25)                |
| 2. County of Northampton (2)                 | 27. Exxon Gas Station (29)                        |
| 3. Chesapeake Bay Bridge Tunnel (4)          | 28. Cape Charles Brewing Company (27)             |
| 4. Heritage Hall (5)                         | 29. Rayfield's Pharmacy (31)                      |
| 5. Ballard Fish & Oyster Company, Inc. (3)   | 30. Postal Service (26)                           |
| 6. Food Lion (6)                             | 31. Virginia Department of Conservation (28)      |
| 7. Pacific Tomato Growers, Ltd. <b>(New)</b> | 32. Aging Community Action (30)                   |
| 8. Lfc Agricultural Services, Inc. (21)      | 33. Exmore Diner, Inc. (36)                       |
| 9. David's Nursery (8)                       | 34. Gingernut, LLC (32)                           |
| 10. New Ravenna Acquisition, LLC (7)         | 35. Town of Exmore (38)                           |
| 11. Tankard Nurseries (9)                    | 36. Great Machipongo Clam Shack (33)              |
| 12. Bay Creek Golf Management, LLC (10)      | 37. Bagwell Enterprises, Inc. (41)                |
| 13. McDonald's (11)                          | 38. Riverside Regional Medical Center (34)        |
| 14. Eastern Shore Rural Health System (13)   | 39. Rommels Ace Home Center (37)                  |
| 15. Broadwater Academy (14)                  | 40. Dominion Concrete Contract, Inc. <b>(New)</b> |
| 16. Hardee's (16)                            | 41. Barrett Business Services, Inc. (45)          |
| 17. Royal Farms 79 (17)                      | 42. Bio Medical Applications (40)                 |
| 18. Cherrystone Creek, LLC (15)              | 43. Shore Stop Store (48)                         |
| 19. H M Terry Company, Inc. (18)             | 44. Coastal Precast Services, Inc. <b>(New)</b>   |
| 20. Ballard Brothers Fish Company (19)       | 45. Hermitage Farms Nursery (46)                  |
| 21. Pay Admin LLC (24)                       | 46. Lfc Management Services, Inc. (47)            |
| 22. The Hungry Crab, LLC (23)                | 47. Wescoat Nurseries, Inc. <b>(New)</b>          |
| 23. C&E Farms (20)                           | 48. Norfolk Cent YMCA <b>(New)</b>                |
| 24. Town of Cape Charles (22)                | 49. Wendell Distributing Company (50)             |
| 25. Burger King (12)                         | 50. Bernie's Conchs, LLC (39)                     |

**Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (CQEW), 4<sup>th</sup> Quarter (October, November, December) 2019.**

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

|                                  |                                      |
|----------------------------------|--------------------------------------|
| Wag Employee Services, Inc. (49) | Lfc Agricultural Services, Inc. (21) |
| Nova Counseling Group, Inc. (43) | Northampton Markets (42)             |

The following table reflects the breakdown of employment by industry in Northampton County for the quarters ending June 30, 2016, June 30, 2017 & June 30, 2018 & October 2020. The County has sustained an overall job loss of 702 due to COVID-19. Coastal Precast has entered the market that was



negatively impacted with the departure of Bayshore Concrete; however, there has not been a replacement for the void left by the relocation of Riverside Hospital causing a net loss of 467 jobs since 2016.

|  | July 2016   |                | July 2017   |                | July 2018   |                | October 2020 |                | Change<br>2020 vs. 2018 |
|--|-------------|----------------|-------------|----------------|-------------|----------------|--------------|----------------|-------------------------|
| Industry                                       | Employment  | Percentage     | Employment  | Percentage     | Employment  | Percentage     | Employment   | Percentage     |                         |
| Health Care and Social Assistance              | 950         | 22.05%         | 514         | 13.59%         | 506         | 11.52%         | 483          | 13.09%         | (23)                    |
| Local Government                               | 838         | 19.45%         | 840         | 22.20%         | 848         | 19.30%         | 779          | 21.11%         | (69)                    |
| State Government                               | 66          | 1.53%          | 68          | 1.80%          | 75          | 1.71%          | 78           | 2.11%          | 3                       |
| Federal Government                             | 30          | 0.70%          | 32          | 0.85%          | 34          | 0.77%          | 36           | 0.98%          | 2                       |
| Agriculture, Forestry, Fishing and Hunting     | 641         | 14.88%         | 639         | 16.89%         | 1024        | 23.31%         | 689          | 18.67%         | (335)                   |
| Accommodation and Food Service                 | 482         | 11.19%         | 481         | 12.71%         | 560         | 12.75%         | 458          | 12.41%         | (102)                   |
| Manufacturing                                  | 415         | 9.63%          | 235         | 6.21%          | 327         | 7.44%          | 212          | 5.74%          | (115)                   |
| Wholesale Trade                                |             | 0.00%          | 45          | 1.19%          | 48          | 1.09%          | 41           | 1.11%          | (7)                     |
| Retail Trade                                   | 410         | 9.52%          | 394         | 10.42%         | 446         | 10.15%         | 397          | 10.76%         | (49)                    |
| Other Services (except Public Administration)  | 125         | 2.90%          | 149         | 3.94%          | 147         | 3.35%          | 104          | 2.82%          | (43)                    |
| Construction                                   | 91          | 2.11%          | 89          | 2.35%          | 92          | 2.09%          | 109          | 2.95%          | 17                      |
| Educational Services                           | 82          | 1.90%          | 98          | 2.59%          | 88          | 2.00%          | 82           | 2.22%          | (6)                     |
| Transportation and Warehousing                 |             | 0.00%          | 21          | 0.56%          | 21          | 0.48%          | 0            | 0.00%          | (21)                    |
| Finance and Insurance                          | 75          | 1.74%          | 69          | 1.82%          | 63          | 1.43%          | 80           | 2.17%          | 17                      |
| Administrative Support and Waste Management    | 42          | 0.97%          | 42          | 1.11%          | 47          | 1.07%          | 60           | 1.63%          | 13                      |
| Professional, Scientific and Technical Service | 41          | 0.95%          | 42          | 1.11%          | 37          | 0.84%          | 40           | 1.08%          | 3                       |
| Real Estate and Rental & Leasing               | 20          | 0.46%          | 23          | 0.61%          | 24          | 0.55%          | 37           | 1.00%          | 13                      |
| Unclassified                                   |             |                | 2           | 0.05%          | 6           | 0.14%          | 6            | 0.16%          | 0                       |
| <b>TOTAL</b>                                   | <b>4308</b> | <b>100.00%</b> | <b>3783</b> | <b>100.00%</b> | <b>4393</b> | <b>100.00%</b> | <b>3691</b>  | <b>100.00%</b> | <b>(702)</b>            |
| Government (Total)                             | 934         | 21.68%         | 940         | 24.85%         | 957         | 21.78%         | 893          | 24.19%         | (64)                    |
|  | Top 5       |                | Bottom 5    |                |             |                |              |                |                         |

## Employers by Size of Establishment

|                                | Northampton County | Virginia       |
|--------------------------------|--------------------|----------------|
| <b>0 to 4 employees</b>        | 428                | 177,248        |
| <b>5 to 9 employees</b>        | 66                 | 39,061         |
| <b>10 to 19 employees</b>      | 42                 | 28,974         |
| <b>20 to 49 employees</b>      | 33                 | 21,398         |
| <b>50 to 99 employees</b>      | 8                  | 7,352          |
| <b>100 to 249 employees</b>    | ***                | 3,853          |
| <b>250 to 499 employees</b>    | ***                | 1,117          |
| <b>500 to 999 employees</b>    | 0                  | 367            |
| <b>1000 and over employees</b> | 0                  | 255            |
|                                | <b>581</b>         | <b>279,625</b> |

## Employment by Size of Establishment

|                                | Northampton County | Virginia         |
|--------------------------------|--------------------|------------------|
| <b>0 to 4 employees</b>        | 601                | 236,055          |
| <b>5 to 9 employees</b>        | 428                | 259,444          |
| <b>10 to 19 employees</b>      | 561                | 393,191          |
| <b>20 to 49 employees</b>      | 940                | 648,173          |
| <b>50 to 99 employees</b>      | 592                | 504,998          |
| <b>100 to 249 employees</b>    | ***                | 571,521          |
| <b>250 to 499 employees</b>    | ***                | 381,206          |
| <b>500 to 999 employees</b>    | 0                  | 250,537          |
| <b>1000 and over employees</b> | 0                  | 678,092          |
|                                | <b>3,944</b>       | <b>3,923,217</b> |

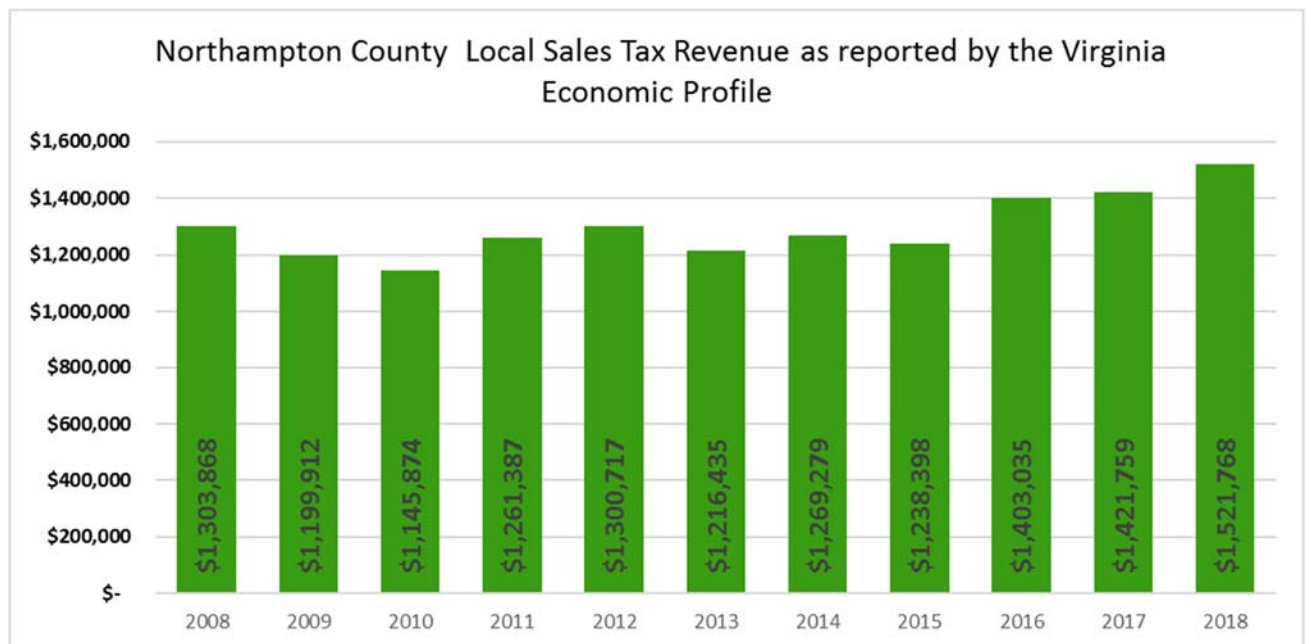
Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 1<sup>st</sup> Quarter 2020.

## 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 FY2020, sales tax revenue increased 32.25%. A portion (approximately 26.22%) 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

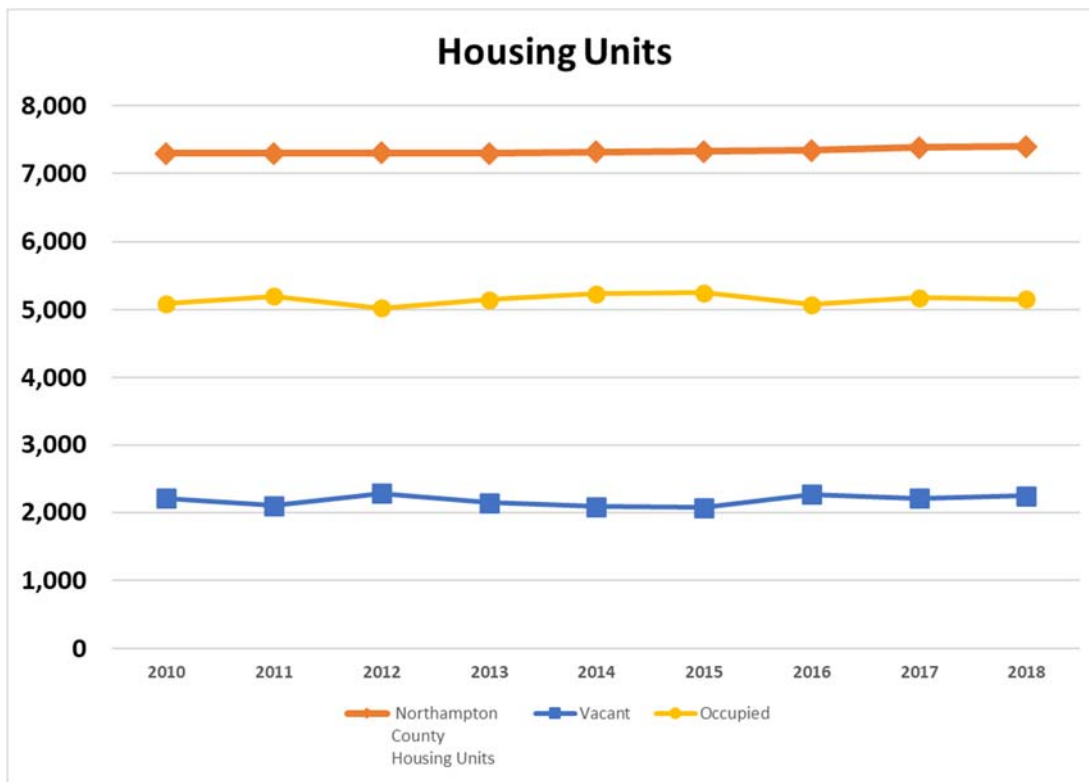


### Housing

According to information from the U.S. Census Bureau in 2018 there were 7,397 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. Renter occupied units have increased by 21.0% since 2010 while owner occupied have declined by 6.8%.



| Year                      | Northampton<br>County<br>Housing Units | %<br>Change | Vacant | %<br>Change | Occupied | %<br>Change | Owner<br>Occupied | %<br>Change | Renter<br>Occupied | %<br>Change |
|---------------------------|--|-------------|--------|-------------|----------|-------------|-------------------|-------------|--------------------|-------------|
| 2010                      | 7,296                                  |             | 2,208  |             | 5,088    |             | 3,617             |             | 1,471              |             |
| 2011                      | 7,298                                  | 0.0%        | 2,103  | -4.8%       | 5,195    | 2.1%        | 3,607             | -0.3%       | 1,588              | 8.0%        |
| 2012                      | 7,307                                  | 0.1%        | 2,282  | 8.5%        | 5,025    | -3.3%       | 3,487             | -3.3%       | 1,538              | -3.1%       |
| 2013                      | 7,294                                  | -0.2%       | 2,145  | -6.0%       | 5,149    | 2.5%        | 3,533             | 1.3%        | 1,616              | 5.1%        |
| 2014                      | 7,322                                  | 0.4%        | 2,085  | -2.8%       | 5,237    | 1.7%        | 3,662             | 3.7%        | 1,575              | -2.5%       |
| 2015                      | 7,323                                  | 0.0%        | 2,075  | -0.5%       | 5,248    | 0.2%        | 3,614             | -1.3%       | 1,634              | 3.7%        |
| 2016                      | 7,342                                  | 0.3%        | 2,267  | 9.3%        | 5,075    | -3.3%       | 3,412             | -5.6%       | 1,663              | 1.8%        |
| 2017                      | 7,384                                  | 0.6%        | 2,207  | -2.6%       | 5,177    | 2.0%        | 3,344             | -2.0%       | 1,833              | 10.2%       |
| 2018                      | 7,397                                  | 0.2%        | 2,246  | 1.8%        | 5,151    | -0.5%       | 3,371             | 0.8%        | 1,780              | -2.9%       |
| % Change<br>2018 vs. 2010 |  | 1.4%        |        | 1.7%        |          | 1.2%        |                   | -6.8%       |                    | 21.0%       |



Source: U.S. Department of Commerce, Census Bureau, 2018 Census



The County's dependence on Real Estate property tax revenue has stabilized in recent years. For FY20 property tax revenue generated 54.01% compared to FY19 54.93% of General Fund revenues 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, 2019 figures indicate that travel expenditures on the Eastern Shore exceeded \$394 million (\$107.8M Northampton), an average of \$1,079,895 per day, with a 17.79% increase in visitor spending from 2014 to 2019. Tourism jobs increased 7.71% from 2014 to 2019 with a corresponding 20.31% in tourism payroll. Major tourism spots on the Eastern Shore of Virginia include Cape Charles Beach and Historic District, Assateague Island National Seashore, Chincoteague National Wildlife Refuge, Kiptopeke State Park, the Eastern Shore National Wildlife Refuge and the NASA/Wallops Island Visitor Center.



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



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

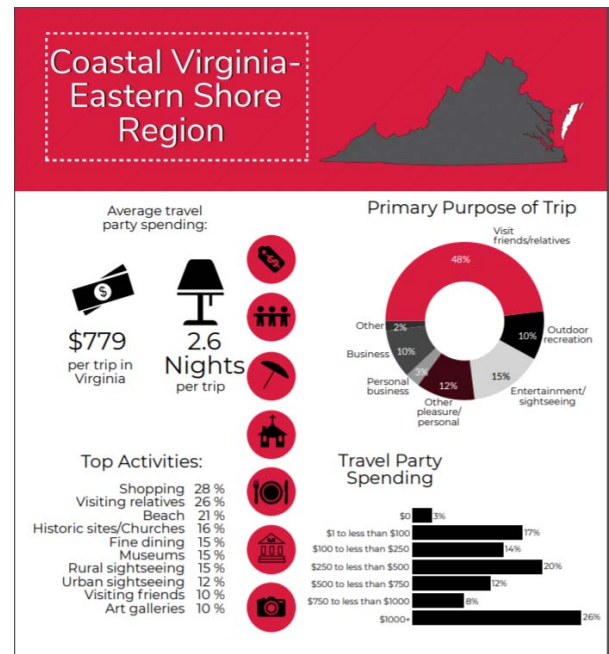
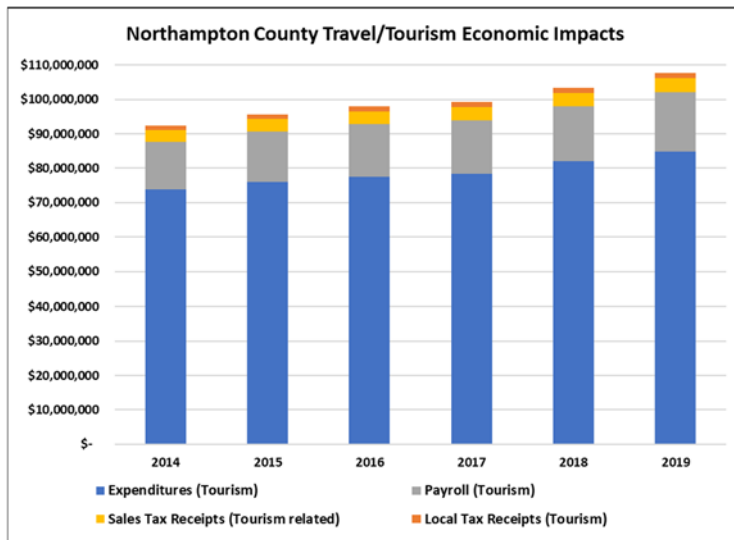
marked for capital projects related to tourism within the County. Since FY09, a portion of these funds have been released as part of a local competitive grant program. The Eastern Shore Tourism Commission adopted a strategy for tourism on the Eastern Shore of Virginia. The stated vision includes transforming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



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

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

Source: Virginia Tourism Corporation



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

In January 2018, a new Board of Supervisors took office. The Board is in the process of adopting new strategic goals for the County through a Strategic Plan process. For the calendar year 2019, the Board adopted a list of priorities to govern the work plan for the County staff and the development of the Fiscal Year 2020 budget; the list is provided below.

- Fund required resources to complete all elements of the Comprehensive Plan (consultant, advertising, public meetings, Future Land Use Map (FLUM))
- Secure internal and external resources needed to update zoning ordinances (legal compliance, use definitions, districts and performance)
- Continue to work with the Architect, Waller, Todd & Sadler, to determine structural/programming needs in order to enhance the Northampton County High/Middle School
- Analyze, prioritize, and fund capital projects for County-owned assets (forecast 3-year plan)
- Supplement as possible the General Assembly budget funding for education and Compensation Board staff
- Evaluate funding alternatives for infrastructure expansion within the County and Towns
- Implement the plan for expansion of the Bayview Waste Collection Site
- Look for opportunities to fund the approved salary study and submit recommendations for FY 22
- Fill and maintain authorized staff levels
- Use grant funding to complete Brownfield studies and make recommendations based on results
- Support new business initiatives with timely responses to planning and permitting
- Equitable pay for all employees
- Required Capital enhancements to meet County needs
- Maintain existing equipment/assets in proper working order
- Increase collection % rates on Current Year Taxes due
- Maximize return on investment on County Cash balances
- Continue the program to demolish dangerous structures

## **Vision and Mission Statement**

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

## **Relevant Financial Policies**

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

At June 30, 2020, unassigned general fund balance was \$11,682,987 (\$187,832 increase from FY19) or 27.05% of combined operating expenditures as outlined above. This compares to FY19 \$11,495,155 (\$1,160,075 increase from FY18 - \$1,020,167 from Income Statement, \$66,000 from reserve Broadband no longer required and \$73,908 from reserve E-Summons no longer required) or 27.68%. If at any time the unassigned fund balance falls below the minimum acceptable amount of 10% of combined budget expenditure, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level. The adopted Debt Service Policy established a limit of 4% of total outstanding debt (FY20 ended at 1.83%, well beneath the 4% limit) as a percentage of assessed value of real estate. The ratio of debt service expenditures as a percent of governmental fund expenditures is similarly limited to 12% (FY20 ended at 6.669%, well below the 12% threshold).

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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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of June 30, 2020, 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 93-94, and 95-112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other Information*

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the County of Northampton, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Northampton, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Northampton, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associate

Richmond, Virginia  
December 4, 2020

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## 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, 2020. 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 viii through xxii 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. The County continued to provide all government services. On March 20<sup>th</sup> the County implemented a safety precaution to employees who continue to work and the citizens by closing all facilities to the public. This remained in effect until May 19<sup>th</sup>. Additionally, the County put a spending freeze on all non-essential purchases greater than \$50 without County Administrator or Finance Director approval. The County also implemented a hiring freeze on any non-essential employees. The pandemic had revenue and expense impacts on the County that were felt in the 4<sup>th</sup> quarter of 2020; however, due to the three strong quarters prior to COVID-19 and having past our tax billing due date of Dec. 5<sup>th</sup> the County was in a healthy financial position to withstand the impact. These are discussed further in the summary that follows. Furthermore, for FY21 the County had to adopt a Post-COVID-19 budget and will potentially feel more of a financial impact. Finally, due to the impact on local county government, the County received the first of two rounds of support in the amount of \$1,021,652 on June 1<sup>st</sup>. The County spent \$245,241 of this in FY20 and will spend the remainder in FY21.

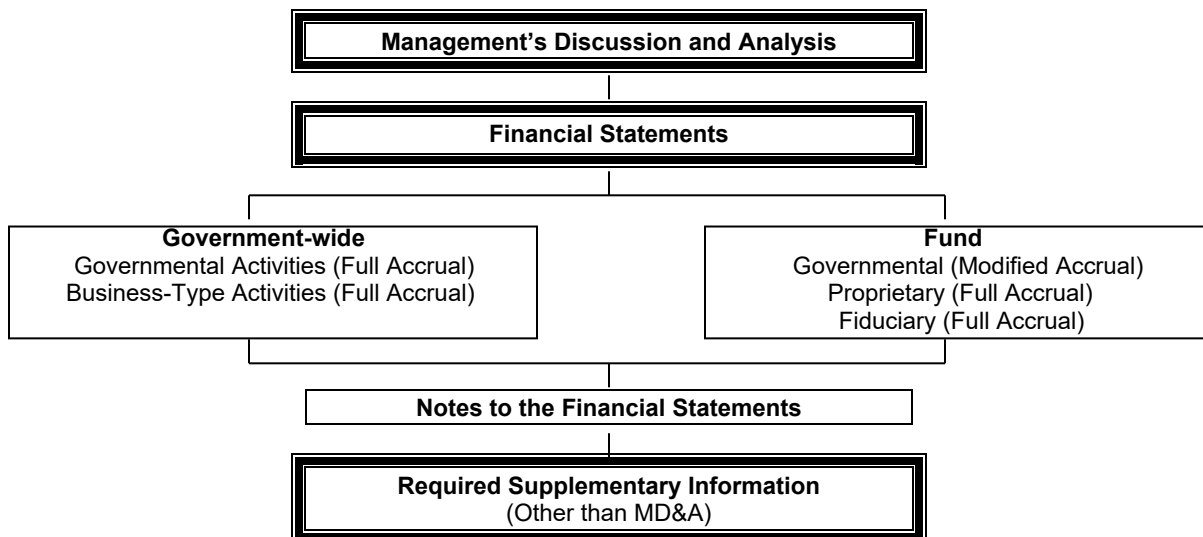
### Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$28,856,133 (*net assets*) a \$2,140,029 increase from FY19. The County's net investment in capital assets increased from \$11,822,786 to \$12,791,941. Unrestricted net assets increased by \$922,848 to \$14,144,763 from \$13,221,915 in FY19.
- At June 30, 2020, the Unassigned General Fund balance was \$11,682,987 or 27.05% of actual operating expenditures as defined by the County's fund balance policy. General fund balance increased by \$187,832 from FY 19 all from the income statement.
- On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$25,447,962 which were \$2,140,029 less than the general revenues of \$27,587,991.
- On a government-wide basis for business-type activities the County had expenses net of program revenue of \$72,592.

### 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 or agency 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, VA Broadband Authority, IDA, 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 26-92 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 page 93-112 of this report.

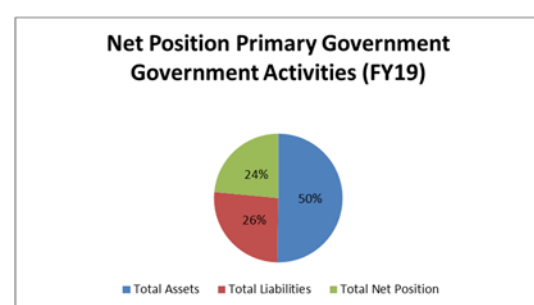
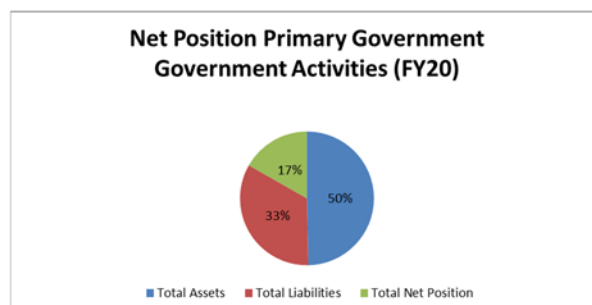
The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 113-127 of this report.

## 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          |                       |
|                                  | 2020                    | 2019                 | 2020                     | 2019              | 2020                  | 2019                  |
| Current and Other Assets         | \$ 52,099,785           | \$ 22,295,985        | \$ 146,634               | \$ 67,402         | \$ 2,869,665          | \$ 3,573,213          |
| Capital Assets (net)             | 33,482,684              | 34,836,787           | 27,740                   | 34,741            | 8,039,658             | 8,602,494             |
| <b>Total Assets</b>              | <b>\$ 85,582,469</b>    | <b>\$ 57,132,772</b> | <b>\$ 174,374</b>        | <b>\$ 102,143</b> | <b>\$ 10,909,323</b>  | <b>\$ 12,175,707</b>  |
| Deferred outflows of resources   | \$ 1,909,232            | \$ 868,017           | \$ 10,859                | \$ 5,078          | \$ 3,445,480          | \$ 1,401,532          |
| Long-term Liabilities            | \$ 54,447,812           | \$ 28,292,464        | \$ 17,784                | \$ 15,857         | \$ 1,788,845          | \$ 2,307,366          |
| Other Liabilities                | 3,297,963               | 1,579,052            | 22,243                   | 15,486            | 19,463,988            | 17,944,453            |
| <b>Total Liabilities</b>         | <b>\$ 57,745,775</b>    | <b>\$ 29,871,516</b> | <b>\$ 40,027</b>         | <b>\$ 31,343</b>  | <b>\$ 21,252,833</b>  | <b>\$ 20,251,819</b>  |
|                                  | \$ 889,793              | \$ 1,413,169         | \$ 4,498                 | \$ 7,762          | \$ 2,289,763          | \$ 2,660,811          |
| Deferred inflows of resources    |                         |                      |                          |                   |                       |                       |
| <b>Net Assets:</b>               |                         |                      |                          |                   |                       |                       |
| Net investment in capital assets | \$ 12,791,941           | \$ 11,822,786        | \$ 27,740                | \$ 34,741         | \$ 7,806,488          | \$ 8,220,663          |
| Restricted                       | 1,919,429               | 1,671,403            | -                        | -                 | -                     | -                     |
| Unrestricted                     | 14,144,763              | 13,221,915           | 112,968                  | 33,375            | (16,994,281)          | (17,556,054)          |
| <b>Total Net Assets</b>          | <b>\$ 28,856,133</b>    | <b>\$ 26,716,104</b> | <b>\$ 140,708</b>        | <b>\$ 68,116</b>  | <b>\$ (9,187,793)</b> | <b>\$ (9,335,391)</b> |



The Primary Government's governmental combined net assets increased as adjusted by \$2,140,029, from \$26,716,104 to \$28,856,133. The Primary Government's governmental unrestricted net assets increased from \$13,221,915 to \$14,144,763. This was largely due to decreases in construction-in-progress and increases in revenues. Due to the addition of usage charges and the delay of the planned capital improvements, the proprietary fund ended the year with assets and deferred outflows in excess of its liabilities by \$140,708.



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

| Northampton County, VA<br>Summary Statement of Changes in Net Assets |                         |               |                          |            |                |                |
|--|-------------------------|---------------|--------------------------|------------|----------------|----------------|
|  | Primary Government      |               |                          |            | Component Unit |                |
|  | Governmental Activities |               | Business-type Activities |            | School Board   |                |
|  | 2020                    | 2019          | 2020                     | 2019       | 2020           | 2019           |
| Revenues:  |                         |               |                          |            |                |                |
| Program Revenues   |                         |               |                          |            |                |                |
| Charges for Service  | \$ 2,042,537            | \$ 2,263,458  | \$ 336,989               | \$ 262,294 | \$ 245,465     | \$ 306,505     |
| Operating Grants & Contributions                                     | 6,309,865               | 6,252,276     | -                        | -          | 11,786,278     | 11,679,475     |
| Capital Grants & Contributions                                       | 69,347                  | -             | -                        | -          | -              | -              |
| General Revenues   |                         |               |                          |            |                |                |
| Real Estate & Personal Property Taxes                                | 19,688,827              | 18,776,883    | -                        | -          | -              | -              |
| Other Taxes  | 3,224,406               | 3,133,599     | -                        | -          | -              | -              |
| Unrestricted Revenue from use of money<br>and property               | 602,166                 | 254,371       | -                        | -          | -              | -              |
| Grants and Contributions not restricted<br>to specific programs      | 2,164,551               | 1,920,062     | -                        | -          | -              | -              |
| Miscellaneous  | 169,872                 | 119,981       | -                        | -          | 194,107        | 247,746        |
| Transfers  | 1,738,169               | 851,753       | (4,275)                  | (4,275)    | 9,343,231      | 10,274,913     |
| Total Revenues   | \$ 36,009,740           | \$ 33,572,383 | \$ 332,714               | \$ 258,019 | \$ 21,569,081  | \$ 22,508,639  |
| Expenses:  |                         |               |                          |            |                |                |
| General Administration   | \$ 3,195,073            | \$ 3,050,836  | \$ -                     | \$ -       | \$ -           | \$ -           |
| Judicial Administration  | 805,032                 | 738,392       | -                        | -          | -              | -              |
| Public Safety  | 10,763,461              | 9,602,687     | -                        | -          | -              | -              |
| Public Works   | 3,148,791               | 2,850,905     | -                        | -          | -              | -              |
| Public Utilities   | -                       | -             | 260,122                  | 194,946    | -              | -              |
| Health & Welfare   | 2,921,111               | 2,786,249     | -                        | -          | -              | -              |
| Education  | 9,982,925               | 10,493,929    | -                        | -          | 21,421,483     | 21,025,932     |
| Parks, Recreation, and Cultural                                      | 442,455                 | 756,434       | -                        | -          | -              | -              |
| Community Development  | 1,486,382               | 1,215,550     | -                        | -          | -              | -              |
| Interest on long-term debt   | 1,124,481               | 435,051       | -                        | -          | -              | -              |
| Total Expenses   | \$ 33,869,711           | \$ 31,930,033 | \$ 260,122               | \$ 194,946 | \$ 21,421,483  | \$ 21,025,932  |
| Change in Net Assets   | \$ 2,140,029            | \$ 1,642,350  | \$ 72,592                | \$ 63,073  | \$ 147,598     | \$ 1,482,707   |
| Net Assets, Beginning, As Adjusted                                   | 26,716,104              | 25,073,754    | 68,116                   | 5,043      | (9,335,391)    | (10,818,098)   |
| Net Assets, Ending   | \$ 28,856,133           | \$ 26,716,104 | \$ 140,708               | \$ 68,116  | \$ (9,187,793) | \$ (9,335,391) |

## Revenues

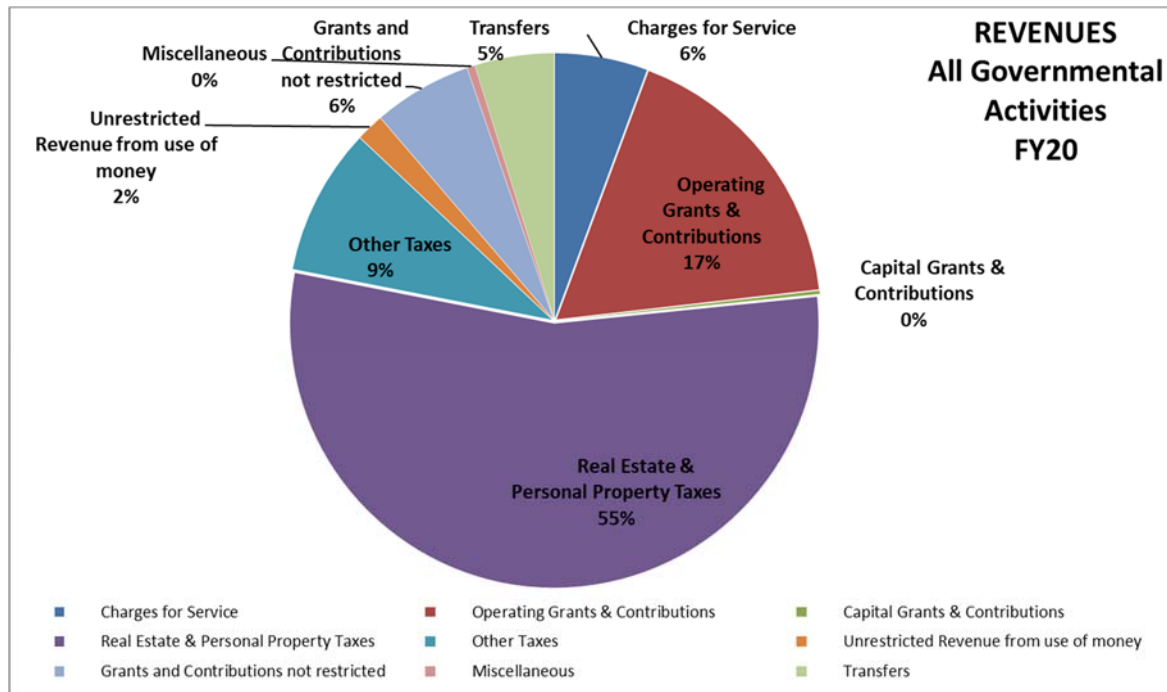
For the fiscal year ended June 30, 2020, revenues generated by the Primary Government's governmental activities totaled \$36,009,740. General property taxes, the County's largest revenue source, were \$19,688,827, a 4.9% increase vs. FY19. Included in this total are real and personal property levies, which are due on December 5<sup>th</sup> each year. The real estate tax rate for FY20 was \$0.83 per \$100 of assessed value. The FY20 tax rate remained unchanged from the FY 19 tax rate.

FY20 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 50.5% up to the first \$20,000 in value for FY20.

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 \$90,807 from the previous year, totaling \$3,224,406 in FY20. This increase was mostly due to a \$95,787 increase in Sales Tax receipts.

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 \$8,421,749. Program revenues in the governmental funds include a "charges for services" category that totaled \$2,042,537, charges for waste disposal, recreation programs, and building permits. Also included in Program Revenues are Operating and Capital Grants and

Contributions. This category decreased by (\$93,985) from the previous fiscal year mainly due to COVID-19 impacts on recreation programs.



### Expenses

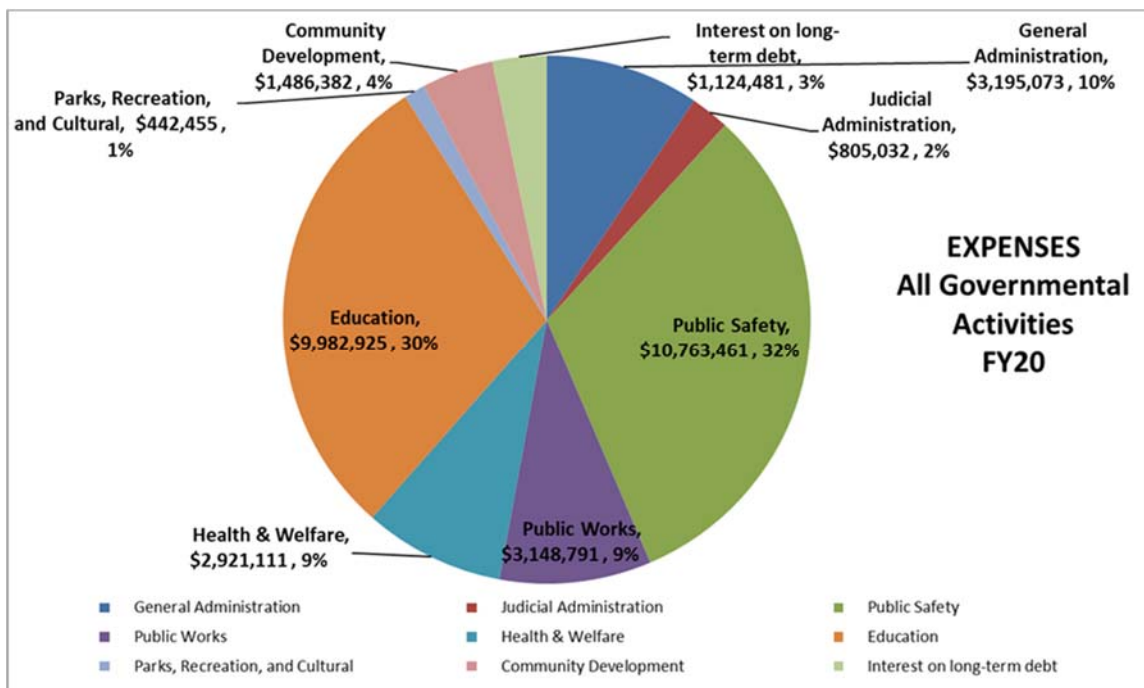
For the fiscal year ended June 30, 2020, expenses for governmental activities totaled \$33,869,711, an increase of \$1,939,678 from FY19. For FY20, interest expense on long-term debt was \$1,124,481, an increase of \$689,430 from FY19 due to the addition of the 2019 VPSA Bond issuance.

The County's health insurance plan continues to receive increased usage which resulted in an increase in the annual premium. The County's contribution remained at \$7,800 per employee for all employees and \$600 for wellness program participants in FY20. The employer contribution into the Virginia Retirement System remained at 8.14% of the employee's salary. The new rate of 8.89% will begin in FY21.

Public Works increased by \$297,886 while Public Safety increased by \$1,160,774 due staff adjustments relating to the newly implemented salary study, increased EMS staffing required in Exmore due to reduction in volunteers, COVID-19 related staffing requirements and a \$2.50 per hour worked COVID-19 Hazard pay to all first responders during the Commonwealth's Phase I (March 15 – June 30<sup>th</sup>) COVID-19 response. Parks, Recreation and Cultural expenses decreased by \$313,979 vs. FY19 due to the cancelation of many programs due to COVID-19.

Community Development expenses increased by \$270,832 vs. FY19.

The County's Proprietary Fund expenses reflected a total of \$260,122, a \$65,176 increase compared to FY19. Even with a reduction in rates charged to Bayview customers who do not exceed the minimum 4,000-gallon usage, the County received revenue of \$336,989, a \$74,695 increase vs. FY19, creating a \$72,592 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, 2020, the County's governmental funds reflect a combined fund balance of \$48,514,917, most of which is restricted, committed or assigned for specific purposes such as capital outlay and debt service. This is an increase of \$28,629,221, mostly due to the issuance of the VPSA 2019 Bond for the High/Middle School Enhancement Project, from FY19. Fund balance in the General Fund increased by \$187,832.

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 2020, the Board took the following actions:

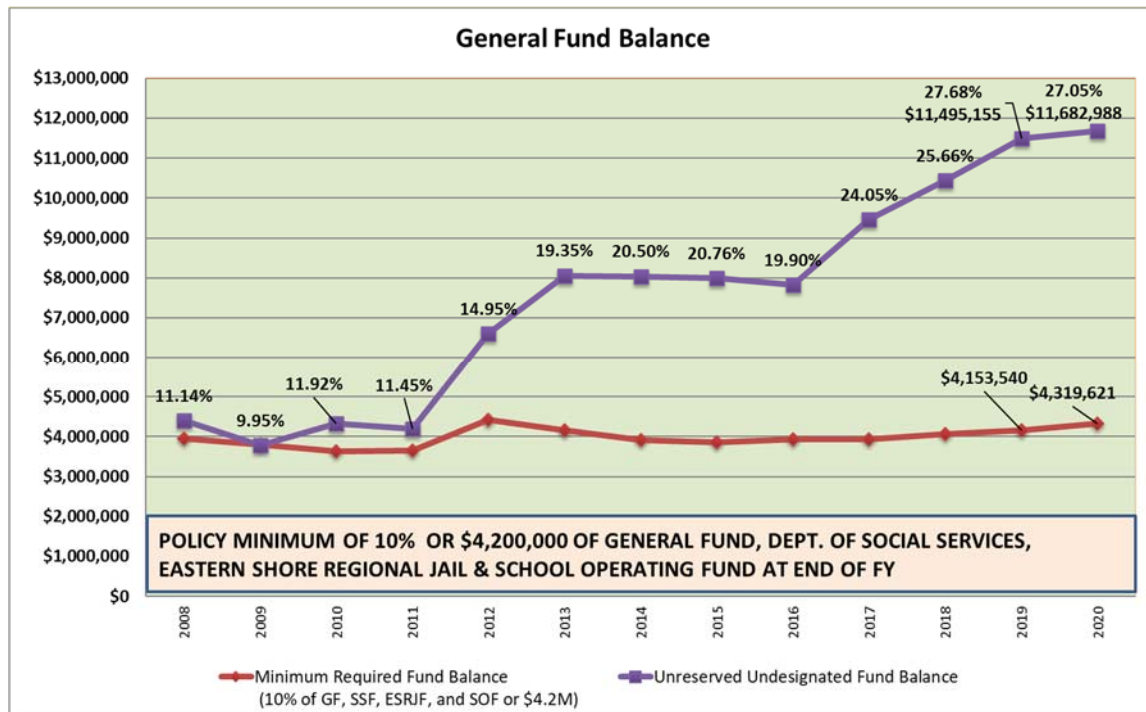
Any remaining unspent appropriations in the School Operating Fund for FY19 shall be transferred to the School Capital Fund (Fund 395) and shall be utilized for funding projects in the adopted School's Capital Improvement Plan.

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 \$11,682,987 compared to \$11,495,155 for FY19, a \$187,832 increase. 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, 2020, the unassigned General Fund balance decreased from 27.68% of actual operating expenditures as defined in the policy in FY19 to FY20's total of 27.05%. 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 \$1,784,731 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
- USDA Grant/Loan for Solid Waste tractor and mower
- CARES Act sharing from the Commonwealth of Virginia \$1,021,652
- Phase II of School Enhancement Project \$228,314

## Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$33,482,684 (net of accumulated depreciation). 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<br>30-Jun-19 | Net Increase/<br>(Decrease) | Balance<br>30-Jun-20 |
|-----------------------------------|----------------------|-----------------------------|----------------------|
| Governmental Activities:          |                      |                             |                      |
| Non-Depreciable Assets:           |                      |                             |                      |
| Land and Land Improvements        | \$ 2,485,986         | \$ 54,021                   | \$ 2,540,007         |
| Construction in Progress          | 119,338              | 74,751                      | 194,089              |
| Other Capital Assets              |                      |                             |                      |
| Buildings                         | \$ 48,891,626        | \$ -                        | \$ 48,891,626        |
| Furniture & Other Equipment       | 4,965,974            | 457,311                     | 5,423,285            |
| Improvements other than Buildings | 2,402,207            | 500,356                     | 2,902,563            |
| Jointly Owned Improvements        | 2,859,970            | -                           | 2,859,970            |
| Less: Accumulated Depreciation    | <u>(26,888,314)</u>  | <u>(2,440,542)</u>          | <u>(29,328,856)</u>  |
| Net Capital Assets                | <u>\$ 34,836,787</u> | <u>\$ (1,354,103)</u>       | <u>\$ 33,482,684</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 40-43 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 FY20, in accordance with the plan, \$0.148 cents of the real estate property tax levy 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 2020, 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 FY20, this ratio was 6.669% vs. 6.936% in FY19. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY20, this ratio was approximately 1.83% vs. 0.84% in FY19 due to the VPSA 2019 Bond issuance.

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

The Primary Government's outstanding debt at July 1, 2020 is as follows:

|  |           |                          |
|--|-----------|--------------------------|
| <b>General</b>                                     |           |                          |
| USDA Loan  | \$        | 35,316                   |
| 2012 Bond VRA Refinancing                          |           | <u>17,519,513</u>        |
| <b>Subtotal</b>                                    | <b>\$</b> | <b>17,554,829</b>        |
| <b>Schools</b>                                     |           |                          |
| Lease-Purchase Obligations (School Operating Fund) | \$        | 233,170                  |
| 2006 QZAB  |           | 2,214,428                |
| Literary Loans                                     |           | 24,260                   |
| 2019 VPSA Gen. Obligation School Bond              |           | 27,210,036               |
| 2012 VPSA Gen. Obligation School Bond              |           | <u>897,226</u>           |
| <b>Subtotal</b>                                    | <b>\$</b> | <b>30,579,120</b>        |
| <b>Grand Total</b>                                 | <b>\$</b> | <b><u>48,133,949</u></b> |

Additional information on the County's long-term debt can be found in Note 7 on pages 45-51 of this report.

### Requests for Information

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

## *BASIC FINANCIAL STATEMENTS*

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*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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Statement of Net Position  
June 30, 2020

|  | Primary Government      |                          |                      | Component Unit        |
|--|-------------------------|--------------------------|----------------------|-----------------------|
|  | Governmental Activities | Business-type Activities | Total                | School Board          |
| <b>ASSETS</b>                                      |                         |                          |                      |                       |
| Cash and investments                               | \$ 20,713,164           | \$ 146,092               | \$ 20,859,256        | \$ 2,010,361          |
| Receivables (net of allowance for uncollectibles): |                         |                          |                      |                       |
| Taxes receivable                                   | 1,170,795               | -                        | 1,170,795            | -                     |
| Accounts receivable                                | 304,866                 | 542                      | 305,408              | 29,203                |
| Due from other governmental units                  | 909,555                 | -                        | 909,555              | 692,806               |
| Prepaid items                                      | 17,936                  | -                        | 17,936               | 90,834                |
| Restricted assets:                                 |                         |                          |                      |                       |
| Temporarily restricted:                            |                         |                          |                      |                       |
| Cash and cash equivalents (in custody of others)   | 1,665,914               | -                        | 1,665,914            | -                     |
| Investments (in custody of others)                 | 27,317,555              | -                        | 27,317,555           | -                     |
| Net pension asset                                  | -                       | -                        | -                    | 46,461                |
| Capital assets (net of accumulated depreciation):  |                         |                          |                      |                       |
| Land   | 2,540,007               | -                        | 2,540,007            | 373,276               |
| Buildings and improvements                         | 27,519,684              | 13,003                   | 27,532,687           | 4,218,386             |
| Improvements other than buildings                  | 1,623,158               | -                        | 1,623,158            | 1,179,550             |
| Machinery and equipment                            | 1,605,746               | 14,737                   | 1,620,483            | 2,259,926             |
| Construction in progress                           | 194,089                 | -                        | 194,089              | 8,520                 |
| Total assets                                       | <u>\$ 85,582,469</u>    | <u>\$ 174,374</u>        | <u>\$ 85,756,843</u> | <u>\$ 10,909,323</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                         |                          |                      |                       |
| Pension related items                              | \$ 1,579,915            | \$ 8,403                 | \$ 1,588,318         | \$ 3,027,198          |
| OPEB related items                                 | 329,317                 | 2,456                    | 331,773              | 418,282               |
| Total deferred outflows of resources               | <u>\$ 1,909,232</u>     | <u>\$ 10,859</u>         | <u>\$ 1,920,091</u>  | <u>\$ 3,445,480</u>   |
| <b>LIABILITIES</b>                                 |                         |                          |                      |                       |
| Accounts payable                                   | \$ 953,515              | \$ 14,973                | \$ 968,488           | \$ 360,146            |
| Accrued liabilities                                | 750,214                 | 2,811                    | 753,025              | 1,399,062             |
| Accrued interest payable                           | 817,823                 | -                        | 817,823              | -                     |
| Unearned revenue                                   | 776,411                 | -                        | 776,411              | 29,637                |
| Long-term liabilities:                             |                         |                          |                      |                       |
| Due within one year                                | 2,306,747               | 482                      | 2,307,229            | 201,350               |
| Due in more than one year                          | 52,141,065              | 21,761                   | 52,162,826           | 19,262,638            |
| Total liabilities                                  | <u>\$ 57,745,775</u>    | <u>\$ 40,027</u>         | <u>\$ 57,785,802</u> | <u>\$ 21,252,833</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                         |                          |                      |                       |
| Pension related items                              | \$ 642,626              | \$ 3,877                 | \$ 646,503           | \$ 1,887,601          |
| OPEB related items                                 | 98,364                  | 621                      | 98,985               | 402,162               |
| Deferred revenue - property taxes                  | 26,819                  | -                        | 26,819               | -                     |
| Deferred revenue - jail phone                      | 121,984                 | -                        | 121,984              | -                     |
| Total deferred inflows of resources                | <u>\$ 889,793</u>       | <u>\$ 4,498</u>          | <u>\$ 894,291</u>    | <u>\$ 2,289,763</u>   |
| <b>NET POSITION</b>                                |                         |                          |                      |                       |
| Net investment in capital assets                   | \$ 12,791,941           | \$ 27,740                | \$ 12,819,681        | \$ 7,806,488          |
| Restricted:  |                         |                          |                      |                       |
| Forfeited assets                                   | 69,136                  | -                        | 69,136               | -                     |
| School constructions                               | 107,519                 | -                        | 107,519              | -                     |
| CDBG projects                                      | 65,414                  | -                        | 65,414               | -                     |
| Purchase of development rights                     | 11,446                  | -                        | 11,446               | -                     |
| Debt service and bond covenants                    | 1,665,914               | -                        | 1,665,914            | -                     |
| Unrestricted (deficit)                             | 14,144,763              | 112,968                  | 14,257,731           | (16,994,281)          |
| Total net position                                 | <u>\$ 28,856,133</u>    | <u>\$ 140,708</u>        | <u>\$ 28,996,841</u> | <u>\$ (9,187,793)</u> |

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

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2020

| Functions/Programs   | Expenses      | Program Revenues     |                                    |                                  |
|--|---------------|----------------------|------------------------------------|----------------------------------|
|  |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT:  |               |                      |                                    |                                  |
| Governmental activities:                                     |               |                      |                                    |                                  |
| General government administration                            | \$ 3,195,073  | \$ -                 | \$ 233,489                         | \$ -                             |
| Judicial administration                                      | 805,032       | 558,010              | 496,214                            | -                                |
| Public safety  | 10,763,461    | 663,631              | 3,409,512                          | -                                |
| Public works   | 3,148,791     | 755,252              | -                                  | -                                |
| Health and welfare   | 2,921,111     | -                    | 1,953,573                          | -                                |
| Education  | 9,982,925     | 17,154               | -                                  | -                                |
| Parks, recreation, and cultural                              | 442,455       | 48,490               | 8,166                              | 48,347                           |
| Community development  | 1,486,382     | -                    | 208,911                            | 21,000                           |
| Interest on long-term debt                                   | 1,124,481     | -                    | -                                  | -                                |
| Total governmental activities                                | \$ 33,869,711 | \$ 2,042,537         | \$ 6,309,865                       | \$ 69,347                        |
| Business-type activities:                                    |               |                      |                                    |                                  |
| Public utilities   | \$ 260,122    | \$ 336,989           | \$ -                               | \$ -                             |
| Total business-type activities                               | \$ 260,122    | \$ 336,989           | \$ -                               | \$ -                             |
| Total primary government                                     | \$ 34,129,833 | \$ 2,379,526         | \$ 6,309,865                       | \$ 69,347                        |
| COMPONENT UNITS:   |               |                      |                                    |                                  |
| School Board   | \$ 21,421,483 | \$ 245,465           | \$ 11,786,278                      | \$ -                             |
| Total component units  | \$ 21,421,483 | \$ 245,465           | \$ 11,786,278                      | \$ -                             |
| General revenues:  |               |                      |                                    |                                  |
| 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<br>Changes in Net Position |                             |                        |                       |
|--|-----------------------------|------------------------|-----------------------|
| Primary Government                                   |                             |                        | Component Unit        |
| Governmental<br>Activities                           | Business-type<br>Activities | Total                  | School<br>Board       |
| \$ (2,961,584)                                       | \$ -                        | \$ (2,961,584)         | \$ -                  |
| 249,192  | -                           | 249,192                | -                     |
| (6,690,318)  | -                           | (6,690,318)            | -                     |
| (2,393,539)  | -                           | (2,393,539)            | -                     |
| (967,538)  | -                           | (967,538)              | -                     |
| (9,965,771)  | -                           | (9,965,771)            | -                     |
| (337,452)  | -                           | (337,452)              | -                     |
| (1,256,471)  | -                           | (1,256,471)            | -                     |
| (1,124,481)  | -                           | (1,124,481)            | -                     |
| <u>\$ (25,447,962)</u>                               | <u>\$ -</u>                 | <u>\$ (25,447,962)</u> | <u>\$ -</u>           |
| <br>   |                             |                        |                       |
| \$ -   | \$ 76,867                   | \$ 76,867              | \$ -                  |
| \$ -   | \$ 76,867                   | \$ 76,867              | \$ -                  |
| <u>\$ (25,447,962)</u>                               | <u>\$ 76,867</u>            | <u>\$ (25,371,095)</u> | <u>\$ -</u>           |
| <br>   |                             |                        |                       |
| \$ -   | \$ -                        | \$ -                   | \$ (9,389,740)        |
| <u>\$ -</u>  | <u>\$ -</u>                 | <u>\$ -</u>            | <u>\$ (9,389,740)</u> |
| <br>   |                             |                        |                       |
| \$ 19,688,827  | \$ -                        | \$ 19,688,827          | \$ -                  |
| 1,443,547  | -                           | 1,443,547              | -                     |
| 324,208  | -                           | 324,208                | -                     |
| 362,175  | -                           | 362,175                | -                     |
| 329,119  | -                           | 329,119                | -                     |
| 475,894  | -                           | 475,894                | -                     |
| 289,463  | -                           | 289,463                | -                     |
| 602,166  | -                           | 602,166                | -                     |
| 169,872  | -                           | 169,872                | 194,107               |
| 2,164,551  | -                           | 2,164,551              | -                     |
| -  | -                           | -                      | 9,343,231             |
| 1,733,894  | -                           | 1,733,894              | -                     |
| 4,275  | (4,275)                     | -                      | -                     |
| <u>\$ 27,587,991</u>                                 | <u>\$ (4,275)</u>           | <u>\$ 27,583,716</u>   | <u>\$ 9,537,338</u>   |
| \$ 2,140,029   | \$ 72,592                   | \$ 2,212,621           | \$ 147,598            |
| 26,716,104   | 68,116                      | 26,784,220             | (9,335,391)           |
| <u>\$ 28,856,133</u>                                 | <u>\$ 140,708</u>           | <u>\$ 28,996,841</u>   | <u>\$ (9,187,793)</u> |

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## *FUND FINANCIAL STATEMENTS*



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Balance Sheet  
Governmental Funds  
June 30, 2020

|   | General              | Eastern<br>Shore<br>Regional<br>Jail | Debt<br>Service     | Capital<br>Projects  | Other<br>Governmental<br>Funds | Total                |
|---|----------------------|--------------------------------------|---------------------|----------------------|--------------------------------|----------------------|
| <b>ASSETS</b>   |                      |                                      |                     |                      |                                |                      |
| Cash and investments  | \$ 12,723,342        | \$ 127,693                           | \$ 462,049          | \$ 7,177,981         | \$ 249,890                     | \$ 20,740,955        |
| Receivables (net of allowance<br>for uncollectibles):                 |                      |                                      |                     |                      |                                |                      |
| Taxes receivable  | 1,170,795            | -                                    | -                   | -                    | -                              | 1,170,795            |
| Accounts receivable   | 302,310              | 968                                  | -                   | -                    | 1,588                          | 304,866              |
| Due from other governmental units                                     | 540,983              | 213,752                              | -                   | -                    | 154,820                        | 909,555              |
| Prepaid items   | -                    | 17,936                               | -                   | -                    | -                              | 17,936               |
| Restricted assets:  |                      |                                      |                     |                      |                                |                      |
| Cash and cash equivalents   | -                    | -                                    | 1,665,914           | -                    | -                              | 1,665,914            |
| Investments   |                      |                                      |                     | 27,317,555           | -                              | 27,317,555           |
| Total assets  | <u>\$ 14,737,430</u> | <u>\$ 360,349</u>                    | <u>\$ 2,127,963</u> | <u>\$ 34,495,536</u> | <u>\$ 406,298</u>              | <u>\$ 52,127,576</u> |
| <b>LIABILITIES</b>  |                      |                                      |                     |                      |                                |                      |
| Accounts payable  | \$ 727,515           | \$ 112,708                           | \$ -                | \$ -                 | \$ 113,292                     | \$ 953,515           |
| Accrued liabilities   | 567,773              | 125,657                              | -                   | -                    | 56,784                         | 750,214              |
| Reconciled overdraft  | -                    | -                                    | -                   | -                    | 27,791                         | 27,791               |
| Unearned revenue  | 776,411              | -                                    | -                   | -                    | -                              | 776,411              |
| Total liabilities   | <u>\$ 2,071,699</u>  | <u>\$ 238,365</u>                    | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ 197,867</u>              | <u>\$ 2,507,931</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                                      |                     |                      |                                |                      |
| Unavailable revenue - property taxes                                  | \$ 982,744           | \$ -                                 | \$ -                | \$ -                 | \$ -                           | \$ 982,744           |
| Unavailable revenue - jail phone                                      | -                    | 121,984                              | -                   | -                    | -                              | 121,984              |
| Total deferred inflows of resources                                   | <u>\$ 982,744</u>    | <u>\$ 121,984</u>                    | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ -</u>                    | <u>\$ 1,104,728</u>  |
| <b>FUND BALANCES</b>  |                      |                                      |                     |                      |                                |                      |
| Nonspendable  | \$ -                 | \$ 17,936                            | \$ -                | \$ -                 | \$ -                           | \$ 17,936            |
| Restricted  | -                    | -                                    | 1,665,914           | 27,317,555           | 145,996                        | 29,129,465           |
| Committed   | -                    | -                                    | 462,049             | 7,177,981            | -                              | 7,640,030            |
| Assigned  | -                    | -                                    | -                   | -                    | 84,445                         | 84,445               |
| Unassigned  | 11,682,987           | (17,936)                             | -                   | -                    | (22,010)                       | 11,643,041           |
| Total fund balances   | <u>\$ 11,682,987</u> | <u>\$ -</u>                          | <u>\$ 2,127,963</u> | <u>\$ 34,495,536</u> | <u>\$ 208,431</u>              | <u>\$ 48,514,917</u> |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 14,737,430</u> | <u>\$ 360,349</u>                    | <u>\$ 2,127,963</u> | <u>\$ 34,495,536</u> | <u>\$ 406,298</u>              | <u>\$ 52,127,576</u> |

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

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Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2020

---

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

|  |    |            |
|--|----|------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ | 48,514,917 |
|--|----|------------|

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

|                          |    |                     |            |
|--------------------------|----|---------------------|------------|
| Capital assets, cost     | \$ | 62,811,540          |            |
| Accumulated depreciation |    | <u>(29,328,856)</u> | 33,482,684 |

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 | 955,925 |
|--------------------------------------|---------|

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

|                       |    |                |           |
|-----------------------|----|----------------|-----------|
| Pension related items | \$ | 1,579,915      |           |
| OPEB related items    |    | <u>329,317</u> | 1,909,232 |

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

|                                 |    |                  |              |
|---------------------------------|----|------------------|--------------|
| Bonds and loans payable         | \$ | (47,900,779)     |              |
| Accrued interest payable        |    | (817,823)        |              |
| Net OPEB liability              |    | (1,866,302)      |              |
| Net pension liability           |    | (958,698)        |              |
| Landfill post-closure liability |    | (2,900,408)      |              |
| Compensated absences            |    | <u>(821,625)</u> | (55,265,635) |

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

|                       |    |                 |                  |
|-----------------------|----|-----------------|------------------|
| Pension related items | \$ | (642,626)       |                  |
| OPEB related items    |    | <u>(98,364)</u> | <u>(740,990)</u> |

|   |    |                          |
|---|----|--------------------------|
| Net position of governmental activities | \$ | <u><u>28,856,133</u></u> |
|---|----|--------------------------|

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, 2020

|  | General        | Eastern Shore<br>Regional<br>Jail | Debt<br>Service |
|--|----------------|-----------------------------------|-----------------|
| <b>REVENUES</b>  |                |                                   |                 |
| General property taxes                                       | \$ 19,579,185  | \$ -                              | \$ -            |
| Other local taxes  | 3,224,406      | -                                 | -               |
| Permits, privilege fees,<br>and regulatory licenses          | 128,213        | -                                 | -               |
| Fines and forfeitures  | 511,699        | -                                 | -               |
| Revenue from the use of<br>money and property                | 331,396        | -                                 | 37,288          |
| Charges for services   | 1,377,054      | 15,167                            | -               |
| Miscellaneous  | 163,157        | (2,619)                           | -               |
| Recovered costs  | 83,724         | 4,163                             | 161,139         |
| Intergovernmental:   |                |                                   |                 |
| Local government   | -              | -                                 | -               |
| Commonwealth   | 3,749,569      | 2,227,337                         | -               |
| Federal  | 384,780        | -                                 | -               |
| Total revenues   | \$ 29,533,183  | \$ 2,244,048                      | \$ 198,427      |
| <b>EXPENDITURES</b>  |                |                                   |                 |
| Current:   |                |                                   |                 |
| General government administration                            | \$ 2,480,599   | \$ -                              | \$ -            |
| Judicial administration                                      | 727,320        | -                                 | -               |
| Public safety  | 6,124,752      | 4,464,381                         | -               |
| Public works   | 3,286,052      | -                                 | -               |
| Health and welfare   | 642,322        | -                                 | -               |
| Education  | 8,982,925      | -                                 | -               |
| Parks, recreation, and cultural                              | 410,100        | -                                 | -               |
| Community development  | 1,205,620      | -                                 | -               |
| Capital projects   | -              | -                                 | -               |
| Debt service:  |                |                                   |                 |
| Principal retirement   | -              | -                                 | 2,110,815       |
| Interest and other fiscal charges                            | -              | -                                 | 769,803         |
| Total expenditures   | \$ 23,859,690  | \$ 4,464,381                      | \$ 2,880,618    |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 5,673,493   | \$ (2,220,333)                    | \$ (2,682,191)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                |                                   |                 |
| Transfers in   | \$ 322,523     | \$ 2,347,697                      | \$ 2,829,193    |
| Transfers out  | (5,847,184)    | (127,364)                         | -               |
| Issuance of bonds  | -              | -                                 | -               |
| Bond premium issuance  | -              | -                                 | -               |
| Issuance of note payable                                     | 39,000         | -                                 | -               |
| Total other financing sources (uses)                         | \$ (5,485,661) | \$ 2,220,333                      | \$ 2,829,193    |
| Net change in fund balances                                  | \$ 187,832     | \$ -                              | \$ 147,002      |
| Fund balances - beginning                                    | 11,495,155     | -                                 | 1,980,961       |
| Fund balances - ending                                       | \$ 11,682,987  | \$ -                              | \$ 2,127,963    |

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

Exhibit 5

|    | Capital<br>Projects | Other<br>Governmental<br>Funds | Total                |
|----|---------------------|--------------------------------|----------------------|
| \$ | -                   | \$ -                           | \$ 19,579,185        |
|    | -                   | -                              | 3,224,406            |
|    | -                   | -                              | 128,213              |
|    | -                   | -                              | 511,699              |
|    | 233,482             | -                              | 602,166              |
|    | -                   | 10,404                         | 1,402,625            |
|    | -                   | 9,334                          | 169,872              |
|    | -                   | -                              | 249,026              |
|    | 1,733,894           | -                              | 1,733,894            |
|    | -                   | 629,769                        | 6,606,675            |
|    | -                   | 1,552,308                      | 1,937,088            |
| \$ | <u>1,967,376</u>    | <u>\$ 2,201,815</u>            | <u>\$ 36,144,849</u> |
| \$ | -                   | \$ -                           | \$ 2,480,599         |
|    | -                   | -                              | 727,320              |
|    | -                   | -                              | 10,589,133           |
|    | -                   | -                              | 3,286,052            |
|    | -                   | 2,334,236                      | 2,976,558            |
|    | 67,800              | -                              | 9,050,725            |
|    | -                   | -                              | 410,100              |
|    | -                   | 182,187                        | 1,387,807            |
|    | 794,502             | 73,025                         | 867,527              |
|    | -                   | -                              | 2,110,815            |
|    | -                   | -                              | 769,803              |
| \$ | <u>862,302</u>      | <u>\$ 2,589,448</u>            | <u>\$ 34,656,439</u> |
| \$ | <u>1,105,074</u>    | <u>\$ (387,633)</u>            | <u>\$ 1,488,410</u>  |
| \$ | -                   | \$ 557,793                     | \$ 6,057,206         |
|    | -                   | (190,883)                      | (6,165,431)          |
|    | 24,040,000          | -                              | 24,040,000           |
|    | 3,170,036           | -                              | 3,170,036            |
|    | -                   | -                              | 39,000               |
| \$ | <u>27,210,036</u>   | <u>\$ 366,910</u>              | <u>\$ 27,140,811</u> |
| \$ | 28,315,110          | \$ (20,723)                    | \$ 28,629,221        |
|    | 6,180,426           | 229,154                        | 19,885,696           |
| \$ | <u>34,495,536</u>   | <u>\$ 208,431</u>              | <u>\$ 48,514,917</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, 2020

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

|  |    |            |
|--|----|------------|
| Net change in fund balances - total governmental funds | \$ | 28,629,221 |
|--|----|------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

|  |    |                  |             |
|--|----|------------------|-------------|
| Capital asset additions                  | \$ | 1,409,319        |             |
| Depreciation expense                     |    | (2,450,193)      |             |
| Jointly owned asset allocation of assets |    | <u>(313,229)</u> | (1,354,103) |

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 | \$ | <u>109,642</u> | 109,642 |
|---|----|----------------|---------|

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                  | \$ | (27,249,036)    |              |
| Principal payments                          |    | 2,110,815       |              |
| Increase in landfill post-closure liability |    | <u>(31,767)</u> | (25,169,988) |

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

|   |    |                  |                 |
|---|----|------------------|-----------------|
| Change in compensated absences                  | \$ | (28,084)         |                 |
| OPEB expense                                    |    | (46,434)         |                 |
| Pension expense                                 |    | 354,453          |                 |
| Amortization of bond issuance premiums          |    | 251,443          |                 |
| (Increase) decrease in accrued interest payable |    | <u>(606,121)</u> | <u>(74,743)</u> |

|   |    |                         |
|---|----|-------------------------|
| Change in net position of governmental activities | \$ | <u><u>2,140,029</u></u> |
|---|----|-------------------------|

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



## COUNTY OF NORTHAMPTON, VIRGINIA

## Exhibit 7

## Statement of Net Position

## Proprietary Fund

June 30, 2020

|   | Enterprise<br>Fund<br>Public<br>Utilities<br>Fund |
|---|---|
| <b>ASSETS</b>                                 |   |
| Current assets:                               |   |
| Cash and cash equivalents                     | \$ 146,092  |
| Accounts receivable                           | 542   |
| Total current assets                          | \$ 146,634  |
| Noncurrent assets:                            |   |
| Capital assets:                               |   |
| Machinery and equipment                       | \$ 42,497   |
| Improvements other than buildings             | 18,875  |
| Less accumulated depreciation                 | (33,632)  |
| Total capital assets                          | \$ 27,740   |
| Total noncurrent assets                       | \$ 27,740   |
| Total assets                                  | \$ 174,374  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>         |   |
| Pension related items                         | \$ 8,403  |
| OPEB related items                            | 2,456   |
| Total deferred outflows of resources          | \$ 10,859   |
| <b>LIABILITIES</b>                            |   |
| Current liabilities:                          |   |
| Accounts payable                              | \$ 14,973   |
| Accrued liabilities                           | 2,811   |
| Compensated absences - current portion        | 482   |
| Total current liabilities                     | \$ 18,266   |
| Noncurrent liabilities:                       |   |
| Net OPEB liabilities                          | \$ 12,398   |
| Net pension liability                         | 5,022   |
| Compensated absences - net of current portion | 4,341   |
| Total noncurrent liabilities                  | \$ 21,761   |
| Total liabilities                             | \$ 40,027   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |   |
| Pension related items                         | \$ 3,877  |
| OPEB related items                            | 621   |
| Total deferred inflows of resources           | \$ 4,498  |
| <b>NET POSITION</b>                           |   |
| Investment in capital assets                  | \$ 27,740   |
| Unrestricted                                  | 112,968   |
| Total net position                            | \$ 140,708  |

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, 2020

|                                | Enterprise<br>Fund<br>Public<br>Utilities<br>Fund |
|--------------------------------|---|
| <b>OPERATING REVENUES</b>      |   |
| Charges for services:          |   |
| Water revenues                 | \$ 138,497  |
| Wastewater revenues            | 198,649   |
| Miscellaneous                  | (157)   |
| Total operating revenues       | <u>\$ 336,989</u>                                 |
| <b>OPERATING EXPENSES</b>      |   |
| Personnel                      | \$ 51,709   |
| Fringe benefits                | 18,012  |
| Contractual services           | 109,637   |
| Depreciation                   | 7,001   |
| Other charges                  | 73,763  |
| Total operating expenses       | <u>\$ 260,122</u>                                 |
| Income before transfers        | \$ 76,867   |
| Transfers:                     |   |
| Transfers out                  | (4,275)   |
| Change in net position         | <u>\$ 72,592</u>                                  |
| Total net position - beginning | 68,116  |
| Total net position - ending    | <u><u>\$ 140,708</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, 2020

|  | Enterprise<br>Fund<br>Public<br>Utilities<br>Fund |
|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |
| Receipts from customers and users  | \$ 343,679  |
| Payments to suppliers  | (181,534)   |
| Payments to and for employees  | (71,523)  |
| Net cash provided by (used for) operating activities   | \$ 90,622   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |   |
| Transfers to other funds   | \$ (4,275)  |
| Net cash provided by (used for) noncapital financing activities  | \$ (4,275)  |
| Net increase (decrease) in cash and cash equivalents   | \$ 86,347   |
| Cash and cash equivalents - beginning  | 59,745  |
| Cash and cash equivalents - ending   | \$ 146,092  |
| Reconciliation of operating income (loss) to net cash<br>provided by (used for) operating activities:        |   |
| Operating income (loss)  | \$ 76,867   |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities: |   |
| Depreciation expense   | \$ 7,001  |
| (Increase) decrease in accounts receivable   | 6,690   |
| (Increase) decrease in deferred outflows of resources  | (5,781)   |
| (Increase) decrease in net pension asset   | 425   |
| Increase (decrease) in accounts payable  | 1,866   |
| Increase (decrease) in accrued liabilities   | 61  |
| Increase (decrease) in net OPEB liabilities  | 1,676   |
| Increase (decrease) in deferred inflows of resources   | (3,264)   |
| Increase (decrease) in net pension liability   | 5,022   |
| Increase (decrease) in compensated absences  | 59  |
| Total adjustments  | \$ 13,755   |
| Net cash provided by (used for) operating activities   | \$ 90,622   |

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2020

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|  | <b>Agency<br/>Funds</b> |
|--|-------------------------|
|  | <hr/>                   |
| <b>ASSETS</b>                            |                         |
| Cash and cash equivalents                | \$ 853,364              |
| Accounts receivable                      | 370,090                 |
| Total assets                             | \$ <u>1,223,454</u>     |
| <br><b>LIABILITIES</b>                   |                         |
| Accounts payable                         | \$ 80,387               |
| Accrued liabilities                      | 73,069                  |
| Reconciled overdraft payable             | 198,015                 |
| Amounts held for social services clients | 156,764                 |
| Amounts held for others                  | 715,219                 |
| Total liabilities                        | \$ <u>1,223,454</u>     |

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

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

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

The financial statements of the County of Northampton, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

#### Financial Statement Presentation

##### Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

#### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Northampton (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

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

*Blended Component Unit.* The County has no blended component units to be included for the fiscal year ended June 30, 2020.

*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, 2020.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

None

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. 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.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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#### **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 and Capital Projects Fund as major governmental funds.

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

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

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

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



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

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

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, Harbor Improvement, and ES911 Grant.

2. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting. Agency funds do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Agency 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 Agency Funds: 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.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)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 \$192,843 at June 30, 2020 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.

H. Capital Assets

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

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

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

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

#### **H. Capital Assets (Continued)**

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

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

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

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

#### **J. Use of Estimates**

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

#### **K. Net Position**

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

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

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

**K. Net Position (Continued)**

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

**L. Pensions**

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

**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 and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 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.

**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.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

##### **N. Long-term Obligations (Continued)**

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

##### **O. Prepaid Items**

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

##### **P. Restricted Assets**

Restricted assets of \$1,665,914 represent amounts set aside in a sinking fund for debt service at June 30, 2020 and \$27,317,555 represent Virginia State Non-Arbitrage Pool funds held for school construction.

##### **Q. Fund Balance**

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

**Q. Fund Balance (Continued)**

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

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

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

|                                 | General<br>Fund | Regional<br>Jail<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total         |
|---------------------------------|-----------------|--------------------------|-------------------------|-----------------------------|--------------------------------|---------------|
| Fund Balances:                  |                 |                          |                         |                             |                                |               |
| Nonspendable:                   |                 |                          |                         |                             |                                |               |
| Prepaid items                   | \$ -            | \$ 17,936                | \$ -                    | \$ -                        | \$ -                           | \$ 17,936     |
| Total Nonspendable Fund Balance | \$ -            | \$ 17,936                | \$ -                    | \$ -                        | \$ -                           | \$ 17,936     |
| Restricted:                     |                 |                          |                         |                             |                                |               |
| Debt sinking fund               | \$ -            | \$ -                     | \$ 1,665,914            | \$ -                        | \$ -                           | \$ 1,665,914  |
| School construction             | -               | -                        | -                       | 27,317,555                  | -                              | 27,317,555    |
| Forfeited asset sharing         | -               | -                        | -                       | -                           | 69,136                         | 69,136        |
| CDBG projects                   | -               | -                        | -                       | -                           | 65,414                         | 65,414        |
| Purchase of development rights  | -               | -                        | -                       | -                           | 11,446                         | 11,446        |
| Total Restricted                | \$ -            | \$ -                     | \$ 1,665,914            | \$ 27,317,555               | \$ 145,996                     | \$ 29,129,465 |
| Committed:                      |                 |                          |                         |                             |                                |               |
| Capital projects                | \$ -            | \$ -                     | \$ -                    | \$ 7,177,981                | \$ -                           | \$ 7,177,981  |
| Debt service                    | -               | -                        | 462,049                 | -                           | -                              | 462,049       |
| Total Committed                 | \$ -            | \$ -                     | \$ 462,049              | \$ 7,177,981                | \$ -                           | \$ 7,640,030  |
| Assigned:                       |                 |                          |                         |                             |                                |               |
| Harbor improvements             | \$ -            | \$ -                     | \$ -                    | \$ -                        | \$ 84,445                      | \$ 84,445     |
| Total Assigned                  | \$ -            | \$ -                     | \$ -                    | \$ -                        | \$ 84,445                      | \$ 84,445     |
| Unassigned                      | \$ 11,682,987   | \$ (17,936)              | \$ -                    | \$ -                        | \$ (22,010)                    | \$ 11,643,041 |
| Total Fund Balances             | \$ 11,682,987   | \$ -                     | \$ 2,127,963            | \$ 34,495,536               | \$ 208,431                     | \$ 48,514,917 |

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and the net OPEB asset/liabilities and contributions to the pension and net OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the future tax levies, and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on future tax levies are reported as deferred inflows of resources. Jail inmate telephone commission funds received are reported as deferred inflows of resources until expended. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB asset/liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

1. During the month of April, the County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation totals for each fund can only be revised by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds and Debt Service Fund of the Primary Government. The Discretely Presented Component Unit is integrated only at the level of legal adoption.
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.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

7. Appropriations lapse on June 30, for all County units.

#### **Expenditures and Appropriations**

Expenditures did not exceed appropriations in any fund at June 30, 2020.

#### **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, 2020 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, 2020 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

| <b><u>County's Rated Debt Investments' Values</u></b> |                                    |
|---|------------------------------------|
| <b><u>Rated Debt Investments</u></b>                  | <b><u>Fair Quality Ratings</u></b> |
|   | <b><u>AAAm</u></b>                 |
| Local Government Investment Pool                      | \$ 21,903,069                      |
| Virginia State Non-Arbitrage Pool                     | 27,317,555                         |
| Total   | <u><u>\$ 49,220,624</u></u>        |



COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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**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.

| <b>Investment Maturities (in years)</b> |                      |                             |
|---|----------------------|-----------------------------|
| <b>Investment Type</b>                  | <b>Fair Value</b>    | <b>Less Than<br/>1 Year</b> |
| Local Government Investment Pool        | \$ 21,903,069        | \$ 21,903,069               |
| Virginia State Non-Arbitrage Pool       | 27,317,555           | 27,317,555                  |
| Total                                   | <u>\$ 49,220,624</u> | <u>\$ 49,220,624</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, 2020 (CONTINUED)

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

At June 30, 2020, the County has amounts due from other governments as follows:

|  |                               | <b>Component<br/>Unit</b> |
|--|-------------------------------|---------------------------|
|  | <b>Primary<br/>Government</b> | <b>School<br/>Board</b>   |
| Commonwealth of Virginia:                |                               |                           |
| Local sales tax                          | \$ 273,035                    | \$ -                      |
| Local communication sales tax            | 69,074                        | -                         |
| Victim witness                           | 4,012                         | -                         |
| VPA funds                                | 29,596                        | -                         |
| State sales tax                          | -                             | 245,456                   |
| Constitutional officer reimbursements    | 363,624                       | -                         |
| MVC Rolling stock tax                    | 2,381                         | -                         |
| Auto rental tax                          | 765                           | -                         |
| Other state funds                        | 10,172                        | 7,521                     |
| Federal Government:                      |                               |                           |
| School funds                             | -                             | 439,829                   |
| Brownfield community assessment          | 20,984                        | -                         |
| CARES Act Election funds                 | 8,534                         | -                         |
| Department of Emergency Management grant | 7,500                         | -                         |
| VPA funds                                | 56,873                        | -                         |
| Victim witness                           | 12,039                        | -                         |
| Port Authority grant                     | 47,366                        | -                         |
| Other federal funds                      | 3,600                         | -                         |
| Total due from other governments         | \$ 909,555                    | \$ 692,806                |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

**NOTE 5—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

**Primary Government:**

|  | Balance<br>July 1,<br>2019 | Increases      | Decreases  | Balance<br>June 30,<br>2020 |
|--|----------------------------|----------------|------------|-----------------------------|
| <b>Governmental activities:</b>                  |                            |                |            |                             |
| Capital assets not subject to depreciation:      |                            |                |            |                             |
| Land   | \$ 2,485,986               | \$ 54,021      | \$ -       | \$ 2,540,007                |
| Construction in progress                         | 119,338                    | 518,627        | 443,876    | 194,089                     |
| Total capital assets not subject to depreciation | \$ 2,605,324               | \$ 572,648     | \$ 443,876 | \$ 2,734,096                |
| Capital assets subject to depreciation:          |                            |                |            |                             |
| Buildings and improvements                       | \$ 48,891,626              | \$ -           | \$ -       | \$ 48,891,626               |
| Improvements other than buildings                | 2,402,207                  | 500,356        | -          | 2,902,563                   |
| Machinery and equipment                          | 4,965,974                  | 466,962        | 9,651      | 5,423,285                   |
| Jointly owned assets                             | 2,859,970                  | -              | -          | 2,859,970                   |
| Total capital assets subject to depreciation     | \$ 59,119,777              | \$ 967,318     | \$ 9,651   | \$ 60,077,444               |
| Accumulated depreciation:                        |                            |                |            |                             |
| Buildings and improvements                       | \$ (20,705,147)            | \$ (1,830,209) | \$ -       | \$ (22,535,356)             |
| Improvements other than buildings                | (1,168,228)                | (111,177)      | -          | (1,279,405)                 |
| Machinery and equipment                          | (3,456,081)                | (371,109)      | (9,651)    | (3,817,539)                 |
| Jointly owned assets                             | (1,558,858)                | (137,698)      | -          | (1,696,556)                 |
| Total accumulated depreciation                   | \$ (26,888,314)            | \$ (2,450,193) | \$ (9,651) | \$ (29,328,856)             |
| Total capital assets being depreciated, net      | \$ 32,231,463              | \$ (1,482,875) | \$ -       | \$ 30,748,588               |
| Governmental activities capital assets, net      | \$ 34,836,787              | \$ (910,227)   | \$ 443,876 | \$ 33,482,684               |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

|  | Balance<br>July 1,<br>2019 | Increases         | Decreases   | Balance<br>June 30,<br>2020 |
|--|----------------------------|-------------------|-------------|-----------------------------|
| <b>Business-type activities:</b>             |                            |                   |             |                             |
| Capital assets subject to depreciation:      |                            |                   |             |                             |
| Improvements other than buildings            | \$ 18,875                  | \$ -              | \$ -        | \$ 18,875                   |
| Machinery and equipment                      | 42,497                     | -                 | -           | 42,497                      |
|  | <u>61,372</u>              | <u>-</u>          | <u>-</u>    | <u>61,372</u>               |
| Total capital assets subject to depreciation | \$ 61,372                  | \$ -              | \$ -        | \$ 61,372                   |
| Accumulated depreciation:                    |                            |                   |             |                             |
| Improvements other than buildings            | \$ (4,613)                 | \$ (1,259)        | \$ -        | \$ (5,872)                  |
| Machinery and equipment                      | (22,018)                   | (5,742)           | -           | (27,760)                    |
|  | <u>(26,631)</u>            | <u>(7,001)</u>    | <u>-</u>    | <u>(33,632)</u>             |
| Total accumulated depreciation               | \$ (26,631)                | \$ (7,001)        | \$ -        | \$ (33,632)                 |
| Total capital assets being depreciated, net  | \$ 34,741                  | \$ (7,001)        | \$ -        | \$ 27,740                   |
| Business-type activities capital assets, net | <u>\$ 34,741</u>           | <u>\$ (7,001)</u> | <u>\$ -</u> | <u>\$ 27,740</u>            |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

**Component Unit - School Board**

|  | Balance<br>July 1,<br>2019 |              | Increases    |      | Decreases |                 | Balance<br>June 30,<br>2020 |
|--|----------------------------|--------------|--------------|------|-----------|-----------------|-----------------------------|
| <b>Governmental activities:</b>                  |                            |              |              |      |           |                 |                             |
| Capital assets not subject to depreciation:      |                            |              |              |      |           |                 |                             |
| Land   | \$ 373,276                 | \$ -         | \$ -         | \$ - | \$ -      | \$ 373,276      |                             |
| Construction in progress                         | -                          | 8,520        | -            | -    | -         | 8,520           |                             |
| Total capital assets not subject to depreciation | \$ 373,276                 | \$ 8,520     | \$ -         | \$ - | \$ -      | \$ 381,796      |                             |
| Capital assets subject to depreciation:          |                            |              |              |      |           |                 |                             |
| Buildings and improvements                       | \$ 11,544,115              | \$ -         | \$ -         | \$ - | \$ -      | \$ 11,544,115   |                             |
| Improvements other than buildings                | 2,939,544                  | -            | -            | -    | -         | 2,939,544       |                             |
| Machinery and equipment                          | 8,133,504                  | 389,272      | 444,549      | -    | -         | 8,078,227       |                             |
| Total capital assets subject to depreciation     | \$ 22,617,163              | \$ 389,272   | \$ 444,549   | \$ - | \$ -      | \$ 22,561,886   |                             |
| Accumulated depreciation:                        |                            |              |              |      |           |                 |                             |
| Buildings and improvements                       | \$ (7,077,544)             | \$ (248,185) | \$ -         | \$ - | \$ -      | \$ (7,325,729)  |                             |
| Improvements other than buildings                | (1,630,606)                | (129,388)    | -            | -    | -         | (1,759,994)     |                             |
| Machinery and equipment                          | (5,679,795)                | (583,055)    | (444,549)    | -    | -         | (5,818,301)     |                             |
| Total accumulated depreciation                   | \$ (14,387,945)            | \$ (960,628) | \$ (444,549) | \$ - | \$ -      | \$ (14,904,024) |                             |
| Total capital assets being depreciated, net      | \$ 8,229,218               | \$ (571,356) | \$ -         | \$ - | \$ -      | \$ 7,657,862    |                             |
| Governmental activities capital assets, net      | \$ 8,602,494               | \$ (562,836) | \$ -         | \$ - | \$ -      | \$ 8,039,658    |                             |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

|                                   |    |                         |
|-----------------------------------|----|-------------------------|
| General government administration | \$ | 1,014,749               |
| Judicial administration           |    | 175,114                 |
| Public safety                     |    | 876,450                 |
| Public works                      |    | 182,315                 |
| Health and welfare                |    | 43,462                  |
| Education                         |    | 137,698                 |
| Parks, recreation and cultural    |    | <u>20,405</u>           |
| Total Governmental activities     | \$ | <u><u>2,450,193</u></u> |

Enterprise activities:

|                  |    |                     |
|------------------|----|---------------------|
| Public utilities | \$ | <u><u>7,001</u></u> |
|------------------|----|---------------------|

|                             |    |                       |
|-----------------------------|----|-----------------------|
| Component Unit School Board | \$ | <u><u>960,628</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, 2020, is that school financed assets in the amount of \$1,163,414 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

**NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

| <u>Fund</u>                 | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|----------------------|
| Primary Government:         |                     |                      |
| Governmental Funds:         |                     |                      |
| General Fund                | \$ 322,523          | \$ 5,847,184         |
| Eastern Shore Regional Jail | 2,347,697           | 127,364              |
| Debt Service                | 2,829,193           |                      |
| Capital Projects            |                     |                      |
| Other Governmental Funds    | 557,793             | 190,883              |
| Total Governmental Funds    | \$ 6,057,206        | \$ 6,165,431         |
| Enterprise Fund:            |                     |                      |
| Public Utilities            | \$ -                | \$ 4,275             |
| Fiduciary Funds:            |                     |                      |
| NC Tourism Commission       | \$ 112,500          | \$ -                 |
| Total-All Funds             | \$ 6,169,706        | \$ 6,169,706         |

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, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2020 is as follows:

|                                   | Balance at<br>July 1,<br>2019 | Issuances/<br>Increases | Retirements/<br>Decreases | Balance at<br>June 30,<br>2020 | Amounts<br>Due<br>Within<br>One Year |
|-----------------------------------|-------------------------------|-------------------------|---------------------------|--------------------------------|--------------------------------------|
| Governmental Activities:          |                               |                         |                           |                                |                                      |
| Incurred by County:               |                               |                         |                           |                                |                                      |
| Direct borrowings and placements: |                               |                         |                           |                                |                                      |
| Lease revenue bonds               | \$ 16,380,000                 | \$ -                    | \$ 2,020,000              | \$ 14,360,000                  | \$ 2,125,000                         |
| Add deferred amounts:             |                               |                         |                           |                                |                                      |
| For issuance premium              | 3,402,552                     | -                       | 243,039                   | 3,159,513                      | -                                    |
| Note payable                      | -                             | 39,000                  | 3,684                     | 35,316                         | 7,454                                |
| Landfill post-closure liability   | 2,868,641                     | 31,767                  | -                         | 2,900,408                      | -                                    |
| Compensated absences              | 793,541                       | 186,792                 | 158,708                   | 821,625                        | 82,163                               |
| Net pension liability             | -                             | 4,423,361               | 3,464,663                 | 958,698                        | -                                    |
| Net OPEB liabilities              | 1,616,281                     | 403,746                 | 153,725                   | 1,866,302                      | -                                    |
| Total incurred by County          | \$ 25,061,015                 | \$ 5,084,666            | \$ 6,043,819              | \$ 24,101,862                  | \$ 2,214,617                         |
| Incurred by School Board:         |                               |                         |                           |                                |                                      |
| Direct borrowings and placements: |                               |                         |                           |                                |                                      |
| State literary fund loans         | \$ 36,391                     | \$ -                    | \$ 12,131                 | \$ 24,260                      | \$ 12,130                            |
| General obligation bonds          | 3,119,428                     | 24,040,000              | 75,000                    | 27,084,428                     | 80,000                               |
| Add deferred amounts:             |                               |                         |                           |                                |                                      |
| For issuance premium              | 75,630                        | 3,170,036               | 8,404                     | 3,237,262                      | -                                    |
| Total incurred by School Board    | \$ 3,231,449                  | \$ 27,210,036           | \$ 95,535                 | \$ 30,345,950                  | \$ 92,130                            |
| Total Governmental Activities     | \$ 28,292,464                 | \$ 32,294,702           | \$ 6,139,354              | \$ 54,447,812                  | \$ 2,306,747                         |
| Business-type Activities:         |                               |                         |                           |                                |                                      |
| Compensated absences              | \$ 4,764                      | \$ 1,012                | \$ 953                    | \$ 4,823                       | \$ 482                               |
| Net pension liability             | -                             | 23,170                  | 18,148                    | 5,022                          | -                                    |
| Net OPEB liabilities              | 10,722                        | 2,527                   | 851                       | 12,398                         | -                                    |
| Total Business-type Activities    | \$ 15,486                     | \$ 26,709               | \$ 19,952                 | \$ 22,243                      | \$ 482                               |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

| Year<br>Ending<br>June 30, | Governmental Activities  |              |               |          |
|----------------------------|--|--------------|---------------|----------|
|                            | Bonds and Notes Payable from Direct Borrowings and Direct Placements |              |               |          |
|                            | Lease Revenue Bonds  |              | Notes Payable |          |
|                            | Principal  | Interest     | Principal     | Interest |
| 2021                       | \$ 2,125,000   | \$ 631,759   | \$ 7,454      | \$ 958   |
| 2022                       | 1,890,000  | 528,875      | 7,681         | 731      |
| 2023                       | 1,985,000  | 429,578      | 7,915         | 497      |
| 2024                       | 1,970,000  | 328,231      | 8,155         | 257      |
| 2025                       | 2,065,000  | 227,934      | 4,111         | 95       |
| 2026                       | 930,000  | 155,662      | -             | -        |
| 2027                       | 980,000  | 111,281      | -             | -        |
| 2028                       | 365,000  | 81,703       | -             | -        |
| 2029                       | 380,000  | 66,087       | -             | -        |
| 2030                       | 395,000  | 49,854       | -             | -        |
| 2031                       | 410,000  | 35,019       | -             | -        |
| 2032                       | 425,000  | 21,653       | -             | -        |
| 2033                       | 440,000  | 7,425        | -             | -        |
| Total                      | \$ 14,360,000  | \$ 2,675,061 | \$ 35,316     | \$ 2,538 |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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<br>Ending<br>June 30, | Governmental Activities                                      |          |                             |               |
|----------------------------|--|----------|-----------------------------|---------------|
|                            | Loans and Bonds from Direct Borrowings and Direct Placements |          |                             |               |
|                            | State Literary<br>Fund Loans                                 |          | General Obligation<br>Bonds |               |
|                            | Principal  | Interest | Principal                   | Interest      |
| 2021                       | \$ 12,130  | \$ 728   | \$ 80,000                   | \$ 1,171,237  |
| 2022                       | 12,130   | 364      | 85,000                      | 960,993       |
| 2023                       | -  | -        | 2,299,428                   | 957,126       |
| 2024                       | -  | -        | 90,000                      | 954,032       |
| 2025                       | -  | -        | 95,000                      | 951,685       |
| 2026                       | -  | -        | 1,240,000                   | 920,707       |
| 2027                       | -  | -        | 1,300,000                   | 859,185       |
| 2028                       | -  | -        | 1,370,000                   | 793,573       |
| 2029                       | -  | -        | 1,440,000                   | 724,171       |
| 2030                       | -  | -        | 1,405,000                   | 653,385       |
| 2031                       | -  | -        | 1,475,000                   | 580,665       |
| 2032                       | -  | -        | 1,550,000                   | 504,284       |
| 2033                       | -  | -        | 1,630,000                   | 423,989       |
| 2034                       | -  | -        | 1,700,000                   | 356,906       |
| 2035                       | -  | -        | 1,750,000                   | 304,294       |
| 2036                       | -  | -        | 1,805,000                   | 250,080       |
| 2037                       | -  | -        | 1,860,000                   | 196,514       |
| 2038                       | -  | -        | 1,915,000                   | 143,664       |
| 2039                       | -  | -        | 1,970,000                   | 88,042        |
| 2040                       | -  | -        | 2,025,000                   | 29,615        |
| Total                      | \$ 24,260  | \$ 1,092 | \$ 27,084,428               | \$ 11,824,147 |

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# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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)   |              |                       |                    |                            |                                 | \$ 821,625                             | \$ 82,163                         |
| Net OPEB liabilities (payable from the General Fund)   |              |                       |                    |                            |                                 | \$ 1,866,302                           | \$ -                              |
| Net pension liability (payable from the General Fund)  |              |                       |                    |                            |                                 | \$ 958,698                             | \$ -                              |
| Landfill post-closure liability  |              |                       |                    |                            |                                 | \$ 2,900,408                           | \$ -                              |
| Direct borrowings and direct placements:   |              |                       |                    |                            |                                 |  |                                   |
| <u>Lease Revenue Bonds:</u>  |              |                       |                    |                            |                                 |  |                                   |
| VRA Virginia Pooled Financing Program bonds outstanding \$14,360,000 plus unamortized premium of \$3,159,513           | (a)          | 2.73%                 | 08/02/12           | 10/01/32                   | 28,430,000                      | \$ 17,519,513                          | \$ 2,125,000                      |
| <u>Note Payable:</u>   |              |                       |                    |                            |                                 |  |                                   |
| USDA promissory note payable, secured by public works equipment  |              | 3.00%                 | 12/20/19           | 12/20/24                   | 39,000                          | \$ 35,316                              | \$ 7,454                          |
| Total long-term obligations incurred by the County   |              |                       |                    |                            |                                 | \$ 24,101,862                          | \$ 2,214,617                      |
| Direct borrowings and direct placements:   |              |                       |                    |                            |                                 |  |                                   |
| <u>State Literary Fund Loans:</u>  |              |                       |                    |                            |                                 |  |                                   |
| State Literary Fund Loan issued through the Commonwealth of Virginia   | (b)          | 3.00%                 | 01/25/02           | 01/25/22                   | 242,615                         | \$ 24,260                              | \$ 12,130                         |
| <u>General Obligation Bonds:</u>   |              |                       |                    |                            |                                 |  |                                   |
| VPSA Bond outstanding \$830,000 plus unamortized premium of \$67,226.  | (b)          | 2.05% to 5.05%        | 11/15/12           | 07/15/28                   | 1,290,000                       | \$ 897,226                             | \$ 80,000                         |
| QZAB School general obligation bond issued through the Joint Industrial Development Authority of Northampton and Towns | (c)          | 2.35                  | 12/28/06           | 12/28/22                   | 2,214,428                       | 2,214,428                              | -                                 |
| VPSA Bond outstanding \$24,040,000 plus unamortized premium of \$3,170,036.  | (b)          | 2.80% to 5.05%        | 11/12/19           | 07/15/39                   | 24,040,000                      | 27,210,036                             | -                                 |
| Total General Obligation Bonds   |              |                       |                    |                            |                                 | \$ 30,321,690                          | \$ 80,000                         |
| Total Direct Borrowings and Direct Placements  |              |                       |                    |                            |                                 | \$ 30,345,950                          | \$ 92,130                         |
| Total long-term obligations incurred by School Board, payable from the General Fund                                    |              |                       |                    |                            |                                 | \$ 30,345,950                          | \$ 92,130                         |
| Total outstanding debt - governmental activities   |              |                       |                    |                            |                                 | \$ 54,447,812                          | \$ 2,306,747                      |
| <u>Business-type Activities:</u>   |              |                       |                    |                            |                                 |  |                                   |
| Compensated absences (payable from the Enterprise Fund)  |              |                       |                    |                            |                                 | \$ 4,823                               | \$ 482                            |
| Net OPEB liabilities (payable from the Enterprise Fund)  |              |                       |                    |                            |                                 | \$ 12,398                              | \$ -                              |
| Net pension liability (payable from the Enterprise Fund)   |              |                       |                    |                            |                                 | \$ 5,022                               | \$ -                              |
| Total outstanding debt - business-type activities  |              |                       |                    |                            |                                 | \$ 22,243                              | \$ 482                            |

#### Notes:

- (a) 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.
- (b) 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.
- (c) 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, 2020 (CONTINUED)

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

**Capital Leases**

The Component Unit School Board has entered into various lease agreements as lessee for financing the acquisition of school buses, Promethean boards and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

|                                | <b><u>Component Unit-<br/>School Board</u></b> |
|--------------------------------|--|
| Asset:                         |  |
| 3 School buses                 | \$ 299,376                                     |
| Classroom technology equipment | 56,550   |
| 3 School buses                 | 300,374  |
| Classroom technology equipment | 112,299  |
| Less: Accumulated depreciation | <u>(374,948)</u>                               |
|                                | <u><u>\$ 393,651</u></u>                       |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

**Capital Leases: (Continued)**

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, were as follows:

| <b><u>Year<br/>Ending<br/>June 30,</u></b> | <b><u>Component Unit-<br/>School Board</u></b> |
|--|--|
| 2021                                       | \$ 157,199                                     |
| 2022                                       | <u>82,650</u>                                  |
| Total minimum lease payments               | \$ 239,849                                     |
| Less: amount representing interest         | <u>(6,679)</u>                                 |
| Present value of minimum lease payments    | <u><u>\$ 233,170</u></u>                       |

**Component Unit—School Board:**

The following is a summary of long-term obligation transactions of the Component Unit—School Board for the year ended June 30, 2020:

|   | <b><u>Balance at<br/>July 1,<br/>2019</u></b> | <b><u>Issuances/<br/>Increases</u></b> | <b><u>Retirements/<br/>Decreases</u></b> | <b><u>Balance at<br/>June 30,<br/>2020</u></b> | <b><u>Amounts<br/>Due Within<br/>OneYear</u></b> |
|---|---|--|--|--|--|
| Compensated absences (payable from the School Fund) | \$ 468,622                                    | \$ 116,423                             | \$ 93,724                                | \$ 491,321                                     | \$ 49,132  |
| Capital leases                                      | 381,831                                       | -                                      | 148,661                                  | 233,170  | 152,218  |
| Net pension liability                               | 13,409,000                                    | 4,921,557                              | 3,411,737                                | 14,918,820                                     | -  |
| Net OPEB liabilities                                | 3,685,000                                     | 621,668                                | 485,991                                  | 3,820,677                                      | -  |
| Total   | <u>\$ 17,944,453</u>                          | <u>\$ 5,659,648</u>                    | <u>\$ 4,140,113</u>                      | <u>\$ 19,463,988</u>                           | <u>\$ 201,350</u>                                |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

|  | <b><u>Amount<br/>Outstanding</u></b> |
|--|--------------------------------------|
| <b><u>Details of Long-term Indebtedness:</u></b>   |                                      |
| <b><u>Capital Leases:</u></b>  |                                      |
| \$355,926 school equipment lease purchase agreement (payable from the School Fund) issued October 3, 2016, due in semi-annual installments of \$37,275 through 2021. Interest payable semi-annually at a rate of 1.94%.        | \$ 73,478                            |
| \$387,739 school equipment and bus lease purchase agreement (payable from the School Fund) issued November 3, 2017, due in bi-annual installments of \$41,325 through 2020. Interest payable semi-annually at a rate of 2.79%. | <u>159,692</u>                       |
| Total Capital Leases   | \$ <u>233,170</u>                    |
| Compensated absences (payable from the School Fund)  | 491,321                              |
| Net pension liability (payable from the School Fund)   | 14,918,820                           |
| Net OPEB liabilities (payable from the School Fund)  | <u>3,820,677</u>                     |
| Total Long-Term Obligations Incurred by School Board   | <u><u>\$ 19,463,988</u></u>          |

|   | <b><u>Component Unit Obligation</u></b> |                        |
|---|---|------------------------|
| <b><u>Year<br/>Ending<br/>June 30</u></b> | <b><u>Capital Leases</u></b>            |                        |
|   | <b><u>Principal</u></b>                 | <b><u>Interest</u></b> |
| 2021                                      | \$ 152,218                              | \$ 4,981               |
| 2022                                      | <u>80,952</u>                           | <u>1,698</u>           |
| Total                                     | <u><u>\$ 233,170</u></u>                | <u><u>\$ 6,679</u></u> |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Under the modified accrual basis of accounting, general fund expenditures and liabilities are to be recognized only to the extent that such costs are expected to be paid from available, expendable resources. Since the County does not expect to pay any portion of the postclosure care or corrective action costs from available, expendable resources as of June 30, 2020, 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 \$2,900,408 reported as a long-term liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$1,900,408 is based on what it would cost to perform all postclosure care in fiscal year 2020 and the amount of \$1,000,000 represents corrective action costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County closed the current landfill site in fiscal year 2011.

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

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

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

At June 30, 2020, deferred and unavailable revenue related to unspent jail telephone commission funds and property taxes are reported as follows:

|  | Government-<br>wide<br>Statements  | Balance<br>Sheet              |
|--|------------------------------------|-------------------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Governmental<br/>Funds</u> |
| Unavailable revenue representing unspent jail telephone commission funds not available for funding of current expenditures.                    | \$ 121,984                         | \$ 121,984                    |
| Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures | -                                  | 955,925                       |
| Prepaid property taxes due in December 2019 but paid in advance by taxpayers   | <u>26,819</u>                      | <u>26,819</u>                 |
| Total  | <u>\$ 148,803</u>                  | <u>\$ 1,104,728</u>           |

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

Federal programs in which the County and the discretely presented component unit participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

#### **NOTE 11—LITIGATION:**

At June 30, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

#### **NOTE 12—RISK MANAGEMENT:**

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

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

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



## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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#### **NOTE 13—PENSION PLANS:**

##### *Plan Description*

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

##### *Benefit Structures*

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

- a. Employees hired 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of 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 hired 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, 2020 (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, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | Primary<br>Government | Component Unit<br>School Board<br>Nonprofessional |
|--|-----------------------|---|
| Inactive members or their beneficiaries currently receiving benefits | 99                    | 25  |
| Inactive members:  |                       |   |
| Vested inactive members  | 24                    | 6   |
| Non-vested inactive members  | 55                    | 16  |
| Inactive members active elsewhere in VRS                             | 56                    | 10  |
| Total inactive members   | 135                   | 32  |
| Active members   | 202                   | 48  |
| Total covered employees  | 436                   | 105   |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Contributions*

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 8.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$752,740 and \$720,436 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 5.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$45,909 and \$48,175 for the years ended June 30, 2020 and June 30, 2019, 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, 2019. The total pension liabilities used to calculate the net pension liabilities, were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

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## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

##### *Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

##### Mortality rates:

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

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

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## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14.00% to 15.00%  |
| Discount Rate   | Decreased rate from 7.00% to 6.75%  |

##### *Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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:

| <b>Asset Class (Strategy)</b>        | <b>Target<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|------------------------------|---|--|
| Public Equity                        | 34.00%                       | 5.61%   | 1.91%  |
| Fixed Income                         | 15.00%                       | 0.88%   | 0.13%  |
| Credit Strategies                    | 14.00%                       | 5.13%   | 0.72%  |
| Real Assets                          | 14.00%                       | 5.27%   | 0.74%  |
| Private Equity                       | 14.00%                       | 8.77%   | 1.23%  |
| MAPS - Multi-Asset Public Strategies | 6.00%                        | 3.52%   | 0.21%  |
| PIP - Private Investment Partnership | 3.00%                        | 6.29%   | 0.19%  |
| Total                                | <u>100.00%</u>               |   | <u>5.13%</u>   |
|                                      |                              | Inflation   | <u>2.50%</u>   |
|                                      |                              | Expected arithmetic nominal return*                             | <u>7.63%</u>   |

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

*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, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Discount Rate (Continued)*

actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, 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, 2019 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<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2018  | \$ 33,458,002                        | \$ 33,539,723                            | \$ (81,721)                                      |
| Changes for the year:  |                                      |  |  |
| Service cost   | \$ 967,981                           | \$ -                                     | \$ 967,981                                       |
| Interest   | 2,289,392                            | -  | 2,289,392  |
| Difference between expected<br>and actual experience             | 144,128                              | -  | 144,128  |
| Assumption changes   | 1,021,717                            | -  | 1,021,717  |
| Contributions - employer   | -                                    | 718,548                                  | (718,548)  |
| Contributions - employee   | -                                    | 443,683                                  | (443,683)  |
| Net investment income  | -                                    | 2,238,859                                | (2,238,859)                                      |
| Benefit payments, including refunds<br>of employee contributions | (1,504,798)                          | (1,504,798)                              | -  |
| Administrative expenses  | -                                    | (21,900)                                 | 21,900   |
| Other changes  | -                                    | (1,413)                                  | 1,413  |
| Net changes  | \$ 2,918,420                         | \$ 1,872,979                             | \$ 1,045,441                                     |
| Balances at June 30, 2019  | \$ 36,376,422                        | \$ 35,412,702                            | \$ 963,720                                       |



COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Changes in Net Pension Liability (Asset)*

|  | Component School Board (nonprofessional) |  |  |
|--|--|--|--|
|  | Increase (Decrease)                      |  |  |
|  | Total<br>Pension<br>Liability<br>(a)     | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2018  | \$ 3,592,481                             | \$ 3,683,245                             | \$ (90,764)                                      |
| Changes for the year:  |  |  |  |
| Service cost   | \$ 89,764                                | \$ -                                     | \$ 89,764  |
| Interest   | 243,749                                  | -  | 243,749  |
| Difference between expected<br>and actual experience             | (43,615)                                 | -  | (43,615)   |
| Assumption changes   | 89,593                                   | -  | 89,593   |
| Contributions - employer   | -  | 48,175                                   | (48,175)   |
| Contributions - employee   | -  | 47,933                                   | (47,933)   |
| Net investment income  | -  | 241,685                                  | (241,685)  |
| Benefit payments, including refunds<br>of employee contributions | (220,709)                                | (220,709)                                | -  |
| Administrative expenses  | -  | (2,453)                                  | 2,453  |
| Other changes  | -  | (152)                                    | 152  |
| Net changes  | \$ 158,782                               | \$ 114,479                               | \$ 44,303  |
| Balances at June 30, 2019  | \$ 3,751,263                             | \$ 3,797,724                             | \$ (46,461)                                      |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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  | Current Discount | 1% Increase    |
|   | (5.75%)      | (6.75%)          | (7.75%)        |
| County's  |              |                  |                |
| Net Pension Liability (Asset)                   | \$ 5,519,706 | \$ 963,720       | \$ (2,676,929) |
| Component Unit School Board's (nonprofessional) |              |                  |                |
| Net Pension Liability (Asset)                   | \$ 336,025   | \$ (46,461)      | \$ (335,090)   |

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$394,229 and (\$15,253) respectively. At June 30, 2020, 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                       | \$ 103,299                     | \$ 298,328                    | \$ -  | \$ 55,439                     |
| Changes of assumptions   | 732,279                        | 45,424                        | 53,467  | -                             |
| Net difference between projected and actual earnings on plan investments | -                              | 302,751                       | -   | 32,908                        |
| Employer contributions subsequent to the measurement date                | 752,740                        | -                             | 45,909  | -                             |
| Total  | \$ 1,588,318                   | \$ 646,503                    | \$ 99,376                                     | \$ 88,347                     |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

\$752,740 and \$45,909 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, 2021. 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<br>June 30 | Primary<br>Government | Component Unit<br>School Board<br>(nonprofessional) |
|-----------------------|-----------------------|---|
| 2021                  | \$ 55,069             | \$ (11,012)   |
| 2022                  | (52,324)              | (25,479)  |
| 2023                  | 167,106               | (727)   |
| 2024                  | 19,224                | 2,338   |
| 2025                  | -                     | -   |
| Thereafter            | -                     | -   |

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$1,450,509 and \$941,605 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

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

At June 30, 2020, the school division reported a liability of \$14,918,820 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .11336% as compared to .11402% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,281,244. 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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b><u>Deferred<br/>Outflows<br/>of Resources</u></b> | <b><u>Deferred<br/>Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience  | \$ -   | \$ 955,315  |
| Change in assumptions   | 1,477,313  | -   |
| Net difference between projected and actual earnings on pension investments                                   | -  | 327,582   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -  | 516,357   |
| Employer contributions subsequent to the measurement date   | <u>1,450,509</u>                                     | <u>-</u>  |
| Total   | <u><u>\$ 2,927,822</u></u>                           | <u><u>\$ 1,799,254</u></u>                          |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

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

\$1,450,509 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, 2021. 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<br>30 |              |
|-----------------------|--------------|
| 2021                  | \$ (233,071) |
| 2022                  | (448,130)    |
| 2023                  | 33,120       |
| 2024                  | 214,016      |
| 2025                  | 112,124      |
| Thereafter            | -            |

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

|   | <b><u>Teacher Employee<br/>Retirement Plan</u></b> |
|---|--|
| Total Pension Liability   | \$ 49,683,336                                      |
| Plan Fiduciary Net Position   | 36,522,769   |
| Employers' Net Pension Liability (Asset)                                      | <b><u>\$ 13,160,567</u></b>                        |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability | 73.51%   |

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:

|  | <b><u>Rate</u></b>        |                                |                           |
|--|---------------------------|--------------------------------|---------------------------|
|  | <b><u>1% Decrease</u></b> | <b><u>Current Discount</u></b> | <b><u>1% Increase</u></b> |
|  | <b><u>(5.75%)</u></b>     | <b><u>(6.75%)</u></b>          | <b><u>(7.75%)</u></b>     |
| School division's proportionate<br>share of the VRS Teacher<br>Employee Retirement Plan<br>Net Pension Liability (Asset) | \$ 22,459,306             | \$ 14,918,820                  | \$ 8,684,235              |

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

##### *Aggregate Pension Information*

|                              | Primary Government  |                   |                               |                   | Component Unit School Board |                     |                               |                     |
|------------------------------|---------------------|-------------------|-------------------------------|-------------------|-----------------------------|---------------------|-------------------------------|---------------------|
|                              | Deferred Outflows   | Deferred Inflows  | Net Pension Liability (Asset) | Pension Expense   | Deferred Outflows           | Deferred Inflows    | Net Pension Liability (Asset) | Pension Expense     |
| VRS Pension Plans:           |                     |                   |                               |                   |                             |                     |                               |                     |
| Primary Government           | \$ 1,588,318        | \$ 646,503        | \$ 963,720                    | \$ 394,229        | \$ -                        | \$ -                | \$ -                          | \$ -                |
| School Board Nonprofessional | -                   | -                 | -                             | -                 | 99,376                      | 88,347              | (46,461)                      | (15,253)            |
| School Board Professional    | -                   | -                 | -                             | -                 | 2,927,822                   | 1,799,254           | 14,918,820                    | 1,281,244           |
| Totals                       | <u>\$ 1,588,318</u> | <u>\$ 646,503</u> | <u>\$ 963,720</u>             | <u>\$ 394,229</u> | <u>\$ 3,027,198</u>         | <u>\$ 1,887,601</u> | <u>\$ 14,872,359</u>          | <u>\$ 1,265,991</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, 2020 (CONTINUED)

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

##### *Plan Description*

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

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

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

##### *Eligible Employees*

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

##### *Benefit Amounts*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

##### *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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

***Contributions (Continued)***

determined rate from an actuarial valuation as of June 30, 2017. 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 \$50,742 and \$47,773 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$50,327 and \$49,969 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$5,070 and \$5,324 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the County reported a liability of \$762,700 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$797,686 and \$84,943, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was .04687% as compared to .04401% at June 30, 2018. At June 30, 2019, the Component Unit School Board professional and nonprofessional groups' proportion was .04902% and .00522%, respectively as compared to .04880% and .00519% respectively at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$23,245. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$15,070. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$2,042. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2020, 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<br>(professional) |                                     | Component School Board<br>(nonprofessional) |                                     |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|---|-------------------------------------|
|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources     | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources        | Deferred<br>Inflows<br>of Resources |
| Differences between expected and actual experience                               | \$ 50,724                            | \$ 9,893                            | \$ 53,051                                | \$ 10,346                           | \$ 5,649                                    | \$ 1,102                            |
| Net difference between projected and actual earnings on GLI OPEB plan investment | -                                    | 15,666                              | -  | 16,385                              | -   | 1,745                               |
| Changes in assumptions   | 48,152                               | 22,999                              | 50,361                                   | 24,054                              | 5,363                                       | 2,561                               |
| Changes in proportionate share   | 38,155                               | 5,427                               | 2,935                                    | 16,050                              | 401   | -                                   |
| Employer contributions subsequent to the measurement date                        | 50,742                               | -                                   | 50,327                                   | -                                   | 5,070                                       | -                                   |
| Total  | \$ 187,773                           | \$ 53,985                           | \$ 156,674                               | \$ 66,835                           | \$ 16,483                                   | \$ 5,408                            |

\$50,742, \$50,327 and \$5,070, 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, 2020. 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<br>Government | Component Unit<br>School Board<br>(professional) | Component Unit<br>School Board<br>(nonprofessional) |
|-----------------------|-----------------------|--|---|
| Year Ended<br>June 30 |                       |  |   |
| 2021                  | \$ 8,318              | \$ (541)   | \$ 379  |
| 2022                  | 8,319                 | (541)  | 379   |
| 2023                  | 14,954                | 6,399  | 1,118   |
| 2024                  | 21,875                | 13,473   | 1,793   |
| 2025                  | 22,852                | 15,974   | 1,823   |
| Thereafter            | 6,728                 | 4,748  | 513   |

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

##### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

|  |  |
|--|--|
| 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,<br>including inflation* |

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

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

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

**COUNTY OF NORTHAMPTON, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Actuarial Assumptions: (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

|  |    | <b>GLI OPEB<br/>Plan</b> |
|--|----|--------------------------|
| Total GLI OPEB Liability   | \$ | 3,390,238                |
| Plan Fiduciary Net Position  |    | 1,762,972                |
| Employers' Net GLI OPEB Liability (Asset)                                      | \$ | 1,627,266                |
| Plan Fiduciary Net Position as a Percentage<br>of the Total GLI OPEB Liability |    | 52.00%                   |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*NET GLI OPEB Liability (Continued)*

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.

*Long-Term Expected Rate of Return*

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

| <b>Asset Class (Strategy)</b>        | <b>Target<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|------------------------------|---|--|
| Public Equity                        | 34.00%                       | 5.61%   | 1.91%  |
| Fixed Income                         | 15.00%                       | 0.88%   | 0.13%  |
| Credit Strategies                    | 14.00%                       | 5.13%   | 0.72%  |
| Real Assets                          | 14.00%                       | 5.27%   | 0.74%  |
| Private Equity                       | 14.00%                       | 8.77%   | 1.23%  |
| MAPS - Multi-Asset Public Strategies | 6.00%                        | 3.52%   | 0.21%  |
| PIP - Private Investment Partnership | 3.00%                        | 6.29%   | 0.19%  |
| <b>Total</b>                         | <b>100.00%</b>               |   | <b>5.13%</b>   |
|                                      |                              | Inflation   | 2.50%  |
|                                      |                              | Expected arithmetic nominal return*                             | 7.63%  |

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

|  | Rate         |            |             |
|--|--------------|------------|-------------|
|  | 1% Decrease  | Current    | 1% Increase |
|  | (5.75%)      | (6.75%)    | (7.75%)     |
| County's proportionate share of the GLI Plan                                   |              |            |             |
| Net OPEB Liability   | \$ 1,001,976 | \$ 762,700 | \$ 568,653  |
| Component School Board (professional)'s proportionate share of the GLI Plan    |              |            |             |
| Net OPEB Liability   | \$ 1,047,938 | \$ 797,686 | \$ 594,738  |
| Component School Board (nonprofessional)'s proportionate share of the GLI Plan |              |            |             |
| Net OPEB Liability   | \$ 111,592   | \$ 84,943  | \$ 63,332   |



## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

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

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

##### *Plan Description*

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

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 with at least 15 years of service credit, 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*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, 2020 was 1.20% 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 \$116,140 and \$115,259 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the school division reported a liability of \$1,499,048 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, 2019 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, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was .11451% as compared to .11463% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$116,811. 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, 2020, 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ -                                      | \$ 8,491                                 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 95  | -  |
| Change of assumptions   | 34,890                                    | 10,416                                   |
| Change in proportionate share   | -   | 33,012                                   |
| Employer contributions subsequent to the measurement date                                 | <u>116,140</u>                            | <u>-</u>                                 |
| Total   | <u>\$ 151,125</u>                         | <u>\$ 51,919</u>                         |

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

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

\$116,140 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, 2021. 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> |            |
|---------------------------|------------|
| 2021                      | \$ (5,142) |
| 2022                      | (5,144)    |
| 2023                      | (4,487)    |
| 2024                      | (4,707)    |
| 2025                      | (2,615)    |
| Thereafter                | 5,161      |

**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, 2018, 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, 2019.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

*The remainder of this page left blank intentionally.*

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

*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, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

|   |    | <b>Teacher<br/>Employee HIC<br/>OPEB Plan</b> |
|---|----|---|
|   |    | <hr/>   |
| Total Teacher Employee HIC OPEB Liability   | \$ | 1,438,114                                     |
| Plan Fiduciary Net Position   |    | 129,016                                       |
| Teacher Employee net HIC OPEB Liability (Asset)   | \$ | <hr/> <hr/> 1,309,098                         |
|   |    |   |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Teacher Employee HIC OPEB Liability |    | 8.97%   |

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.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

**NOTE 16—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:

| <u>Asset Class (Strategy)</u>        | <u>Target<br/>Allocation</u> | <u>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</u> | <u>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</u> |
|--------------------------------------|------------------------------|---|--|
| Public Equity                        | 34.00%                       | 5.61%   | 1.91%  |
| Fixed Income                         | 15.00%                       | 0.88%   | 0.13%  |
| Credit Strategies                    | 14.00%                       | 5.13%   | 0.72%  |
| Real Assets                          | 14.00%                       | 5.27%   | 0.74%  |
| Private Equity                       | 14.00%                       | 8.77%   | 1.23%  |
| MAPS - Multi-Asset Public Strategies | 6.00%                        | 3.52%   | 0.21%  |
| PIP - Private Investment Partnership | 3.00%                        | 6.29%   | 0.19%  |
| Total                                | <u>100.00%</u>               |   | <u>5.13%</u>   |
|                                      |                              | Inflation   | <u>2.50%</u>   |
|                                      |                              | Expected arithmetic nominal return*                             | <u>7.63%</u>   |

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund.

*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, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Discount Rate*

contribution rate. From July 1, 2019 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  | \$ | 1,677,689   | \$ 1,499,048     | \$ 1,347,292 |

*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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 17—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, 2020 (CONTINUED)

**NOTE 17—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, 2019 (measurement date), the following employees were covered by the benefit terms:

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

***Contributions***

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$20,000 and \$38,000.

***Total OPEB Liability***

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



**NOTE 17—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, 2020 for the employer fiscal year and reporting period of July 1, 2019 to June 30, 2020. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2019 and the corresponding measurement period of July 1, 2018 to July 1, 2019. The measurement of the total OPEB liability is based on a valuation date of July 1, 2018.

The employer’s net OPEB liability is reported herein for the School Board as of June 30, 2020 for the employer fiscal year and reporting period of July 1, 2019 to June 30, 2020. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2019 and the corresponding measurement period of July 1, 2018 to July 1, 2019. The measurement of the total OPEB liability is based on a valuation date of July 1, 2019.

*Actuarial Assumptions*

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

|                  |  |
|------------------|--|
| Salary Increases | The salary increase rate was 2.50% per annum   |
| Discount Rate    | 3.13% based on the Municipal GO AA 20-year yield curve rate as of July 1, 2019   |
| Mortality Rate   | The mortality rates for active and healthy retirees was calculated using the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019. |

*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.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

**NOTE 17—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

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

*Changes in Total OPEB Liability*

|   | Primary<br>Government<br>Total OPEB<br>Liability | Component<br>Unit School<br>Board<br>Total OPEB<br>Liability |
|---|--|--|
| Balances at June 30, 2019                         | \$ 959,000                                       | \$ 1,410,000   |
| Changes for the year:                             |  |  |
| Service cost                                      | 43,000   | 66,000   |
| Interest  | 36,000   | 53,000   |
| Difference between expected and actual experience | 53,000   | (114,000)  |
| Other changes                                     | 45,000   | 62,000   |
| Benefit payments                                  | (20,000)   | (38,000)   |
| Net changes                                       | \$ 157,000                                       | \$ 29,000  |
| Balances at June 30, 2020                         | \$ 1,116,000                                     | \$ 1,439,000   |

*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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

|                                     | Rate                   |                                  |                        |
|-------------------------------------|------------------------|----------------------------------|------------------------|
|                                     | 1% Decrease<br>(2.13%) | Current Discount<br>Rate (3.13%) | 1% Increase<br>(4.13%) |
| <b>Primary Government:</b>          |                        |                                  |                        |
| Total OPEB liability                | \$ 1,219,000           | \$ 1,116,000                     | \$ 1,023,000           |
| <b>Component Unit School Board:</b> |                        |                                  |                        |
| Total OPEB liability                | \$ 1,577,000           | \$ 1,439,000                     | \$ 1,320,000           |

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

**NOTE 17—MEDICAL, DENTAL AND DISABILITY PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

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

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

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

|                            | Rates                 |              |                  |
|----------------------------|-----------------------|--------------|------------------|
|                            | Healthcare Cost Trend |              |                  |
|                            | 1% Decrease Rate      | Current Rate | 1% Increase Rate |
| <b>Primary Government:</b> |                       |              |                  |
| Total OPEB liability       | \$ 991,000            | \$ 1,116,000 | \$ 1,263,000     |

|                                     | Rates                 |              |                  |
|-------------------------------------|-----------------------|--------------|------------------|
|                                     | Healthcare Cost Trend |              |                  |
|                                     | 1% Decrease Rate      | Current Rate | 1% Increase Rate |
| <b>Component Unit School Board:</b> |                       |              |                  |
| Total OPEB liability                | \$ 1,278,000          | \$ 1,439,000 | \$ 1,639,000     |

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

**NOTE 17—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, 2020, the County and the School Board recognized OPEB expense in the amount of \$100,000 and \$97,000. At June 30, 2020, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Primary Government</u>             |                                      | <u>Component Unit School Board</u>    |                                      |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|   | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience        | \$ 86,000                             | \$ -                                 | \$ -                                  | \$ 210,000                           |
| Changes of assumptions                                    | 38,000                                | 45,000                               | 56,000                                | 68,000                               |
| Employer contributions subsequent to the measurement date | 20,000                                | -                                    | 38,000                                | -                                    |
| Total   | <u>\$ 144,000</u>                     | <u>\$ 45,000</u>                     | <u>\$ 94,000</u>                      | <u>\$ 278,000</u>                    |

\$20,000 and \$38,000 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, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|---------------------------|---------------------------|------------------------------------|
| 2021                      | \$ 15,000                 | \$ (30,000)                        |
| 2022                      | 15,000                    | (30,000)                           |
| 2023                      | 15,000                    | (30,000)                           |
| 2024                      | 15,000                    | (30,000)                           |
| 2025                      | 11,000                    | (30,000)                           |
| Thereafter                | 8,000                     | (72,000)                           |

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, 2020 (CONTINUED)

### **NOTE 18—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 Program (Note 15):           |                    |                  |                     |                   |                             |                   |                     |                   |
| County  | \$ 187,773         | \$ 53,985        | \$ 762,700          | \$ 23,245         | \$ -                        | \$ -              | \$ -                | \$ -              |
| School Board Nonprofessional                      | -                  | -                | -                   | -                 | 16,483                      | 5,408             | 84,943              | 2,042             |
| School Board Professional                         | -                  | -                | -                   | -                 | 156,674                     | 66,835            | 797,686             | 15,070            |
| Teacher Health Insurance Credit Program (Note 16) | -                  | -                | -                   | -                 | 151,125                     | 51,919            | 1,499,048           | 116,811           |
| County Stand-Alone Plan (Note 17)                 | 144,000            | 45,000           | 1,116,000           | 100,000           | -                           | -                 | -                   | -                 |
| School Stand-Alone Plan (Note 17)                 | -                  | -                | -                   | -                 | 94,000                      | 278,000           | 1,439,000           | 97,000            |
| Totals  | <u>\$ 331,773</u>  | <u>\$ 98,985</u> | <u>\$ 1,878,700</u> | <u>\$ 123,245</u> | <u>\$ 418,282</u>           | <u>\$ 402,162</u> | <u>\$ 3,820,677</u> | <u>\$ 230,923</u> |

### **NOTE 19—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, 2020 was \$42,755.

### **NOTE 20—UPCOMING PRONOUNCEMENTS:**

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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#### **NOTE 20—UPCOMING PRONOUNCEMENTS: (CONTINUED)**

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

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

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

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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#### **NOTE 20—UPCOMING PRONOUNCEMENTS: (CONTINUED)**

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

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

#### **NOTE 21—SUBSEQUENT EVENTS:**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Northampton, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue and total \$776,411 at June 30, 2020. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Northampton, Virginia, received the second round of CRF funds in the amount of \$1,021,652 on August 17, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

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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, 2020

|   | Budgeted Amounts      |                       |                       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
|   | Original              | Final                 | Actual<br>Amounts     |   |
| REVENUES  |                       |                       |                       |   |
| General property taxes                                    | \$ 18,810,600         | \$ 18,810,600         | \$ 19,579,185         | \$ 768,585  |
| Other local taxes   | 3,128,398             | 3,128,398             | 3,224,406             | 96,008  |
| Permits, privilege fees, and regulatory licenses          | 153,400               | 153,400               | 128,213               | (25,187)  |
| Fines and forfeitures                                     | 665,000               | 665,000               | 511,699               | (153,301)   |
| Revenue from the use of money and property                | 506,647               | 506,647               | 331,396               | (175,251)   |
| Charges for services                                      | 1,385,147             | 1,385,147             | 1,377,054             | (8,093)   |
| Miscellaneous   | 9,500                 | 23,480                | 163,157               | 139,677   |
| Recovered costs   | 169,812               | 171,256               | 83,724                | (87,532)  |
| Intergovernmental:  |                       |                       |                       |   |
| Commonwealth  | 3,768,021             | 3,888,004             | 3,749,569             | (138,435)   |
| Federal   | 88,419                | 1,182,403             | 384,780               | (797,623)   |
| Total revenues  | <u>\$ 28,684,944</u>  | <u>\$ 29,914,335</u>  | <u>\$ 29,533,183</u>  | <u>\$ (381,152)</u>                                       |
| EXPENDITURES  |                       |                       |                       |   |
| Current:  |                       |                       |                       |   |
| General government administration                         | \$ 2,957,032          | \$ 3,230,810          | \$ 2,480,599          | \$ 750,211  |
| Judicial administration                                   | 737,736               | 791,807               | 727,320               | 64,487  |
| Public safety   | 6,118,369             | 6,592,279             | 6,124,752             | 467,527   |
| Public works  | 3,259,749             | 3,583,773             | 3,286,052             | 297,721   |
| Health and welfare  | 679,260               | 703,106               | 642,322               | 60,784  |
| Education   | 8,982,925             | 8,982,925             | 8,982,925             | -   |
| Parks, recreation, and cultural                           | 474,489               | 486,989               | 410,100               | 76,889  |
| Community development                                     | 1,393,008             | 1,958,721             | 1,205,620             | 753,101   |
| Total expenditures  | <u>\$ 24,602,568</u>  | <u>\$ 26,330,410</u>  | <u>\$ 23,859,690</u>  | <u>\$ 2,470,720</u>                                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 4,082,376</u>   | <u>\$ 3,583,925</u>   | <u>\$ 5,673,493</u>   | <u>\$ 2,089,568</u>                                       |
| OTHER FINANCING SOURCES (USES)                            |                       |                       |                       |   |
| Transfers in  | \$ 1,507,342          | \$ 1,489,120          | \$ 322,523            | \$ (1,166,597)  |
| Transfers out   | (5,789,718)           | (5,846,607)           | (5,847,184)           | (577)   |
| Issuance of capital lease                                 | -                     | 219,000               | 39,000                | (180,000)   |
| Total other financing sources (uses)                      | <u>\$ (4,282,376)</u> | <u>\$ (4,138,487)</u> | <u>\$ (5,485,661)</u> | <u>\$ (1,347,174)</u>                                     |
| Net change in fund balances                               | \$ (200,000)          | \$ (554,562)          | \$ 187,832            | \$ 742,394  |
| Fund balances - beginning                                 | 200,000               | 554,562               | 11,495,155            | 10,940,593  |
| Fund balances - ending                                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 11,682,987</u>  | <u>\$ 11,682,987</u>                                      |

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## Eastern Shore Regional Jail Fund

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

For the Year Ended June 30, 2020

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with</u>  |
|---|-------------------------|-----------------------|-----------------------|-----------------------|
|   | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u>        | <u>Final Budget -</u> |
|   |                         |                       |                       | <u>Positive</u>       |
|   |                         |                       |                       | <u>(Negative)</u>     |
| <b>REVENUES</b>   |                         |                       |                       |                       |
| Charges for services                                      | \$ 62,601               | \$ 69,931             | \$ 15,167             | \$ (54,764)           |
| Miscellaneous   | -                       | -                     | (2,619)               | (2,619)               |
| Recovered costs   | 6,000                   | 6,000                 | 4,163                 | (1,837)               |
| Intergovernmental:  |                         |                       |                       |                       |
| Commonwealth  | 2,233,200               | 2,137,641             | 2,227,337             | 89,696                |
| Total revenues  | <u>\$ 2,301,801</u>     | <u>\$ 2,213,572</u>   | <u>\$ 2,244,048</u>   | <u>\$ 30,476</u>      |
| <b>EXPENDITURES</b>                                       |                         |                       |                       |                       |
| Current:  |                         |                       |                       |                       |
| Public safety   | \$ 4,639,046            | \$ 4,859,460          | \$ 4,464,381          | \$ 395,079            |
| Total expenditures  | <u>\$ 4,639,046</u>     | <u>\$ 4,859,460</u>   | <u>\$ 4,464,381</u>   | <u>\$ 395,079</u>     |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,337,245)</u>   | <u>\$ (2,645,888)</u> | <u>\$ (2,220,333)</u> | <u>\$ 425,555</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                       |                       |                       |
| Transfers in  | \$ 2,337,245            | \$ 2,645,888          | \$ 2,347,697          | \$ (298,191)          |
| Transfers out   | -                       | -                     | (127,364)             | (127,364)             |
| Total other financing sources (uses)                      | <u>\$ 2,337,245</u>     | <u>\$ 2,645,888</u>   | <u>\$ 2,220,333</u>   | <u>\$ (425,555)</u>   |
| Net change in fund balances                               | \$ -                    | \$ -                  | \$ -                  | \$ -                  |
| Fund balances - beginning                                 | -                       | -                     | -                     | -                     |
| Fund balances - ending                                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |

# COUNTY OF NORTHAMPTON, VIRGINIA

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

Primary Government

Pension Plans

For the Measurement Dates June 30, 2014 through June 30, 2019

|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |
| Service cost  | \$ 967,981           | \$ 973,374           |
| Interest  | 2,289,392            | 2,206,097            |
| Changes in benefit terms  | -                    | -                    |
| Difference between expected and actual experience                                 | 144,128              | (433,911)            |
| Changes of assumptions  | 1,021,717            | -                    |
| Benefit payments  | (1,504,798)          | (1,606,470)          |
| <b>Net change in total pension liability</b>                                      | <b>\$ 2,918,420</b>  | <b>\$ 1,139,090</b>  |
| <b>Total pension liability - beginning</b>  | <b>33,458,002</b>    | <b>32,318,912</b>    |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 36,376,422</b> | <b>\$ 33,458,002</b> |
| <b>Plan fiduciary net position</b>  |                      |                      |
| Contributions - employer  | \$ 718,548           | \$ 661,255           |
| Contributions - employee  | 443,683              | 421,116              |
| Net investment income   | 2,238,859            | 2,338,980            |
| Benefit payments  | (1,504,798)          | (1,606,470)          |
| Administrator charges   | (21,900)             | (20,193)             |
| Other   | (1,413)              | (2,082)              |
| <b>Net change in plan fiduciary net position</b>                                  | <b>\$ 1,872,979</b>  | <b>\$ 1,792,606</b>  |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>33,539,723</b>    | <b>31,747,117</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 35,412,702</b> | <b>\$ 33,539,723</b> |
| <b>County's net pension liability (asset) - ending (a) - (b)</b>                  | <b>\$ 963,720</b>    | <b>\$ (81,721)</b>   |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>97.35%</b>        | <b>100.24%</b>       |
| <b>Covered payroll</b>  | <b>\$ 9,178,895</b>  | <b>\$ 8,367,700</b>  |
| <b>County's net pension liability (asset) as a percentage of covered payroll</b>  | <b>10.50%</b>        | <b>-0.98%</b>        |

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

Exhibit 13

|    | 2017              | 2016              | 2015              | 2014              |
|----|-------------------|-------------------|-------------------|-------------------|
| \$ | 956,949           | \$ 943,326        | \$ 926,204        | \$ 925,228        |
|    | 2,098,998         | 2,047,945         | 1,926,687         | 1,805,167         |
|    | 723,111           | -                 | -                 | -                 |
|    | (497,814)         | (925,448)         | 43,818            | -                 |
|    | (276,394)         | -                 | -                 | -                 |
|    | (1,343,258)       | (1,329,725)       | (999,177)         | (989,616)         |
| \$ | 1,661,592         | \$ 736,098        | \$ 1,897,532      | \$ 1,740,779      |
|    | 30,657,320        | 29,921,222        | 28,023,690        | 26,282,911        |
| \$ | <u>32,318,912</u> | <u>30,657,320</u> | <u>29,921,222</u> | <u>28,023,690</u> |
|    |                   |                   |                   |                   |
| \$ | 649,769           | \$ 760,120        | \$ 773,751        | \$ 811,390        |
|    | 410,791           | 392,011           | 400,292           | 397,922           |
|    | 3,476,551         | 489,866           | 1,239,556         | 3,653,770         |
|    | (1,343,258)       | (1,329,725)       | (999,177)         | (989,616)         |
|    | (19,927)          | (17,501)          | (16,542)          | (19,324)          |
|    | (3,102)           | (209)             | (261)             | 192               |
| \$ | 3,170,824         | \$ 294,562        | \$ 1,397,619      | \$ 3,854,334      |
|    | 28,576,293        | 28,281,731        | 26,884,112        | 23,029,778        |
| \$ | <u>31,747,117</u> | <u>28,576,293</u> | <u>28,281,731</u> | <u>26,884,112</u> |
|    |                   |                   |                   |                   |
| \$ | 571,795           | \$ 2,081,027      | \$ 1,639,491      | \$ 1,139,578      |
|    |                   |                   |                   |                   |
|    | 98.23%            | 93.21%            | 94.52%            | 95.93%            |
|    |                   |                   |                   |                   |
| \$ | 8,135,972         | \$ 8,016,513      | \$ 8,079,121      | \$ 7,965,906      |
|    |                   |                   |                   |                   |
|    | 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)

Pension Plans

For the Measurement Dates June 30, 2014 through June 30, 2019

|   | 2019                | 2018                |
|---|---------------------|---------------------|
| <b>Total pension liability</b>  |                     |                     |
| Service cost  | \$ 89,764           | \$ 96,360           |
| Interest  | 243,749             | 243,920             |
| Difference between expected and actual experience   | (43,615)            | (119,907)           |
| Changes of assumptions  | 89,593              | -                   |
| Benefit payments  | (220,709)           | (224,939)           |
| <b>Net change in total pension liability</b>  | \$ 158,782          | \$ (4,566)          |
| <b>Total pension liability - beginning</b>  | 3,592,481           | 3,597,047           |
| <b>Total pension liability - ending (a)</b>   | <u>\$ 3,751,263</u> | <u>\$ 3,592,481</u> |
| <b>Plan fiduciary net position</b>  |                     |                     |
| Contributions - employer  | \$ 48,175           | \$ 61,530           |
| Contributions - employee  | 47,933              | 46,798              |
| Net investment income   | 241,685             | 259,179             |
| Benefit payments  | (220,709)           | (224,939)           |
| Administrator charges   | (2,453)             | (2,286)             |
| Other   | (152)               | (229)               |
| <b>Net change in plan fiduciary net position</b>  | \$ 114,479          | \$ 140,053          |
| <b>Plan fiduciary net position - beginning</b>  | 3,683,245           | 3,543,192           |
| <b>Plan fiduciary net position - ending (b)</b>   | <u>\$ 3,797,724</u> | <u>\$ 3,683,245</u> |
| <b>School Division's net pension liability (asset) - ending (a) - (b)</b>                 | \$ (46,461)         | \$ (90,764)         |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b>         | 101.24%             | 102.53%             |
| <b>Covered payroll</b>  | \$ 1,020,902        | \$ 982,525          |
| <b>School Division's net pension liability (asset) as a percentage of covered payroll</b> | -4.55%              | -9.24%              |

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



Exhibit 14

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

Pension Plans

For the Measurement Dates June 30, 2014 through June 30, 2019

|  | 2019          | 2018          |
|--|---------------|---------------|
| Employer's Proportion of the Net Pension Liability (Asset)   | 0.11336%      | 0.11402%      |
| Employer's Proportionate Share of the Net Pension Liability (Asset)  | \$ 14,918,820 | \$ 13,409,000 |
| Employer's Covered Payroll   | 9,670,453     | 9,323,625     |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 154.27%       | 143.82%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 73.51%        | 74.81%        |

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.

Exhibit 15

|    | 2017       |    | 2016       |    | 2015       |    | 2014       |
|----|------------|----|------------|----|------------|----|------------|
|    | 0.11530%   |    | 0.11850%   |    | 0.12128%   |    | 0.12418%   |
| \$ | 14,179,000 | \$ | 16,607,000 | \$ | 15,265,000 | \$ | 15,007,000 |
|    | 9,282,121  |    | 9,067,859  |    | 8,777,441  |    | 9,085,111  |
|    | 152.76%    |    | 183.14%    |    | 173.91%    |    | 165.18%    |
|    | 72.92%     |    | 68.28%     |    | 70.68%     |    | 70.88%     |

Schedule of Employer Contributions - Pension Plans  
For the Years Ended June 30, 2010 through June 30, 2020

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| <b>Primary Government</b>                            |  |   |   |   |   |
| 2020   | \$ 752,740                                       | \$ 752,740  | \$ -  | \$ 9,758,018                            | 8.14%   |
| 2019   | 720,436  | 720,436   | -   | 9,178,895                               | 8.14%   |
| 2018   | 661,255  | 661,255   | -   | 8,367,700                               | 8.16%   |
| 2017   | 663,895  | 663,895   | -   | 8,135,972                               | 8.16%   |
| 2016   | 772,792  | 772,792   | -   | 8,016,513                               | 9.64%   |
| 2015   | 778,827  | 778,827   | -   | 8,079,121                               | 9.64%   |
| 2014   | 810,929  | 810,929   | -   | 7,965,906                               | 10.18%  |
| 2013   | 754,313  | 754,313   | -   | 7,409,752                               | 10.18%  |
| 2012   | 529,121  | 529,121   | -   | 6,731,824                               | 7.86%   |
| 2011   | 511,997  | 511,997   | -   | 6,513,952                               | 7.86%   |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |   |
| 2020   | \$ 45,909  | \$ 45,909   | \$ -  | \$ 971,858                              | 5.12%   |
| 2019   | 48,175   | 48,175  | -   | 1,020,902                               | 5.12%   |
| 2018   | 61,530   | 61,530  | -   | 982,525                                 | 6.58%   |
| 2017   | 64,386   | 64,386  | -   | 978,504                                 | 6.58%   |
| 2016   | 106,016  | 106,016   | -   | 980,718                                 | 10.81%  |
| 2015   | 106,603  | 106,603   | -   | 986,149                                 | 10.81%  |
| 2014   | 115,044  | 115,044   | -   | 946,087                                 | 12.16%  |
| 2013   | 72,860   | 72,860  | -   | 599,176                                 | 12.16%  |
| 2012   | 42,758   | 42,758  | -   | 606,497                                 | 7.05%   |
| 2011   | 43,276   | 43,276  | -   | 613,847                                 | 7.05%   |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |   |
| 2020   | \$ 1,450,509                                     | \$ 1,450,509  | \$ -  | \$ 9,678,311                            | 15.68%  |
| 2019   | 941,605  | 941,605   | -   | 9,670,453                               | 15.68%  |
| 2018   | 1,062,589  | 1,062,589   | -   | 9,323,625                               | 16.32%  |
| 2017   | 1,333,472  | 1,333,472   | -   | 9,282,121                               | 14.66%  |
| 2016   | 1,274,941  | 1,274,941   | -   | 9,067,859                               | 14.06%  |
| 2015   | 1,272,729  | 1,272,729   | -   | 8,777,441                               | 14.50%  |
| 2014   | 1,059,324  | 1,059,324   | -   | 9,085,111                               | 11.66%  |
| 2013   | 1,057,393  | 1,057,393   | -   | 9,068,551                               | 11.66%  |
| 2012   | 579,023  | 579,023   | -   | 9,147,283                               | 6.33%   |
| 2011   | 380,946  | 380,946   | -   | 9,693,282                               | 3.93%   |

## Notes:

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information - Pension Plans  
For the Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14.00% to 15.00%  |
| Discount Rate   | Decreased rate from 7.00% to 6.75%  |

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

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

Component Unit School Board - Professional Employees:

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

Schedule of County's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through 2019

| Date   | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset) | Employer's<br>Covered<br>Payroll | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability |
|--|--|--|----------------------------------|---|--|
| (1)  | (2)  | (3)  | (4)                              | (5)   | (6)  |
| Primary Government:                            |  |  |                                  |   |  |
| 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):    |  |  |                                  |   |  |
| 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): |  |  |                                  |   |  |
| 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, 2011 through June 30, 2020

|  |   | Contributions in<br>Relation to           |  |                                  | Contributions                   |  |
|--|---|---|--|----------------------------------|---------------------------------|--|
|  | Contractually<br>Required<br>Contribution | Contractually<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Employer's<br>Covered<br>Payroll | as a % of<br>Covered<br>Payroll |  |
| Date   | (1)                                       | (2)                                       | (3)                                    | (4)                              | (5)                             |  |
| Primary Government:                            |   |   |  |                                  |                                 |  |
| 2020   | \$ 50,742                                 | \$ 50,742                                 | \$ -                                   | \$ 9,758,018                     | 0.52%                           |  |
| 2019   | 47,773                                    | 47,773                                    | -                                      | 9,187,117                        | 0.52%                           |  |
| 2018   | 43,512                                    | 43,512                                    | -                                      | 8,367,700                        | 0.52%                           |  |
| 2017   | 42,307                                    | 42,307                                    | -                                      | 8,135,972                        | 0.52%                           |  |
| 2016   | 38,479                                    | 38,479                                    | -                                      | 8,016,513                        | 0.48%                           |  |
| 2015   | 38,780                                    | 38,780                                    | -                                      | 8,079,121                        | 0.48%                           |  |
| 2014   | 38,236                                    | 38,236                                    | -                                      | 7,965,906                        | 0.48%                           |  |
| 2013   | 35,567                                    | 35,567                                    | -                                      | 7,409,752                        | 0.48%                           |  |
| 2012   | 18,849                                    | 18,849                                    | -                                      | 6,731,824                        | 0.28%                           |  |
| 2011   | 18,239                                    | 18,239                                    | -                                      | 6,513,952                        | 0.28%                           |  |
| Component Unit School Board (professional):    |   |   |  |                                  |                                 |  |
| 2020   | \$ 50,327                                 | \$ 50,327                                 | \$ -                                   | \$ 9,678,311                     | 0.52%                           |  |
| 2019   | 49,969                                    | 49,969                                    | -                                      | 9,609,340                        | 0.52%                           |  |
| 2018   | 48,679                                    | 48,679                                    | -                                      | 9,279,732                        | 0.52%                           |  |
| 2017   | 47,791                                    | 47,791                                    | -                                      | 9,190,530                        | 0.52%                           |  |
| 2016   | 43,454                                    | 43,454                                    | -                                      | 9,052,924                        | 0.48%                           |  |
| 2015   | 43,281                                    | 43,281                                    | -                                      | 9,016,800                        | 0.48%                           |  |
| 2014   | 43,611                                    | 43,611                                    | -                                      | 9,085,647                        | 0.48%                           |  |
| 2013   | 43,602                                    | 43,602                                    | -                                      | 9,083,705                        | 0.48%                           |  |
| 2012   | 25,597                                    | 25,597                                    | -                                      | 9,141,722                        | 0.28%                           |  |
| 2011   | 27,142                                    | 27,142                                    | -                                      | 9,693,492                        | 0.28%                           |  |
| Component Unit School Board (nonprofessional): |   |   |  |                                  |                                 |  |
| 2020   | \$ 5,070                                  | \$ 5,070                                  | \$ -                                   | \$ 975,093                       | 0.52%                           |  |
| 2019   | 5,324                                     | 5,324                                     | -                                      | 1,023,907                        | 0.52%                           |  |
| 2018   | 5,134                                     | 5,134                                     | -                                      | 987,248                          | 0.52%                           |  |
| 2017   | 5,100                                     | 5,100                                     | -                                      | 978,504                          | 0.52%                           |  |
| 2016   | 4,707                                     | 4,707                                     | -                                      | 980,718                          | 0.48%                           |  |
| 2015   | 4,734                                     | 4,734                                     | -                                      | 986,149                          | 0.48%                           |  |
| 2014   | 4,541                                     | 4,541                                     | -                                      | 946,087                          | 0.48%                           |  |
| 2013   | 2,876                                     | 2,876                                     | -                                      | 599,176                          | 0.48%                           |  |
| 2012   | 1,698                                     | 1,698                                     | -                                      | 606,497                          | 0.28%                           |  |
| 2011   | 1,719                                     | 1,719                                     | -                                      | 613,847                          | 0.28%                           |  |

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

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

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

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

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

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



Schedule of School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through 2019

| Date | Employer's<br>Proportion of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Covered<br>Payroll | Employer's   | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>HIC OPEB Liability |
|------|--|--|----------------------------------|--|--|
|      |  |  |                                  | Proportionate Share<br>of the Net HIC OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) |  |
| (1)  | (2)  | (3)  | (4)                              | (5)  | (6)  |
| 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, 2011 through June 30, 2020

| Date | Contributions in<br>Relation to                  |  |   | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|------|--|--|---|---|---|
|      | Contractually<br>Required<br>Contribution<br>(1) | Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) |   |   |
| 2020 | \$ 116,140                                       | \$ 116,140                                       | \$ -  | 9,678,311                               | 1.20%   |
| 2019 | 115,259  | 115,259  | -   | 9,604,939                               | 1.23%   |
| 2018 | 114,023  | 114,023  | -   | 9,270,189                               | 1.23%   |
| 2017 | 101,766  | 101,766  | -   | 9,168,130                               | 1.11%   |
| 2016 | 95,774   | 95,774   | -   | 9,035,308                               | 1.06%   |
| 2015 | 95,578   | 95,578   | -   | 9,016,800                               | 1.06%   |
| 2014 | 100,806  | 100,806  | -   | 9,081,606                               | 1.11%   |
| 2013 | 99,393   | 99,393   | -   | 8,954,284                               | 1.11%   |
| 2012 | 54,884   | 54,884   | -   | 9,147,288                               | 0.60%   |
| 2011 | 58,160   | 58,160   | -   | 9,693,282                               | 0.60%   |

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Primary Government

For the Years Ended June 30, 2018 through June 30, 2020

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

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

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

Component Unit School Board

For the Years Ended June 30, 2018 through June 30, 2020

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

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Valuation Date: 7/1/2018  
Measurement Date: 7/1/2019

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

*Methods and assumptions used to determine OPEB liability:*

|                       |   |
|-----------------------|---|
| Actuarial Cost Method | Entry Age Actuarial Cost Method   |
| Discount Rate         | The discount rate has been set equal to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date. |
| Healthcare Trend Rate | 5.00% for fiscal year end 2020 and remain at that level in all future years.  |
| Salary Increase Rates | The salary increase rate was 2.50% per annum  |
| Actuarial Cost Method | Entry Age Actuarial Cost Method   |
| Mortality Rates       | RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019. |

Notes to Required Supplementary Information - Component Unit School Board  
For the Year Ended June 30, 2020

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

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              | 3.13% based on the Municipal GO AA 20-year yield curve rate as of measurement date  |
| Healthcare Cost Trend Rate | 5.00% for fiscal year end 2020 and remains at that level in all future years.   |
| Salary Increase Rates      | The salary increase rate was 2.50% per annum  |
| Retirement Age             | The average age of retirement is 65   |
| Mortality Rates            | The mortality rates for active and healthy retirees was calculated using the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019 |

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*OTHER SUPPLEMENTARY INFORMATION*

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## Debt Service Fund

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

For the Year Ended June 30, 2020

|   | Budgeted Amounts      |                       |                       | Variance with<br>Final Budget - |
|---|-----------------------|-----------------------|-----------------------|---------------------------------|
|   | Original              | Final                 | Actual<br>Amounts     | Positive<br>(Negative)          |
| <b>REVENUES</b>   |                       |                       |                       |                                 |
| Revenue from the use of money and property                | \$ -                  | \$ 146,963            | \$ 37,288             | \$ (109,675)                    |
| Recovered costs   | 161,145               | 161,145               | 161,139               | (6)                             |
| Total revenues  | <u>\$ 161,145</u>     | <u>\$ 308,108</u>     | <u>\$ 198,427</u>     | <u>\$ (109,681)</u>             |
| <b>EXPENDITURES</b>                                       |                       |                       |                       |                                 |
| Debt service:   |                       |                       |                       |                                 |
| Principal retirement                                      | \$ 2,216,800          | \$ 2,367,448          | \$ 2,110,815          | \$ 256,633                      |
| Interest and other fiscal charges                         | 769,318               | 769,848               | 769,803               | 45                              |
| Total expenditures  | <u>\$ 2,986,118</u>   | <u>\$ 3,137,296</u>   | <u>\$ 2,880,618</u>   | <u>\$ 256,678</u>               |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,824,973)</u> | <u>\$ (2,829,188)</u> | <u>\$ (2,682,191)</u> | <u>\$ 146,997</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                       |                       |                       |                                 |
| Transfers in  | \$ 2,824,973          | \$ 2,829,188          | \$ 2,829,193          | \$ 5                            |
| Total other financing sources (uses)                      | <u>\$ 2,824,973</u>   | <u>\$ 2,829,188</u>   | <u>\$ 2,829,193</u>   | <u>\$ 5</u>                     |
| Net change in fund balances                               | \$ -                  | \$ -                  | \$ 147,002            | \$ 147,002                      |
| Fund balances - beginning                                 | -                     | -                     | 1,980,961             | 1,980,961                       |
| Fund balances - ending                                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 2,127,963</u>   | <u>\$ 2,127,963</u>             |

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## Capital Projects Fund

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

For the Year Ended June 30, 2020

|   | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|------------------|-----------------|-------------------|---|
|   | Original         | Final           |                   |   |
| <b>REVENUES</b>   |                  |                 |                   |   |
| Revenue from the use of money and property                | \$ -             | \$ 233,482      | \$ 233,482        | \$ -  |
| Intergovernmental:  |                  |                 |                   |   |
| Local government  | \$ -             | \$ -            | \$ 1,733,894      | \$ 1,733,894  |
| Total revenues  | \$ -             | \$ 233,482      | \$ 1,967,376      | \$ 1,733,894  |
| <b>EXPENDITURES</b>                                       |                  |                 |                   |   |
| Current:  |                  |                 |                   |   |
| Education   | \$ -             | \$ 67,800       | \$ 67,800         | \$ -  |
| Capital projects  | -                | 28,541,087      | 794,502           | 27,746,585  |
| Total expenditures  | \$ -             | \$ 28,608,887   | \$ 862,302        | \$ 27,746,585   |
| Excess (deficiency) of revenues over (under) expenditures | \$ -             | \$ (28,375,405) | \$ 1,105,074      | \$ 29,480,479   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                  |                 |                   |   |
| Transfers out   | \$ -             | \$ (1,695,696)  | \$ -              | \$ 1,695,696  |
| Issuance of bonds   | -                | 24,040,000      | 24,040,000        | -   |
| Issuance of bond premium                                  | -                | 3,170,036       | 3,170,036         | -   |
| Total other financing sources (uses)                      | \$ -             | \$ 25,514,340   | \$ 27,210,036     | \$ 1,695,696  |
| Net change in fund balances                               | \$ -             | \$ (2,861,065)  | \$ 28,315,110     | \$ 31,176,175   |
| Fund balances - beginning                                 |                  | 2,861,065       | 6,180,426         | 3,319,361   |
| Fund balances - ending                                    | \$ -             | \$ -            | \$ 34,495,536     | \$ 34,495,536   |

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2020

|   | Virginia<br>Public<br>Assistance<br>Fund | Forfeited<br>Asset<br>Sharing<br>Fund | Purchase of<br>Development<br>Rights<br>Fund |
|---|--|---------------------------------------|--|
| <b>ASSETS</b>   |  |                                       |  |
| Cash and cash equivalents                             | \$ -                                     | \$ 69,136                             | \$ 11,446                                    |
| Receivables (net of allowance<br>for uncollectibles): |  |                                       |  |
| Accounts receivable                                   | 1,247                                    | -                                     | -  |
| Due from other governmental units                     | 86,469                                   | -                                     | -  |
| Total assets  | <u>\$ 87,716</u>                         | <u>\$ 69,136</u>                      | <u>\$ 11,446</u>                             |
| <b>LIABILITIES</b>                                    |  |                                       |  |
| Accounts payable                                      | \$ 25,151                                | \$ -                                  | \$ -   |
| Accrued liabilities                                   | 56,784                                   | -                                     | -  |
| Reconciled overdraft payable                          | 5,781                                    | -                                     | -  |
| Total liabilities                                     | <u>\$ 87,716</u>                         | <u>\$ -</u>                           | <u>\$ -</u>                                  |
| <b>FUND BALANCES</b>                                  |  |                                       |  |
| Restricted  | \$ -                                     | \$ 69,136                             | \$ 11,446                                    |
| Assigned  | -  | -                                     | -  |
| Unassigned  | -  | -                                     | -  |
| Total fund balances                                   | <u>\$ -</u>                              | <u>\$ 69,136</u>                      | <u>\$ 11,446</u>                             |
| Total liabilities and fund balances                   | <u>\$ 87,716</u>                         | <u>\$ 69,136</u>                      | <u>\$ 11,446</u>                             |

| <u>CDBG<br/>Projects<br/>Fund</u> | <u>Brownfield<br/>Community<br/>Assessment<br/>Fund</u> | <u>Harbor<br/>Improvement<br/>Fund</u> | <u>ES 911<br/>Grant<br/>Fund</u> | <u>Total</u>      |
|-----------------------------------|---|--|----------------------------------|-------------------|
| \$ 65,414                         | \$ -  | \$ 103,894                             | \$ -                             | \$ 249,890        |
| -                                 | -   | 341                                    | -                                | 1,588             |
| -                                 | 20,984  | 47,367                                 | -                                | 154,820           |
| <u>\$ 65,414</u>                  | <u>\$ 20,984</u>  | <u>\$ 151,602</u>                      | <u>\$ -</u>                      | <u>\$ 406,298</u> |
| \$ -                              | \$ 20,984   | \$ 67,157                              | \$ -                             | \$ 113,292        |
| -                                 | -   | -                                      | -                                | 56,784            |
| -                                 | -   | -                                      | 22,010                           | 27,791            |
| <u>\$ -</u>                       | <u>\$ 20,984</u>  | <u>\$ 67,157</u>                       | <u>\$ 22,010</u>                 | <u>\$ 197,867</u> |
| \$ 65,414                         | \$ -  | \$ -                                   | \$ -                             | \$ 145,996        |
| -                                 | -   | 84,445                                 | -                                | 84,445            |
| -                                 | -   | -                                      | (22,010)                         | (22,010)          |
| <u>\$ 65,414</u>                  | <u>\$ -</u>   | <u>\$ 84,445</u>                       | <u>\$ (22,010)</u>               | <u>\$ 208,431</u> |
| <u>\$ 65,414</u>                  | <u>\$ 20,984</u>  | <u>\$ 151,602</u>                      | <u>\$ -</u>                      | <u>\$ 406,298</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, 2020

|  | Virginia Public<br>Assistance<br>Fund | Forfeited<br>Asset Sharing<br>Fund | Purchase of<br>Development<br>Rights<br>Fund |
|--|---------------------------------------|------------------------------------|--|
| <b>REVENUES</b>  |                                       |                                    |  |
| Charges for services   | \$ -                                  | \$ -                               | \$ -   |
| Miscellaneous  | 754                                   | -                                  | -  |
| Intergovernmental:   |                                       |                                    |  |
| Commonwealth   | 578,894                               | 2,528                              | -  |
| Federal  | 1,370,121                             | -                                  | -  |
| Total revenues   | <u>\$ 1,949,769</u>                   | <u>\$ 2,528</u>                    | <u>\$ -</u>                                  |
| <b>EXPENDITURES</b>  |                                       |                                    |  |
| Current:   |                                       |                                    |  |
| Health and welfare   | \$ 2,334,236                          | \$ -                               | \$ -   |
| Community development  | -                                     | -                                  | -  |
| Capital projects   | -                                     | -                                  | -  |
| Total expenditures   | <u>\$ 2,334,236</u>                   | <u>\$ -</u>                        | <u>\$ -</u>                                  |
| Excess (deficiency) of revenues over (under)<br>expenditures | <u>\$ (384,467)</u>                   | <u>\$ 2,528</u>                    | <u>\$ -</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                       |                                    |  |
| Transfers in   | \$ 557,238                            | \$ 555                             | \$ -   |
| Transfers out  | (172,771)                             | (18,112)                           | -  |
| Total other financing sources (uses)                         | <u>\$ 384,467</u>                     | <u>\$ (17,557)</u>                 | <u>\$ -</u>                                  |
| Net change in fund balances                                  | \$ -                                  | \$ (15,029)                        | \$ -   |
| Fund balances - beginning                                    | -                                     | 84,165                             | 11,446                                       |
| Fund balances - ending                                       | <u>\$ -</u>                           | <u>\$ 69,136</u>                   | <u>\$ 11,446</u>                             |



| <b>CDBG<br/>Projects<br/>Fund</b> | <b>Brownfield<br/>Community<br/>Assessment<br/>Fund</b> | <b>Harbor<br/>Improvement<br/>Fund</b> | <b>ES 911<br/>Grant<br/>Fund</b> | <b>Total</b>        |
|-----------------------------------|---|--|----------------------------------|---------------------|
| \$ -                              | \$ -  | \$ 10,404                              | \$ -                             | \$ 10,404           |
| 8,580                             | -   | -                                      | -                                | 9,334               |
| -                                 | -   | 48,347                                 | -                                | 629,769             |
| 6,440                             | 175,747   | -                                      | -                                | 1,552,308           |
| <u>\$ 15,020</u>                  | <u>\$ 175,747</u>                                       | <u>\$ 58,751</u>                       | <u>\$ -</u>                      | <u>\$ 2,201,815</u> |
| \$ -                              | \$ -  | \$ -                                   | \$ -                             | \$ 2,334,236        |
| 6,440                             | 175,747   | -                                      | -                                | 182,187             |
| -                                 | -   | 73,025                                 | -                                | 73,025              |
| <u>\$ 6,440</u>                   | <u>\$ 175,747</u>                                       | <u>\$ 73,025</u>                       | <u>\$ -</u>                      | <u>\$ 2,589,448</u> |
| <u>\$ 8,580</u>                   | <u>\$ -</u>   | <u>\$ (14,274)</u>                     | <u>\$ -</u>                      | <u>\$ (387,633)</u> |
| \$ -                              | \$ -  | \$ -                                   | \$ -                             | \$ 557,793          |
| -                                 | -   | -                                      | -                                | (190,883)           |
| <u>\$ -</u>                       | <u>\$ -</u>   | <u>\$ -</u>                            | <u>\$ -</u>                      | <u>\$ 366,910</u>   |
| \$ 8,580                          | \$ -  | \$ (14,274)                            | \$ -                             | \$ (20,723)         |
| 56,834                            | -   | 98,719                                 | (22,010)                         | 229,154             |
| <u>\$ 65,414</u>                  | <u>\$ -</u>   | <u>\$ 84,445</u>                       | <u>\$ (22,010)</u>               | <u>\$ 208,431</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, 2020

|   | Virginia Public Assistance Fund |                     |                     | Variance with<br>Final Budget |
|---|---------------------------------|---------------------|---------------------|-------------------------------|
|   | Budgeted Amounts                |                     | Actual              | Positive<br>(Negative)        |
|   | Original                        | Final               |                     |                               |
| REVENUES  |                                 |                     |                     |                               |
| Charges for services                                      | \$ -                            | \$ -                | \$ -                | \$ -                          |
| Miscellaneous   | -                               | 17,238              | 754                 | (16,484)                      |
| Intergovernmental:  |                                 |                     |                     |                               |
| Commonwealth  | 869,133                         | 869,133             | 578,894             | (290,239)                     |
| Federal   | 1,303,287                       | 1,303,287           | 1,370,121           | 66,834                        |
| Total revenues  | <u>\$ 2,172,420</u>             | <u>\$ 2,189,658</u> | <u>\$ 1,949,769</u> | <u>\$ (239,889)</u>           |
| EXPENDITURES  |                                 |                     |                     |                               |
| Current:  |                                 |                     |                     |                               |
| Health and welfare  | \$ 2,603,163                    | \$ 2,645,401        | \$ 2,334,236        | \$ 311,165                    |
| Community development                                     | -                               | -                   | -                   | -                             |
| Capital projects  | -                               | -                   | -                   | -                             |
| Total expenditures  | <u>\$ 2,603,163</u>             | <u>\$ 2,645,401</u> | <u>\$ 2,334,236</u> | <u>\$ 311,165</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (430,743)</u>             | <u>\$ (455,743)</u> | <u>\$ (384,467)</u> | <u>\$ 71,276</u>              |
| OTHER FINANCING SOURCES (USES)                            |                                 |                     |                     |                               |
| Transfers in  | \$ 515,000                      | \$ 540,000          | \$ 557,238          | \$ 17,238                     |
| Transfers out   | (84,257)                        | (84,257)            | (172,771)           | (88,514)                      |
| Total other financing sources (uses)                      | <u>\$ 430,743</u>               | <u>\$ 455,743</u>   | <u>\$ 384,467</u>   | <u>\$ (71,276)</u>            |
| Net change in fund balances                               | \$ -                            | \$ -                | \$ -                | \$ -                          |
| Fund balances - beginning                                 | -                               | -                   | -                   | -                             |
| Fund balances - ending                                    | <u>\$ -</u>                     | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>                   |

| Forfeited Asset Sharing Fund |            |             |   | Purchase of Development Rights Fund |       |           |   |
|------------------------------|------------|-------------|---|-------------------------------------|-------|-----------|---|
| Budgeted Amounts             |            | Actual      | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts                    |       | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Original                     | Final      |             |   | Original                            | Final |           |   |
| \$ -                         | \$ -       | \$ -        | \$ -  | \$ -                                | \$ -  | \$ -      | \$ -  |
| -                            | -          | -           | -   | -                                   | -     | -         | -   |
| -                            | 2,528      | 2,528       | -   | -                                   | -     | -         | -   |
| -                            | -          | -           | -   | -                                   | -     | -         | -   |
| \$ -                         | \$ 2,528   | \$ 2,528    | \$ -  | \$ -                                | \$ -  | \$ -      | \$ -  |
|                              |            |             |   |                                     |       |           |   |
| \$ -                         | \$ -       | \$ -        | \$ -  | \$ -                                | \$ -  | \$ -      | \$ -  |
| -                            | -          | -           | -   | -                                   | -     | -         | -   |
| -                            | -          | -           | -   | -                                   | -     | -         | -   |
| \$ -                         | \$ -       | \$ -        | \$ -  | \$ -                                | \$ -  | \$ -      | \$ -  |
|                              |            |             |   |                                     |       |           |   |
| \$ -                         | \$ 2,528   | \$ 2,528    | \$ -  | \$ -                                | \$ -  | \$ -      | \$ -  |
|                              |            |             |   |                                     |       |           |   |
| \$ -                         | \$ 555     | \$ 555      | \$ -  | \$ -                                | \$ -  | \$ -      | \$ -  |
| -                            | (3,083)    | (18,112)    | (15,029)  | -                                   | -     | -         | -   |
| \$ -                         | \$ (2,528) | \$ (17,557) | \$ (15,029)   | \$ -                                | \$ -  | \$ -      | \$ -  |
|                              |            |             |   |                                     |       |           |   |
| \$ -                         | \$ -       | \$ (15,029) | \$ (15,029)   | \$ -                                | \$ -  | \$ -      | \$ -  |
| -                            | -          | 84,165      | 84,165  | -                                   | -     | 11,446    | 11,446  |
| \$ -                         | \$ -       | \$ 69,136   | \$ 69,136   | \$ -                                | \$ -  | \$ 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, 2020

CDBG Projects Fund

|   | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Original         | Final            |                  |   |
| <b>REVENUES</b>   |                  |                  |                  |   |
| Charges for services                                      | \$ -             | \$ -             | \$ -             | \$ -  |
| Miscellaneous   | -                | -                | 8,580            | 8,580   |
| Intergovernmental:  |                  |                  |                  |   |
| Commonwealth  | -                | 40,000           | -                | (40,000)  |
| Federal   | -                | -                | 6,440            | 6,440   |
| Total revenues  | <u>\$ -</u>      | <u>\$ 40,000</u> | <u>\$ 15,020</u> | <u>\$ (24,980)</u>                                      |
| <b>EXPENDITURES</b>                                       |                  |                  |                  |   |
| Current:  |                  |                  |                  |   |
| Health and welfare  | \$ -             | \$ -             | \$ -             | \$ -  |
| Community development                                     | -                | 40,000           | 6,440            | 33,560  |
| Capital projects  | -                | -                | -                | -   |
| Total expenditures  | <u>\$ -</u>      | <u>\$ 40,000</u> | <u>\$ 6,440</u>  | <u>\$ 33,560</u>  |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 8,580</u>  | <u>\$ 8,580</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                  |                  |                  |   |
| Transfers in  | \$ -             | \$ -             | \$ -             | \$ -  |
| Transfers out   | -                | -                | -                | -   |
| Total other financing sources (uses)                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>   |
| Net change in fund balances                               | \$ -             | \$ -             | \$ 8,580         | \$ 8,580  |
| Fund balances - beginning                                 | -                | -                | 56,834           | 56,834  |
| Fund balances - ending                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 65,414</u> | <u>\$ 65,414</u>  |

| Brownfield Community Assessment Fund |            |            |                               | Harbor Improvement Fund |            |             |                               |
|--------------------------------------|------------|------------|-------------------------------|-------------------------|------------|-------------|-------------------------------|
| Budgeted Amounts                     |            | Actual     | Variance with<br>Final Budget | Budgeted Amounts        |            | Actual      | Variance with<br>Final Budget |
| Original                             | Final      |            | Positive<br>(Negative)        | Original                | Final      |             | Positive<br>(Negative)        |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ 14,460               | \$ 14,460  | \$ 10,404   | \$ (4,056)                    |
| -                                    | -          | -          | -                             | -                       | -          | -           | -                             |
| -                                    | 69,000     | -          | (69,000)                      | 43,313                  | 240,313    | 48,347      | (191,966)                     |
| -                                    | 175,747    | 175,747    | -                             | -                       | -          | -           | -                             |
| \$ -                                 | \$ 244,747 | \$ 175,747 | \$ (69,000)                   | \$ 57,773               | \$ 254,773 | \$ 58,751   | \$ (196,022)                  |
|                                      |            |            |                               |                         |            |             |                               |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ -                    | \$ -       | \$ -        | \$ -                          |
| -                                    | 244,747    | 175,747    | 69,000                        | -                       | -          | -           | -                             |
| -                                    | -          | -          | -                             | 57,773                  | 254,773    | 73,025      | 181,748                       |
| \$ -                                 | \$ 244,747 | \$ 175,747 | \$ 69,000                     | \$ 57,773               | \$ 254,773 | \$ 73,025   | \$ 181,748                    |
|                                      |            |            |                               |                         |            |             |                               |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ -                    | \$ -       | \$ (14,274) | \$ (14,274)                   |
|                                      |            |            |                               |                         |            |             |                               |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ -                    | \$ -       | \$ -        | \$ -                          |
| -                                    | -          | -          | -                             | -                       | -          | -           | -                             |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ -                    | \$ -       | \$ -        | \$ -                          |
|                                      |            |            |                               |                         |            |             |                               |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ -                    | \$ -       | \$ (14,274) | \$ (14,274)                   |
| -                                    | -          | -          | -                             | -                       | -          | 98,719      | 98,719                        |
| \$ -                                 | \$ -       | \$ -       | \$ -                          | \$ -                    | \$ -       | \$ 84,445   | \$ 84,445                     |

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2020

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

## Combining Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2020

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|  | <b>IDA<br/>Operating<br/>Fund</b> | <b>Virginia<br/>Broadband<br/>Authority<br/>Fund</b> | <b>Special<br/>Welfare<br/>Fund</b> |
|--|-----------------------------------|--|-------------------------------------|
|  | <u>                    </u>       | <u>                    </u>                          | <u>                    </u>         |
| <b>ASSETS</b>                            |                                   |  |                                     |
| Cash and cash equivalents                | \$ 230,808                        | \$ -   | \$ 156,764                          |
| Accounts receivable                      | 22,943                            | 270,595  | -                                   |
| Total assets                             | <u>\$ 253,751</u>                 | <u>\$ 270,595</u>                                    | <u>\$ 156,764</u>                   |
| <b>LIABILITIES</b>                       |                                   |  |                                     |
| Accounts payable                         | \$                                | \$ 30,374  | \$ -                                |
| Accrued liabilities                      | -                                 | 42,206   | -                                   |
| Reconciled overdraft payable             | -                                 | 198,015  | -                                   |
| Amounts held for social services clients | -                                 | -  | 156,764                             |
| Amounts held for others                  | 253,751                           | -  | -                                   |
| Total liabilities                        | <u>\$ 253,751</u>                 | <u>\$ 270,595</u>                                    | <u>\$ 156,764</u>                   |



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| NC Tourism<br>Commission<br>Fund | 911<br>Capital<br>Fund | 911<br>Operating<br>Fund | Inmate<br>Custodial<br>Fund | Building<br>Inspection<br>Fees<br>Fund | Total               |
|----------------------------------|------------------------|--------------------------|-----------------------------|--|---------------------|
| \$ 129,599                       | \$ 112,784             | \$ 161,269               | \$ 61,527                   | \$ 613                                 | \$ 853,364          |
| -                                | -                      | 76,552                   | -                           | -                                      | 370,090             |
| <u>\$ 129,599</u>                | <u>\$ 112,784</u>      | <u>\$ 237,821</u>        | <u>\$ 61,527</u>            | <u>\$ 613</u>                          | <u>\$ 1,223,454</u> |
| \$ -                             | \$ 24,214              | \$ 25,799                | \$ -                        | \$ -                                   | \$ 80,387           |
| -                                | -                      | 30,250                   | -                           | 613                                    | 73,069              |
| -                                | -                      | -                        | -                           | -                                      | 198,015             |
| -                                | -                      | -                        | -                           | -                                      | 156,764             |
| 129,599                          | 88,570                 | 181,772                  | 61,527                      | -                                      | 715,219             |
| <u>\$ 129,599</u>                | <u>\$ 112,784</u>      | <u>\$ 237,821</u>        | <u>\$ 61,527</u>            | <u>\$ 613</u>                          | <u>\$ 1,223,454</u> |

## Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2020

|   | Balance<br>Beginning<br>of Year | Additions           | Deductions          | Balance<br>End of<br>Year |
|---|---------------------------------|---------------------|---------------------|---------------------------|
| <b>IDA Operating Fund:</b>                |                                 |                     |                     |                           |
| Assets:                                   |                                 |                     |                     |                           |
| Cash and cash equivalents                 | \$ 212,016                      | \$ 19,052           | \$ 260              | \$ 230,808                |
| Accounts receivable                       | -                               | 22,943              | -                   | 22,943                    |
| Total assets                              | <u>\$ 212,016</u>               | <u>\$ 41,995</u>    | <u>\$ 260</u>       | <u>\$ 253,751</u>         |
| Liabilities:                              |                                 |                     |                     |                           |
| Accounts payable                          | \$ 260                          | \$ -                | \$ 260              | \$ -                      |
| Amounts held for others                   | 211,756                         | 41,995              | -                   | 253,751                   |
| Total liabilities                         | <u>\$ 212,016</u>               | <u>\$ 41,995</u>    | <u>\$ 260</u>       | <u>\$ 253,751</u>         |
| <b>Virginia Broadband Authority Fund:</b> |                                 |                     |                     |                           |
| Assets:                                   |                                 |                     |                     |                           |
| Cash and cash equivalents                 | \$ -                            | \$ 1,154,388        | \$ 1,154,388        | \$ -                      |
| Accounts receivable                       | 234,916                         | 270,595             | 234,916             | 270,595                   |
| Total assets                              | <u>\$ 234,916</u>               | <u>\$ 1,424,983</u> | <u>\$ 1,389,304</u> | <u>\$ 270,595</u>         |
| Liabilities:                              |                                 |                     |                     |                           |
| Accounts payable                          | \$ 20,643                       | \$ 30,374           | \$ 20,643           | \$ 30,374                 |
| Accrued liabilities                       | 40,006                          | 42,206              | 40,006              | 42,206                    |
| Reconciled overdraft payable              | 174,267                         | 1,352,403           | 1,328,655           | 198,015                   |
| Total liabilities                         | <u>\$ 234,916</u>               | <u>\$ 1,424,983</u> | <u>\$ 1,389,304</u> | <u>\$ 270,595</u>         |
| <b>Special Welfare Fund:</b>              |                                 |                     |                     |                           |
| Assets:                                   |                                 |                     |                     |                           |
| Cash and cash equivalents                 | \$ 155,134                      | \$ 138,731          | \$ 137,101          | \$ 156,764                |
| Total assets                              | <u>\$ 155,134</u>               | <u>\$ 138,731</u>   | <u>\$ 137,101</u>   | <u>\$ 156,764</u>         |
| Liabilities:                              |                                 |                     |                     |                           |
| Amounts held for social services clients  | \$ 155,134                      | \$ 138,731          | \$ 137,101          | \$ 156,764                |
| Total liabilities                         | <u>\$ 155,134</u>               | <u>\$ 138,731</u>   | <u>\$ 137,101</u>   | <u>\$ 156,764</u>         |
| <b>NC Tourism Commission Fund:</b>        |                                 |                     |                     |                           |
| Assets:                                   |                                 |                     |                     |                           |
| Cash and cash equivalents                 | \$ 80,149                       | \$ 113,300          | \$ 63,850           | \$ 129,599                |
| Liabilities:                              |                                 |                     |                     |                           |
| Accounts payable                          | \$ 228                          | \$ -                | \$ 228              | \$ -                      |
| Amounts held for others                   | 79,921                          | 113,300             | 63,622              | 129,599                   |
| Total liabilities                         | <u>\$ 80,149</u>                | <u>\$ 113,300</u>   | <u>\$ 63,850</u>    | <u>\$ 129,599</u>         |
| <b>911 Capital Fund:</b>                  |                                 |                     |                     |                           |
| Assets:                                   |                                 |                     |                     |                           |
| Cash and cash equivalents                 | \$ 145,325                      | \$ 116,164          | \$ 148,705          | \$ 112,784                |
| Investments                               | 1,632                           | -                   | 1,632               | -                         |
| Due from other governmental units         | 13,965                          | -                   | 13,965              | -                         |
| Total assets                              | <u>\$ 160,922</u>               | <u>\$ 116,164</u>   | <u>\$ 164,302</u>   | <u>\$ 112,784</u>         |
| Liabilities:                              |                                 |                     |                     |                           |
| Accounts payable                          | \$ 16,364                       | \$ 24,214           | \$ 16,364           | \$ 24,214                 |
| Amounts held for others                   | 144,558                         | 91,950              | 147,938             | 88,570                    |
| Total liabilities                         | <u>\$ 160,922</u>               | <u>\$ 116,164</u>   | <u>\$ 164,302</u>   | <u>\$ 112,784</u>         |

Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2020

|  | Balance<br>Beginning<br>of Year | Additions           | Deductions          | Balance<br>End of<br>Year |
|--|---------------------------------|---------------------|---------------------|---------------------------|
| <b>911 Operating Fund:</b>               |                                 |                     |                     |                           |
| Assets:                                  |                                 |                     |                     |                           |
| Cash and cash equivalents                | \$ 159,444                      | \$ 1,098,949        | \$ 1,097,124        | \$ 161,269                |
| Accounts receivable                      | 34,365                          | 76,552              | 34,365              | 76,552                    |
| Total assets                             | <u>\$ 193,809</u>               | <u>\$ 1,175,501</u> | <u>\$ 1,131,489</u> | <u>\$ 237,821</u>         |
| Liabilities:                             |                                 |                     |                     |                           |
| Accounts payable                         | \$ 26,481                       | \$ 25,799           | \$ 26,481           | \$ 25,799                 |
| Accrued liabilities                      | 29,305                          | 30,250              | 29,305              | 30,250                    |
| Amounts held for others                  | 138,023                         | 1,119,452           | 1,075,703           | 181,772                   |
| Total liabilities                        | <u>\$ 193,809</u>               | <u>\$ 1,175,501</u> | <u>\$ 1,131,489</u> | <u>\$ 237,821</u>         |
| <b>Inmate Custodial Fund:</b>            |                                 |                     |                     |                           |
| Assets:                                  |                                 |                     |                     |                           |
| Cash and cash equivalents                | \$ -                            | \$ 61,527           | \$ -                | \$ 61,527                 |
| Total assets                             | <u>\$ -</u>                     | <u>\$ 61,527</u>    | <u>\$ -</u>         | <u>\$ 61,527</u>          |
| Liabilities:                             |                                 |                     |                     |                           |
| Amounts held for others                  | \$ -                            | \$ 61,527           | \$ -                | \$ 61,527                 |
| Total liabilities                        | <u>\$ -</u>                     | <u>\$ 61,527</u>    | <u>\$ -</u>         | <u>\$ 61,527</u>          |
| <b>Building Inspection Fees Fund:</b>    |                                 |                     |                     |                           |
| Assets:                                  |                                 |                     |                     |                           |
| Cash and cash equivalents                | \$ 408                          | 613                 | 408                 | \$ 613                    |
| Liabilities:                             |                                 |                     |                     |                           |
| Accrued liabilities                      | \$ 408                          | \$ 613              | \$ 408              | \$ 613                    |
| Total liabilities                        | <u>\$ 408</u>                   | <u>\$ 613</u>       | <u>\$ 408</u>       | <u>\$ 613</u>             |
| <b>Totals -- All Agency Funds</b>        |                                 |                     |                     |                           |
| Assets:                                  |                                 |                     |                     |                           |
| Cash and cash equivalents                | \$ 752,476                      | \$ 2,702,724        | \$ 2,601,836        | \$ 853,364                |
| Investments                              | 1,632                           | -                   | 1,632               | -                         |
| Accounts receivable                      | 269,281                         | 370,090             | 269,281             | 370,090                   |
| Due from other governmental units        | 13,965                          | -                   | 13,965              | -                         |
| Total assets                             | <u>\$ 1,037,354</u>             | <u>\$ 3,072,814</u> | <u>\$ 2,886,714</u> | <u>\$ 1,223,454</u>       |
| Liabilities:                             |                                 |                     |                     |                           |
| Accounts payable                         | \$ 63,976                       | \$ 80,387           | \$ 63,976           | \$ 80,387                 |
| Accrued liabilities                      | 69,719                          | 73,069              | 69,719              | 73,069                    |
| Reconciled overdraft payable             | 174,267                         | 1,352,403           | 1,328,655           | 198,015                   |
| Amounts held for others                  | 574,258                         | 1,428,224           | 1,287,263           | 715,219                   |
| Amounts held for social services clients | 155,134                         | 138,731             | 137,101             | 156,764                   |
| Total liabilities                        | <u>\$ 1,037,354</u>             | <u>\$ 3,072,814</u> | <u>\$ 2,886,714</u> | <u>\$ 1,223,454</u>       |

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*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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## Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2020

|   | School<br>Operating<br>Fund | School<br>Grants<br>Fund | School<br>Cafeteria<br>Fund | School Retiree<br>Health<br>Insurance<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------------|--------------------------|-----------------------------|---|--------------------------------|
| <b>ASSETS</b>   |                             |                          |                             |   |                                |
| Cash and cash equivalents                             | \$ 1,761,184                | \$ -                     | \$ 286,609                  | \$ 49,049                                     | \$ 2,096,842                   |
| Receivables (net of allowance<br>for uncollectibles): |                             |                          |                             |   |                                |
| Accounts receivable                                   | 27,856                      |                          | 1,347                       | -   | 29,203                         |
| Due from other governmental units                     | 252,977                     | 373,816                  | 66,013                      | -   | 692,806                        |
| Prepaid items   | 88,707                      | 1,038                    | 1,089                       | -   | 90,834                         |
| Total assets  | <u>\$ 2,130,724</u>         | <u>\$ 374,854</u>        | <u>\$ 355,058</u>           | <u>\$ 49,049</u>                              | <u>\$ 2,909,685</u>            |
| <b>LIABILITIES</b>                                    |                             |                          |                             |   |                                |
| Accounts payable                                      | \$ 239,031                  | \$ 52,031                | \$ 69,084                   | \$ -  | \$ 360,146                     |
| Accrued liabilities                                   | 1,271,303                   | 110,337                  | 17,422                      | -   | 1,399,062                      |
| Reconciled overdraft payable                          | -                           | 86,481                   | -                           | -   | 86,481                         |
| Unearned revenue                                      | 29,637                      | -                        | -                           | -   | 29,637                         |
| Total liabilities                                     | <u>\$ 1,539,971</u>         | <u>\$ 248,849</u>        | <u>\$ 86,506</u>            | <u>\$ -</u>                                   | <u>\$ 1,875,326</u>            |
| <b>FUND BALANCES</b>                                  |                             |                          |                             |   |                                |
| Nonspendable  | \$ 88,707                   | \$ 1,038                 | \$ 1,089                    | \$ -  | \$ 90,834                      |
| Committed   | 502,046                     | 124,967                  | 267,463                     | 49,049  | 943,525                        |
| Total fund balances                                   | <u>\$ 590,753</u>           | <u>\$ 126,005</u>        | <u>\$ 268,552</u>           | <u>\$ 49,049</u>                              | <u>\$ 1,034,359</u>            |
| Total liabilities and fund balances                   | <u>\$ 2,130,724</u>         | <u>\$ 374,854</u>        | <u>\$ 355,058</u>           | <u>\$ 49,049</u>                              | <u>\$ 2,909,685</u>            |

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

|   |                       |
|---|-----------------------|
| Total fund balances per above   | \$ 1,034,359          |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.             |                       |
| Capital assets, cost  | \$ 22,943,682         |
| Accumulated depreciation  | <u>(14,904,024)</u>   |
|   | 8,039,658             |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.        |                       |
| Net pension asset   | \$ <u>46,461</u>      |
|   | 46,461                |
| Deferred outflows of resources are not available to pay for current period expenditures and therefore, are not reported in the funds. |                       |
| Pension related items   | \$ 3,027,198          |
| OPEB related items  | <u>418,282</u>        |
|   | 3,445,480             |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.                    |                       |
| Net OPEB liabilities  | \$ (3,820,677)        |
| Net Pension liability   | (14,918,820)          |
| Compensated absences  | (491,321)             |
| Capital leases payable  | <u>(233,170)</u>      |
|   | (19,463,988)          |
| Deferred inflows of resources are not available to pay for current period expenditures and therefore, are not reported in the funds.  |                       |
| Pension related items   | \$ (1,887,601)        |
| OPEB related items  | <u>(402,162)</u>      |
|   | (2,289,763)           |
| Net position of governmental activities   | <u>\$ (9,187,793)</u> |

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2020

|  | School<br>Operating<br>Fund | School<br>Grants<br>Fund | School<br>Cafeteria<br>Fund | School<br>Retiree<br>Health<br>Insurance<br>Fund | Total<br>Governmental<br>Funds |
|--|-----------------------------|--------------------------|-----------------------------|--|--------------------------------|
| <b>REVENUES</b>  |                             |                          |                             |  |                                |
| Charges for services   | \$ -                        | \$ -                     | \$ 97,689                   | \$ 147,776                                       | \$ 245,465                     |
| Miscellaneous  | 194,107                     | -                        | -                           | -  | 194,107                        |
| Intergovernmental:   |                             |                          |                             |  |                                |
| Local government   | 9,030,002                   | -                        | -                           | -  | 9,030,002                      |
| Commonwealth   | 9,333,745                   | -                        | 15,796                      | -  | 9,349,541                      |
| Federal  | -                           | 1,692,287                | 744,450                     | -  | 2,436,737                      |
| Total revenues   | <u>\$ 18,557,854</u>        | <u>\$ 1,692,287</u>      | <u>\$ 857,935</u>           | <u>\$ 147,776</u>                                | <u>\$ 21,255,852</u>           |
| <b>EXPENDITURES</b>  |                             |                          |                             |  |                                |
| Current:   |                             |                          |                             |  |                                |
| Education  | \$ 18,400,655               | \$ 1,692,287             | \$ 1,002,221                | \$ 144,214                                       | \$ 21,239,377                  |
| Debt service:  |                             |                          |                             |  |                                |
| Principal retirement   | 148,661                     | -                        | -                           | -  | 148,661                        |
| Interest and other fiscal charges                            | 8,538                       | -                        | -                           | -  | 8,538                          |
| Total expenditures   | <u>\$ 18,557,854</u>        | <u>\$ 1,692,287</u>      | <u>\$ 1,002,221</u>         | <u>\$ 144,214</u>                                | <u>\$ 21,396,576</u>           |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ -                        | \$ -                     | \$ (144,286)                | \$ 3,562   | \$ (140,724)                   |
| Net change in fund balances                                  | \$ -                        | \$ -                     | \$ (144,286)                | \$ 3,562   | \$ (140,724)                   |
| Fund balances - beginning                                    | 590,753                     | 126,005                  | 412,838                     | 45,487   | 1,175,083                      |
| Fund balances - ending                                       | <u>\$ 590,753</u>           | <u>\$ 126,005</u>        | <u>\$ 268,552</u>           | <u>\$ 49,049</u>                                 | <u>\$ 1,034,359</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 \$ (140,724)

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 | \$ 397,792 |           |
| Depreciation expense    | (960,628)  | (562,836) |

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 | \$ 148,661 | 148,661 |
|--------------------|------------|---------|

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 | \$ (22,699) |         |
| OPEB expense                   | (16,109)    |         |
| Pension expense                | 741,305     | 702,497 |

|   |            |
|---|------------|
| Change in net position of governmental activities | \$ 147,598 |
|---|------------|

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, 2020

|   | School Operating Fund |               |               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------------|---------------|---------------|---|
|   | Budgeted Amounts      |               | Actual        |   |
|   | Original              | Final         |               |   |
| REVENUES  |                       |               |               |   |
| Charges for services                                      | \$ -                  | \$ -          | \$ -          | \$ -  |
| Miscellaneous   | 199,119               | 219,964       | 194,107       | (25,857)  |
| Intergovernmental:  |                       |               |               |   |
| Local government  | 9,030,002             | 9,030,002     | 9,030,002     | -   |
| Commonwealth  | 9,543,375             | 9,715,323     | 9,333,745     | (381,578)   |
| Federal   | -                     | -             | -             | -   |
| Total revenues  | \$ 18,772,496         | \$ 18,965,289 | \$ 18,557,854 | \$ (407,435)  |
| EXPENDITURES  |                       |               |               |   |
| Current:  |                       |               |               |   |
| Education   | \$ 18,815,297         | \$ 19,008,090 | \$ 18,400,655 | \$ 607,435  |
| Debt service:   |                       |               |               |   |
| Principal retirement                                      | 148,661               | 148,661       | 148,661       | -   |
| Interest and other fiscal charges                         | 8,538                 | 8,538         | 8,538         | -   |
| Total expenditures  | \$ 18,972,496         | \$ 19,165,289 | \$ 18,557,854 | \$ 607,435  |
| Excess (deficiency) of revenues over (under) expenditures | \$ (200,000)          | \$ (200,000)  | \$ -          | \$ 200,000  |
| Net change in fund balances                               | \$ (200,000)          | \$ (200,000)  | \$ -          | \$ 200,000  |
| Fund balances - beginning                                 | 200,000               | 200,000       | 590,753       | 390,753   |
| Fund balances - ending                                    | \$ -                  | \$ -          | \$ 590,753    | \$ 590,753  |

| School Grants Fund |              |              |               |  |
|--------------------|--------------|--------------|---------------|--|
| Budgeted Amounts   |              |              | Variance with |  |
| Original           | Final        | Actual       | Final Budget  |  |
|                    |              |              | Positive      |  |
|                    |              |              | (Negative)    |  |
| \$ -               | \$ -         | \$ -         | \$ -          |  |
| -                  | -            | -            | -             |  |
| -                  | -            | -            | -             |  |
| -                  | -            | -            | -             |  |
| 2,228,952          | 2,541,683    | 1,692,287    | (849,396)     |  |
| \$ 2,228,952       | \$ 2,541,683 | \$ 1,692,287 | \$ (849,396)  |  |
|                    |              |              |               |  |
| \$ 2,228,952       | \$ 2,541,683 | \$ 1,692,287 | \$ 849,396    |  |
| -                  | -            | -            | -             |  |
| -                  | -            | -            | -             |  |
| \$ 2,228,952       | \$ 2,541,683 | \$ 1,692,287 | \$ 849,396    |  |
|                    |              |              |               |  |
| \$ -               | \$ -         | \$ -         | \$ -          |  |
|                    |              |              |               |  |
| \$ -               | \$ -         | \$ -         | \$ -          |  |
| -                  | -            | 126,005      | 126,005       |  |
| \$ -               | \$ -         | \$ 126,005   | \$ 126,005    |  |

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2020

|  | School Cafeteria Fund |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------------|---------------------|---------------------|---|
|  | Budgeted Amounts      |                     | Actual              |   |
|  | Original              | Final               |                     |   |
| <b>REVENUES</b>  |                       |                     |                     |   |
| Charges for services   | \$ 163,007            | \$ 163,007          | \$ 97,689           | \$ (65,318)   |
| Miscellaneous  | -                     | -                   | -                   | -   |
| Intergovernmental:   |                       |                     |                     |   |
| Local government   | -                     | -                   | -                   | -   |
| Commonwealth   | 14,311                | 14,311              | 15,796              | 1,485   |
| Federal  | 834,388               | 834,388             | 744,450             | (89,938)  |
| Total revenues   | <u>\$ 1,011,706</u>   | <u>\$ 1,011,706</u> | <u>\$ 857,935</u>   | <u>\$ (153,771)</u>                                     |
| <b>EXPENDITURES</b>  |                       |                     |                     |   |
| Current:   |                       |                     |                     |   |
| Education  | \$ 1,061,706          | \$ 1,156,706        | \$ 1,002,221        | \$ 154,485  |
| Total expenditures   | <u>\$ 1,061,706</u>   | <u>\$ 1,156,706</u> | <u>\$ 1,002,221</u> | <u>\$ 154,485</u>                                       |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>\$ (50,000)</u>    | <u>\$ (145,000)</u> | <u>\$ (144,286)</u> | <u>\$ 714</u>   |
| Net change in fund balances                                  | \$ (50,000)           | \$ (145,000)        | \$ (144,286)        | \$ 714  |
| Fund balances - beginning                                    | 50,000                | 145,000             | 412,838             | 267,838   |
| Fund balances - ending                                       | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ 268,552</u>   | <u>\$ 268,552</u>                                       |

| School Retiree Health Insurance Fund |       |            |                               |  |
|--------------------------------------|-------|------------|-------------------------------|--|
| Budgeted Amounts                     |       |            | Variance with<br>Final Budget |  |
| Original                             | Final | Actual     | Positive<br>(Negative)        |  |
| \$ -                                 | \$ -  | \$ 147,776 | \$ 147,776                    |  |
| -                                    | -     | -          | -                             |  |
| -                                    | -     | -          | -                             |  |
| -                                    | -     | -          | -                             |  |
| \$ -                                 | \$ -  | \$ 147,776 | \$ 147,776                    |  |
| \$ -                                 | \$ -  | \$ 144,214 | \$ (144,214)                  |  |
| \$ -                                 | \$ -  | \$ 144,214 | \$ (144,214)                  |  |
| \$ -                                 | \$ -  | \$ 3,562   | \$ 3,562                      |  |
| \$ -                                 | \$ -  | \$ 3,562   | \$ 3,562                      |  |
| -                                    | -     | 45,487     | 45,487                        |  |
| \$ -                                 | \$ -  | \$ 49,049  | \$ 49,049                     |  |

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 June 30, 2020

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**Private Purpose Trust Funds**

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|                                | <b>GW Young<br/>Scholarship<br/>Fund</b> | <b>BF Kellam<br/>Scholarship<br/>Fund</b> | <b>SD Goldstein<br/>Scholarship<br/>Fund</b> | <b>Total</b>     |
|--------------------------------|--|---|--|------------------|
| <b>ASSETS</b>                  |  |   |  |                  |
| Investments                    | \$ 20,173                                | \$ 4,987                                  | \$ 3,487                                     | \$ 28,647        |
| Total assets                   | <u>\$ 20,173</u>                         | <u>\$ 4,987</u>                           | <u>\$ 3,487</u>                              | <u>\$ 28,647</u> |
| <b>NET POSITION</b>            |  |   |  |                  |
| Held in trust for scholarships | \$ 20,173                                | \$ 4,987                                  | \$ 3,487                                     | \$ 28,647        |
| Total net position             | <u>\$ 20,173</u>                         | <u>\$ 4,987</u>                           | <u>\$ 3,487</u>                              | <u>\$ 28,647</u> |

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2020

|                          | Private Purpose Trust Funds     |                                  |                                     |           |
|--------------------------|---------------------------------|----------------------------------|-------------------------------------|-----------|
|                          | GW Young<br>Scholarship<br>Fund | BF Kellam<br>Scholarship<br>Fund | SD Goldstein<br>Scholarship<br>Fund | Total     |
| <b>ADDITIONS</b>         |                                 |                                  |                                     |           |
| Contributions:           |                                 |                                  |                                     |           |
| Miscellaneous            | \$ 2,775                        | \$ -                             | \$ -                                | \$ 2,775  |
| Total contributions      | \$ 2,775                        | \$ -                             | \$ -                                | \$ 2,775  |
| Investment earnings:     |                                 |                                  |                                     |           |
| Interest                 | \$ 298                          | \$ 90                            | \$ 66                               | \$ 454    |
| Total additions          | \$ 3,073                        | \$ 90                            | \$ 66                               | \$ 3,229  |
| <b>DEDUCTIONS</b>        |                                 |                                  |                                     |           |
| Scholarships             | \$ -                            | \$ -                             | \$ 250                              | \$ 250    |
| Total deductions         | \$ -                            | \$ -                             | \$ 250                              | \$ 250    |
| Change in net position   | \$ 3,073                        | \$ 90                            | \$ (184)                            | \$ 2,979  |
| Net position - beginning | 17,100                          | 4,897                            | 3,671                               | 25,668    |
| Net position - ending    | \$ 20,173                       | \$ 4,987                         | \$ 3,487                            | \$ 28,647 |

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## *SUPPORTING SCHEDULES*

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2020

| Fund, Major and Minor Revenue Source                   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>General Fund:</b>                                   |                      |                      |                      |   |
| Revenue from local sources:                            |                      |                      |                      |   |
| General property taxes:                                |                      |                      |                      |   |
| Real property taxes                                    | \$ 15,338,206        | \$ 15,338,206        | \$ 15,674,606        | \$ 336,400  |
| Real and personal public service corporation taxes     | 483,435              | 483,435              | 470,114              | (13,321)  |
| Personal property taxes                                | 2,656,903            | 2,656,903            | 2,988,961            | 332,058   |
| Mobile home taxes                                      | 23,056               | 23,056               | 22,474               | (582)   |
| Penalties  | 184,000              | 184,000              | 222,078              | 38,078  |
| Interest   | 125,000              | 125,000              | 200,952              | 75,952  |
| Total general property taxes                           | <u>\$ 18,810,600</u> | <u>\$ 18,810,600</u> | <u>\$ 19,579,185</u> | <u>\$ 768,585</u>   |
| Other local taxes:                                     |                      |                      |                      |   |
| Local sales and use taxes                              | \$ 1,400,000         | \$ 1,400,000         | \$ 1,443,547         | \$ 43,547   |
| Consumers' utility taxes                               | 325,000              | 325,000              | 324,208              | (792)   |
| Business license taxes                                 | 40,000               | 40,000               | 38,265               | (1,735)   |
| Motor vehicle licenses                                 | 349,998              | 349,998              | 362,175              | 12,177  |
| Bank stock taxes                                       | 35,000               | 35,000               | 28,994               | (6,006)   |
| Taxes on recordation and wills                         | 178,400              | 178,400              | 222,204              | 43,804  |
| Hotel and motel room taxes                             | 450,000              | 450,000              | 475,894              | 25,894  |
| Restaurant food taxes                                  | 350,000              | 350,000              | 329,119              | (20,881)  |
| Total other local taxes                                | <u>\$ 3,128,398</u>  | <u>\$ 3,128,398</u>  | <u>\$ 3,224,406</u>  | <u>\$ 96,008</u>  |
| Permits, privilege fees, and regulatory licenses:      |                      |                      |                      |   |
| Animal licenses  | \$ 2,500             | \$ 2,500             | \$ 1,472             | \$ (1,028)  |
| Permits and other licenses                             | <u>150,900</u>       | <u>150,900</u>       | <u>126,741</u>       | <u>(24,159)</u>   |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 153,400</u>    | <u>\$ 153,400</u>    | <u>\$ 128,213</u>    | <u>\$ (25,187)</u>  |
| Fines and forfeitures:                                 |                      |                      |                      |   |
| Court fines and forfeitures                            | \$ 665,000           | \$ 665,000           | \$ 511,699           | \$ (153,301)  |
| Total fines and forfeitures                            | <u>\$ 665,000</u>    | <u>\$ 665,000</u>    | <u>\$ 511,699</u>    | <u>\$ (153,301)</u>                                       |
| Revenue from use of money and property:                |                      |                      |                      |   |
| Revenue from use of money                              | \$ 500,200           | \$ 500,200           | \$ 308,297           | \$ (191,903)  |
| Revenue from use of property                           | 6,447                | 6,447                | 23,099               | 16,652  |
| Total revenue from use of money and property           | <u>\$ 506,647</u>    | <u>\$ 506,647</u>    | <u>\$ 331,396</u>    | <u>\$ (175,251)</u>                                       |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Major and Minor Revenue Source     | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>General Fund: (Continued)</b>         |                      |                      |                      |   |
| Revenue from local sources: (Continued)  |                      |                      |                      |   |
| Charges for services:                    |                      |                      |                      |   |
| Charges for courthouse maintenance       | \$ 45,000            | \$ 45,000            | \$ 43,146            | \$ (1,854)  |
| Charges for courthouse security          | 210,000              | 210,000              | 182,521              | (27,479)  |
| Charges for sheriff secondary employment | 50,809               | 50,809               | 54,351               | 3,542   |
| Charges for Commonwealth's Attorney      | -                    | -                    | 3,165                | 3,165   |
| Charges for ambulance fees               | 196,271              | 196,271              | 283,379              | 87,108  |
| Charges for school officer               | 58,191               | 58,191               | 17,154               | (41,037)  |
| Charges for sanitation and waste removal | 766,476              | 766,476              | 738,968              | (27,508)  |
| Charges for solar farm fees              | -                    | -                    | 16,284               | 16,284  |
| Charges for parks and recreation         | 58,400               | 58,400               | 38,086               | (20,314)  |
| Total charges for services               | <u>\$ 1,385,147</u>  | <u>\$ 1,385,147</u>  | <u>\$ 1,377,054</u>  | <u>\$ (8,093)</u>   |
| Miscellaneous:                           |                      |                      |                      |   |
| Miscellaneous                            | \$ 9,500             | \$ 23,480            | \$ 163,157           | \$ 139,677  |
| Total miscellaneous                      | <u>\$ 9,500</u>      | <u>\$ 23,480</u>     | <u>\$ 163,157</u>    | <u>\$ 139,677</u>   |
| Recovered costs:                         |                      |                      |                      |   |
| General recovered costs                  | \$ 100,659           | \$ 102,103           | \$ 51,952            | \$ (50,151)   |
| Code enforcement                         | 4,200                | 4,200                | 31,226               | 27,026  |
| Treasurer recovered costs                | 64,953               | 64,953               | 546                  | (64,407)  |
| Total recovered costs                    | <u>\$ 169,812</u>    | <u>\$ 171,256</u>    | <u>\$ 83,724</u>     | <u>\$ (87,532)</u>  |
| Total revenue from local sources         | <u>\$ 24,828,504</u> | <u>\$ 24,843,928</u> | <u>\$ 25,398,834</u> | <u>\$ 554,906</u>   |
| Intergovernmental:                       |                      |                      |                      |   |
| Revenue from the Commonwealth:           |                      |                      |                      |   |
| Noncategorical aid:                      |                      |                      |                      |   |
| Rolling stock tax                        | \$ -                 | \$ -                 | \$ 2,381             | \$ 2,381  |
| Mobile home titling tax                  | 15,000               | 15,000               | 7,584                | (7,416)   |
| Motor vehicle rental tax                 | 4,200                | 4,200                | 3,705                | (495)   |
| Communications tax                       | 441,366              | 441,366              | 420,988              | (20,378)  |
| State recordation tax                    | 46,000               | 46,000               | 35,872               | (10,128)  |
| Personal property tax relief funds       | 1,421,967            | 1,421,967            | 1,421,967            | -   |
| Total noncategorical aid                 | <u>\$ 1,928,533</u>  | <u>\$ 1,928,533</u>  | <u>\$ 1,892,497</u>  | <u>\$ (36,036)</u>  |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Major and Minor Revenue Source                       | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| General Fund: (Continued)                                  |                      |                      |                      |   |
| Intergovernmental: (Continued)                             |                      |                      |                      |   |
| Revenue from the Commonwealth: (Continued)                 |                      |                      |                      |   |
| Categorical aid:   |                      |                      |                      |   |
| Shared expenses:   |                      |                      |                      |   |
| Commonwealth's attorney                                    | \$ 214,800           | \$ 214,800           | \$ 236,142           | \$ 21,342   |
| Sheriff  | 1,089,600            | 1,185,159            | 1,055,501            | (129,658)   |
| Commissioner of revenue                                    | 93,000               | 93,000               | 92,992               | (8)   |
| Treasurer  | 84,120               | 84,120               | 82,883               | (1,237)   |
| Registrar/electoral board                                  | 37,707               | 37,707               | 49,080               | 11,373  |
| Clerk of the Circuit Court                                 | 211,200              | 211,200              | 203,573              | (7,627)   |
| Total shared expenses                                      | <u>\$ 1,730,427</u>  | <u>\$ 1,825,986</u>  | <u>\$ 1,720,171</u>  | <u>\$ (105,815)</u>                                       |
| Other categorical aid:                                     |                      |                      |                      |   |
| Four for Life  | \$ 11,771            | \$ 11,771            | \$ -                 | \$ (11,771)   |
| Litter control grant                                       | 10,100               | 10,100               | 8,967                | (1,133)   |
| VA rescue squad assistance grant                           | 34,000               | 37,254               | 33,005               | (4,249)   |
| Library grant  | 8,166                | 8,166                | 8,166                | -   |
| Victim-witness grant                                       | 15,156               | 15,156               | 14,125               | (1,031)   |
| Other state funds  | -                    | 21,170               | 41,210               | 20,040  |
| Fire programs  | 29,868               | 29,868               | 31,428               | 1,560   |
| Total other categorical aid                                | <u>\$ 109,061</u>    | <u>\$ 133,485</u>    | <u>\$ 136,901</u>    | <u>\$ 3,416</u>   |
| Total categorical aid                                      | <u>\$ 1,839,488</u>  | <u>\$ 1,959,471</u>  | <u>\$ 1,857,072</u>  | <u>\$ (102,399)</u>                                       |
| Total revenue from the Commonwealth                        | <u>\$ 3,768,021</u>  | <u>\$ 3,888,004</u>  | <u>\$ 3,749,569</u>  | <u>\$ (138,435)</u>                                       |
| Revenue from the federal government:                       |                      |                      |                      |   |
| Noncategorical aid:  |                      |                      |                      |   |
| Payments in lieu of taxes                                  | \$ 26,979            | \$ 26,979            | \$ 26,813            | \$ (166)  |
| Coronavirus Aid, Relief and Economic Security<br>Act funds | -                    | 1,021,652            | 245,241              | (776,411)   |
| Total noncategorical aid                                   | <u>\$ 26,979</u>     | <u>\$ 1,048,631</u>  | <u>\$ 272,054</u>    | <u>\$ (776,577)</u>                                       |
| Categorical aid:   |                      |                      |                      |   |
| Highway safety grant                                       | \$ 8,085             | \$ 8,085             | \$ 9,671             | \$ 1,586  |
| Victim-witness grant                                       | 45,855               | 45,855               | 42,374               | (3,481)   |
| Byrne Justice assistance grant                             | -                    | 1,332                | 1,332                | -   |
| Emergency management                                       | 7,500                | 7,500                | 7,500                | -   |
| CARES Act - Provider relief                                | -                    | -                    | 4,558                | 4,558   |
| Coastal zone management act                                | -                    | -                    | 17,757               | 17,757  |
| USDA Grant - Rural Assistance                              | -                    | 71,000               | 21,000               | (50,000)  |
| CARES Act - Elections                                      | -                    | -                    | 8,534                | 8,534   |
| Total categorical aid                                      | <u>\$ 61,440</u>     | <u>\$ 133,772</u>    | <u>\$ 112,726</u>    | <u>\$ (21,046)</u>  |
| Total revenue from the federal government                  | <u>\$ 88,419</u>     | <u>\$ 1,182,403</u>  | <u>\$ 384,780</u>    | <u>\$ (797,623)</u>                                       |
| Total General Fund   | <u>\$ 28,684,944</u> | <u>\$ 29,914,335</u> | <u>\$ 29,533,183</u> | <u>\$ (381,152)</u>                                       |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Major and Minor Revenue Source         | Original<br>Budget | Original<br>Budget | Original<br>Budget | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
| <b>Special Revenue Funds:</b>                |                    |                    |                    |   |
| <b>Eastern Shore Regional Jail Fund:</b>     |                    |                    |                    |   |
| Revenue from local sources:                  |                    |                    |                    |   |
| Charges for services:                        |                    |                    |                    |   |
| Jail housing and other fees                  | \$ 62,601          | \$ 69,931          | \$ 15,167          | \$ (54,764)   |
| Total charges for services                   | \$ 62,601          | \$ 69,931          | \$ 15,167          | \$ (54,764)   |
| Miscellaneous:                               |                    |                    |                    |   |
| Other miscellaneous                          | \$ -               | \$ -               | \$ (2,619)         | \$ (2,619)  |
| Total miscellaneous                          | \$ -               | \$ -               | \$ (2,619)         | \$ (2,619)  |
| Recovered costs:                             |                    |                    |                    |   |
| Extradition costs                            | \$ 6,000           | \$ 6,000           | \$ 4,163           | \$ (1,837)  |
| Total recovered costs                        | \$ 6,000           | \$ 6,000           | \$ 4,163           | \$ (1,837)  |
| Total revenue from local sources             | \$ 68,601          | \$ 75,931          | \$ 16,711          | \$ (59,220)   |
| Intergovernmental:                           |                    |                    |                    |   |
| Revenue from the Commonwealth:               |                    |                    |                    |   |
| Categorical aid:                             |                    |                    |                    |   |
| Shared expenses:                             |                    |                    |                    |   |
| Sheriff                                      | \$ 1,993,200       | \$ 1,897,641       | \$ 2,036,573       | \$ 138,932  |
| Other categorical aid:                       |                    |                    |                    |   |
| Local jails                                  | \$ 240,000         | \$ 240,000         | \$ 190,764         | \$ (49,236)   |
| Total categorical aid                        | \$ 2,233,200       | \$ 2,137,641       | \$ 2,227,337       | \$ 89,696   |
| Total revenue from the Commonwealth          | \$ 2,233,200       | \$ 2,137,641       | \$ 2,227,337       | \$ 89,696   |
| Total Eastern Shore Regional Jail Fund       | \$ 2,301,801       | \$ 2,213,572       | \$ 2,244,048       | \$ 30,476   |
| <b>Virginia Public Assistance Fund:</b>      |                    |                    |                    |   |
| Revenue from local sources:                  |                    |                    |                    |   |
| Miscellaneous:                               |                    |                    |                    |   |
| Other miscellaneous                          | \$ -               | \$ 17,238          | \$ 754             | \$ (16,484)   |
| Total revenue from local sources             | \$ -               | \$ 17,238          | \$ 754             | \$ (16,484)   |
| Intergovernmental:                           |                    |                    |                    |   |
| Revenue from the Commonwealth:               |                    |                    |                    |   |
| Categorical aid:                             |                    |                    |                    |   |
| Public assistance and welfare administration | \$ 869,133         | \$ 869,133         | \$ 578,894         | \$ (290,239)  |
| Total categorical aid                        | \$ 869,133         | \$ 869,133         | \$ 578,894         | \$ (290,239)  |
| Total revenue from the Commonwealth          | \$ 869,133         | \$ 869,133         | \$ 578,894         | \$ (290,239)  |
| Revenue from the federal government:         |                    |                    |                    |   |
| Categorical aid:                             |                    |                    |                    |   |
| Public assistance and welfare administration | \$ 1,303,287       | \$ 1,303,287       | \$ 1,370,121       | \$ 66,834   |
| Total categorical aid                        | \$ 1,303,287       | \$ 1,303,287       | \$ 1,370,121       | \$ 66,834   |
| Total revenue from the federal government    | \$ 1,303,287       | \$ 1,303,287       | \$ 1,370,121       | \$ 66,834   |
| Total Virginia Public Assistance Fund        | \$ 2,172,420       | \$ 2,189,658       | \$ 1,949,769       | \$ (239,889)  |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Major and Minor Revenue Source         | Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
| <b>Special Revenue Funds: (Continued)</b>    |                    |                 |            |   |
| <b>Forfeited Asset Sharing Fund:</b>         |                    |                 |            |   |
| Intergovernmental:                           |                    |                 |            |   |
| Revenue from the Commonwealth:               |                    |                 |            |   |
| Categorical aid:                             |                    |                 |            |   |
| Asset forfeiture                             | \$ -               | \$ 2,528        | \$ 2,528   | \$ -  |
| Total revenue from the Commonwealth          | \$ -               | \$ 2,528        | \$ 2,528   | \$ -  |
| Total Forfeited Asset Sharing Fund           | \$ -               | \$ 2,528        | \$ 2,528   | \$ -  |
| <b>CDBG Projects Fund:</b>                   |                    |                 |            |   |
| Revenue from local sources:                  |                    |                 |            |   |
| Miscellaneous:                               |                    |                 |            |   |
| Program income                               | \$ -               | \$ -            | \$ 8,580   | \$ 8,580  |
| Total miscellaneous                          | \$ -               | \$ -            | \$ 8,580   | \$ 8,580  |
| Total revenue from local sources             | \$ -               | \$ -            | \$ 8,580   | \$ 8,580  |
| Intergovernmental:                           |                    |                 |            |   |
| Revenue from the Commonwealth:               |                    |                 |            |   |
| Categorical aid:                             |                    |                 |            |   |
| DHCD grant funds                             | \$ -               | \$ 40,000       | \$ -       | \$ (40,000)   |
| Total categorical aid                        | \$ -               | \$ 40,000       | \$ -       | \$ (40,000)   |
| Total revenue from the Commonwealth          | \$ -               | \$ 40,000       | \$ -       | \$ (40,000)   |
| Revenue from the federal government:         |                    |                 |            |   |
| Categorical aid:                             |                    |                 |            |   |
| DHCD grant funds                             | \$ -               | \$ -            | \$ 6,440   | \$ 6,440  |
| Total categorical aid                        | \$ -               | \$ -            | \$ 6,440   | \$ 6,440  |
| Total revenue from the federal government    | \$ -               | \$ -            | \$ 6,440   | \$ 6,440  |
| Total CDBG Projects Fund                     | \$ -               | \$ 40,000       | \$ 15,020  | \$ (24,980)   |
| <b>Brownfield Community Assessment Fund:</b> |                    |                 |            |   |
| Intergovernmental:                           |                    |                 |            |   |
| Revenue from the Commonwealth:               |                    |                 |            |   |
| Categorical aid:                             |                    |                 |            |   |
| Environmental Proteciton Agency grant        | \$ -               | \$ 69,000       | \$ -       | \$ (69,000)   |
| Total categorical aid                        | \$ -               | \$ 69,000       | \$ -       | \$ (69,000)   |
| Total revenue from the Commonwealth          | -                  | 69,000          | -          | (69,000)  |
| Revenue from the federal government:         |                    |                 |            |   |
| Categorical aid:                             |                    |                 |            |   |
| Environmental Protection Agency grant        | \$ -               | \$ 175,747      | \$ 175,747 | \$ -  |
| Total Brownfield Community Assessment Fund   | \$ -               | \$ 244,747      | \$ 175,747 | \$ (69,000)   |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| <u>Fund, Major and Minor Revenue Source</u>       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>Special Revenue Funds: (Continued)</b>         |                            |                         |                     |   |
| <b>Harbor Improvement Fund:</b>                   |                            |                         |                     |   |
| Revenue from local sources:                       |                            |                         |                     |   |
| Charges for services:                             |                            |                         |                     |   |
| Boat slip rentals                                 | \$ 14,460                  | \$ 14,460               | \$ 10,404           | \$ (4,056)  |
| Total charges for services                        | <u>\$ 14,460</u>           | <u>\$ 14,460</u>        | <u>\$ 10,404</u>    | <u>\$ (4,056)</u>   |
| Intergovernmental:                                |                            |                         |                     |   |
| Revenue from the Commonwealth:                    |                            |                         |                     |   |
| Categorical aid:                                  |                            |                         |                     |   |
| VA Port Authority Grant                           | \$ 43,313                  | \$ 240,313              | \$ 48,347           | \$ (191,966)  |
| Total revenue from the Commonwealth               | <u>\$ 43,313</u>           | <u>\$ 240,313</u>       | <u>\$ 48,347</u>    | <u>\$ (191,966)</u>   |
| Total Harbor Improvement Fund                     | <u>\$ 57,773</u>           | <u>\$ 254,773</u>       | <u>\$ 58,751</u>    | <u>\$ (196,022)</u>   |
| <b>Debt Service Fund:</b>                         |                            |                         |                     |   |
| Revenue from local sources:                       |                            |                         |                     |   |
| Revenue from use of money and property:           |                            |                         |                     |   |
| Revenue from the use of money                     | \$ -                       | \$ 146,963              | \$ 37,288           | \$ (109,675)  |
| Total revenue from use of money and property      | <u>\$ -</u>                | <u>\$ 146,963</u>       | <u>\$ 37,288</u>    | <u>\$ (109,675)</u>   |
| Recovered costs:                                  |                            |                         |                     |   |
| Other recovered costs                             | \$ 161,145                 | \$ 161,145              | \$ 161,139          | \$ (6)  |
| Total revenue from local sources                  | <u>\$ 161,145</u>          | <u>\$ 308,108</u>       | <u>\$ 198,427</u>   | <u>\$ (109,681)</u>   |
| Total Debt Service Fund                           | <u>\$ 161,145</u>          | <u>\$ 308,108</u>       | <u>\$ 198,427</u>   | <u>\$ (109,681)</u>   |
| <b>Capital Projects Funds:</b>                    |                            |                         |                     |   |
| <b>Capital Improvements Fund:</b>                 |                            |                         |                     |   |
| Revenue from local sources:                       |                            |                         |                     |   |
| Revenue from use of money and property:           |                            |                         |                     |   |
| Revenue from the use of money                     | \$ -                       | \$ 233,482              | \$ 233,482          | \$ -  |
| Total revenue from use of money and property      | <u>\$ -</u>                | <u>\$ 233,482</u>       | <u>\$ 233,482</u>   | <u>\$ -</u>   |
| Intergovernmental:                                |                            |                         |                     |   |
| Revenues from local governments:                  |                            |                         |                     |   |
| Contribution from Northampton County School Board | \$ -                       | \$ -                    | \$ 1,733,894        | \$ 1,733,894  |
| Total revenues from local governments             | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,733,894</u> | <u>\$ 1,733,894</u>   |



Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Major and Minor Revenue Source                     | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>Capital Projects Funds: (Continued)</b>               |                    |                 |               |   |
| <b>Capital Improvements Fund: (Continued)</b>            |                    |                 |               |   |
| Total County Capital Improvements Fund                   | \$ -               | \$ 233,482      | \$ 1,967,376  | \$ 1,733,894  |
| Total Primary Government                                 | \$ 33,378,083      | \$ 35,401,203   | \$ 36,144,849 | \$ 743,646  |
| <b>Discretely Presented Component Unit-School Board:</b> |                    |                 |               |   |
| <b>School Operating Fund:</b>                            |                    |                 |               |   |
| Revenue from local sources:                              |                    |                 |               |   |
| Miscellaneous:   |                    |                 |               |   |
| Other miscellaneous                                      | \$ 199,119         | \$ 219,964      | \$ 194,107    | \$ (25,857)   |
| Total revenue from local sources                         | \$ 199,119         | \$ 219,964      | \$ 194,107    | \$ (25,857)   |
| Intergovernmental:                                       |                    |                 |               |   |
| Revenues from local governments:                         |                    |                 |               |   |
| Contribution from County of Northampton, Virginia        | \$ 9,030,002       | \$ 9,030,002    | \$ 9,030,002  | \$ -  |
| Total revenues from local governments                    | \$ 9,030,002       | \$ 9,030,002    | \$ 9,030,002  | \$ -  |
| Revenue from the Commonwealth:                           |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| Share of state sales tax                                 | \$ 1,917,601       | \$ 1,917,601    | \$ 1,963,826  | \$ 46,225   |
| Basic school aid   | 3,969,344          | 3,969,344       | 3,685,114     | (284,230)   |
| ISAP   | 8,355              | 8,355           | 8,387         | 32  |
| Gifted and talented                                      | 39,405             | 39,405          | 37,397        | (2,008)   |
| Remedial education                                       | 256,133            | 256,133         | 243,083       | (13,050)  |
| Project graduation                                       | 4,030              | 4,030           | 4,030         | -   |
| English as a second language                             | 90,841             | 90,841          | 79,486        | (11,355)  |
| Special education  | 493,351            | 536,413         | 540,497       | 4,084   |
| Textbook payment   | 79,354             | 79,354          | 75,311        | (4,043)   |
| Virginia preschool initiative                            | 129,624            | 129,624         | 129,624       | -   |
| Social security fringe benefits                          | 243,523            | 243,523         | 231,116       | (12,407)  |
| Retirement fringe benefits                               | 536,696            | 536,696         | 509,353       | (27,343)  |
| Group life insurance fringe benefits                     | 16,550             | 16,550          | 15,707        | (843)   |
| SOL algebra  | 26,625             | 26,625          | 27,175        | 550   |
| Early reading intervention                               | 38,636             | 38,636          | 42,149        | 3,513   |
| GED pass-thru grant                                      | -                  | 21,694          | 21,694        | -   |
| Compensation supplement                                  | 251,001            | 251,001         | 244,371       | (6,630)   |
| Special education homebound                              | 3,802              | 3,802           | 6,429         | 2,627   |
| National Board Certification incentive awards            | -                  | 15,000          | -             | (15,000)  |
| Vocational educational                                   | 89,389             | 97,921          | 92,734        | (5,187)   |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| <u>Fund, Major and Minor Revenue Source</u>                          | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| <b>Discretely Presented Component Unit-School Board: (Continued)</b> |                            |                         |                      |   |
| <b>School Operating Fund: (Continued)</b>                            |                            |                         |                      |   |
| Intergovernmental: (Continued)                                       |                            |                         |                      |   |
| Revenue from the Commonwealth: (Continued)                           |                            |                         |                      |   |
| Categorical aid: (Continued)   |                            |                         |                      |   |
| At risk payments   | \$ 420,378                 | \$ 420,378              | \$ 409,012           | \$ (11,366)   |
| Primary class size   | 364,785                    | 364,785                 | 346,336              | (18,449)  |
| Supplemental lottery per pupil allocation                            | 281,809                    | 281,809                 | 273,757              | (8,052)   |
| Technology   | 180,000                    | 180,000                 | 184,898              | 4,898   |
| Alternative education  | 102,143                    | 102,143                 | 102,143              | -   |
| Jobs for Virginia graduates  | -                          | 25,000                  | 25,000               | -   |
| Other state funds  | -                          | 58,660                  | 30,903               | (27,757)  |
| Mentor teacher programs  | -                          | -                       | 4,213                | 4,213   |
| Total categorical aid  | <u>\$ 9,543,375</u>        | <u>\$ 9,715,323</u>     | <u>\$ 9,333,745</u>  | <u>\$ (381,578)</u>   |
| Total revenue from the Commonwealth                                  | <u>\$ 9,543,375</u>        | <u>\$ 9,715,323</u>     | <u>\$ 9,333,745</u>  | <u>\$ (381,578)</u>   |
| Total School Operating Fund  | <u>\$ 18,772,496</u>       | <u>\$ 18,965,289</u>    | <u>\$ 18,557,854</u> | <u>\$ (407,435)</u>   |
| <b>School Cafeteria Fund:</b>  |                            |                         |                      |   |
| Revenue from local sources:  |                            |                         |                      |   |
| Charges for services:  |                            |                         |                      |   |
| Cafeteria sales  | \$ 163,007                 | \$ 163,007              | \$ 97,689            | \$ (65,318)   |
| Total charges for services   | <u>\$ 163,007</u>          | <u>\$ 163,007</u>       | <u>\$ 97,689</u>     | <u>\$ (65,318)</u>  |
| Total revenue from local sources                                     | <u>\$ 163,007</u>          | <u>\$ 163,007</u>       | <u>\$ 97,689</u>     | <u>\$ (65,318)</u>  |
| Intergovernmental:   |                            |                         |                      |   |
| Revenue from the Commonwealth:                                       |                            |                         |                      |   |
| Categorical aid:   |                            |                         |                      |   |
| School food program grant  | \$ 14,311                  | \$ 14,311               | \$ 15,796            | \$ 1,485  |
| Total categorical aid  | <u>\$ 14,311</u>           | <u>\$ 14,311</u>        | <u>\$ 15,796</u>     | <u>\$ 1,485</u>   |
| Total revenue from the Commonwealth                                  | <u>\$ 14,311</u>           | <u>\$ 14,311</u>        | <u>\$ 15,796</u>     | <u>\$ 1,485</u>   |
| Revenue from the federal government:                                 |                            |                         |                      |   |
| Categorical aid:   |                            |                         |                      |   |
| School food program grant  | \$ 832,388                 | \$ 832,388              | \$ 523,576           | \$ (308,812)  |
| Summer food program grant  | 2,000                      | 2,000                   | 148,081              | 146,081   |
| USDA commodities   | -                          | -                       | 72,793               | 72,793  |
| Total categorical aid  | <u>\$ 834,388</u>          | <u>\$ 834,388</u>       | <u>\$ 744,450</u>    | <u>\$ (89,938)</u>  |
| Total revenue from the federal government                            | <u>\$ 834,388</u>          | <u>\$ 834,388</u>       | <u>\$ 744,450</u>    | <u>\$ (89,938)</u>  |
| Total School Cafeteria Fund  | <u>\$ 1,011,706</u>        | <u>\$ 1,011,706</u>     | <u>\$ 857,935</u>    | <u>\$ (153,771)</u>   |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Major and Minor Revenue Source                                 | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>Discretely Presented Component Unit-School Board: (Continued)</b> |                      |                      |                      |   |
| <b>School Grants Fund:</b>   |                      |                      |                      |   |
| Intergovernmental:   |                      |                      |                      |   |
| Revenue from the federal government:                                 |                      |                      |                      |   |
| Categorical aid:   |                      |                      |                      |   |
| Title I Part A   | \$ 1,004,534         | \$ 1,007,714         | \$ 725,933           | \$ (281,781)  |
| Title I Part C (Migrant)   | 442,883              | 431,219              | 215,783              | (215,436)   |
| Title II Part A  | 98,682               | 92,431               | 77,995               | (14,436)  |
| Title III Part A   | 36,026               | 35,758               | 14,409               | (21,349)  |
| Title IV Part A  | 51,288               | 79,845               | 35,071               | (44,774)  |
| Title V Part A   | 46,099               | 46,099               | -                    | (46,099)  |
| Title VI-B Special education   | 437,002              | 445,923              | 378,619              | (67,304)  |
| Title VI-B preschool   | 31,773               | 18,898               | 18,750               | (148)   |
| Title VI-B rural and low income schools                              | -                    | 8,409                | 25,780               | 17,371  |
| CTE/Perkins grant  | 44,570               | 45,360               | 45,359               | (1)   |
| 1003 A school improvement grant                                      | -                    | 298,764              | 143,310              | (155,454)   |
| Consortium incentive grants  | 36,095               | 31,263               | 11,278               | (19,985)  |
| Total categorical aid  | <u>\$ 2,228,952</u>  | <u>\$ 2,541,683</u>  | <u>\$ 1,692,287</u>  | <u>\$ (849,396)</u>                                       |
| Total revenue from the federal government                            | <u>\$ 2,228,952</u>  | <u>\$ 2,541,683</u>  | <u>\$ 1,692,287</u>  | <u>\$ (849,396)</u>                                       |
| Total School Grants Fund   | <u>\$ 2,228,952</u>  | <u>\$ 2,541,683</u>  | <u>\$ 1,692,287</u>  | <u>\$ (849,396)</u>                                       |
| <b>School Retiree Health Insurance Fund:</b>                         |                      |                      |                      |   |
| Revenue from local sources:  |                      |                      |                      |   |
| Charges for services:  |                      |                      |                      |   |
| Retiree health insurance premiums                                    | \$ -                 | \$ -                 | \$ 147,776           | \$ 147,776  |
| Total revenue from local sources                                     | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 147,776</u>    | <u>\$ 147,776</u>   |
| Total School Retiree Health Insurance Fund                           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 147,776</u>    | <u>\$ 147,776</u>   |
| Total Discretely Presented Component Unit -<br>School Board          | <u>\$ 22,013,154</u> | <u>\$ 22,518,678</u> | <u>\$ 21,255,852</u> | <u>\$ (1,262,826)</u>                                     |

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Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2020

| Fund, Function, Activity and Element           | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>General Fund:</b>                           |                    |                 |              |   |
| General government administration:             |                    |                 |              |   |
| Legislative:                                   |                    |                 |              |   |
| Board of supervisors                           | \$ 41,124          | \$ 283,800      | \$ 203,907   | \$ 79,893   |
| General and financial administration:          |                    |                 |              |   |
| County administrator                           | \$ 387,346         | \$ 394,871      | \$ 394,430   | \$ 441  |
| County attorney                                | 74,110             | 74,110          | 68,913       | 5,197   |
| Commissioner of revenue                        | 355,892            | 356,242         | 214,129      | 142,113   |
| General reassessment                           | 177,881            | 177,531         | 164,606      | 12,925  |
| Treasurer                                      | 534,513            | 534,513         | 335,796      | 198,717   |
| Finance  | 395,178            | 395,178         | 389,810      | 5,368   |
| Department of information technology           | 329,349            | 329,349         | 295,240      | 34,109  |
| CARES Act - IT Software/hardware               | -                  | 37,500          | 22,217       | 15,283  |
| Contingency                                    | 272,189            | 256,406         | -            | 256,406   |
| Other general and financial administration     | 199,014            | 200,874         | 200,874      | -   |
| Total general and financial administration     | \$ 2,725,472       | \$ 2,756,574    | \$ 2,086,015 | \$ 670,559  |
| Board of elections:                            |                    |                 |              |   |
| Electoral board and officials                  | \$ 190,436         | \$ 190,436      | \$ 182,143   | \$ 8,293  |
| CARES Act - Electoral board assistance         | -                  | -               | 8,534        | (8,534)   |
| Total board of elections                       | \$ 190,436         | \$ 190,436      | \$ 190,677   | \$ (241)  |
| Total general government administration        | \$ 2,957,032       | \$ 3,230,810    | \$ 2,480,599 | \$ 750,211  |
| Judicial administration:                       |                    |                 |              |   |
| Courts:  |                    |                 |              |   |
| Circuit court                                  | \$ 29,584          | \$ 29,584       | \$ 26,376    | \$ 3,208  |
| General district court                         | 6,820              | 6,820           | 6,349        | 471   |
| Magistrate                                     | 3,225              | 3,225           | 645          | 2,580   |
| Juvenile and domestic relations district court | 6,050              | 6,050           | 4,373        | 1,677   |
| Clerk of the circuit court                     | 325,587            | 329,042         | 329,041      | 1   |
| Victim and witness assistance                  | 63,572             | 63,572          | 56,559       | 7,013   |
| Total courts                                   | \$ 434,838         | \$ 438,293      | \$ 423,343   | \$ 14,950   |
| Commonwealth's attorney:                       |                    |                 |              |   |
| Commonwealth's attorney                        | \$ 302,898         | \$ 353,514      | \$ 303,977   | \$ 49,537   |
| Total commonwealth's attorney                  | \$ 302,898         | \$ 353,514      | \$ 303,977   | \$ 49,537   |
| Total judicial administration                  | \$ 737,736         | \$ 791,807      | \$ 727,320   | \$ 64,487   |
| Public safety:                                 |                    |                 |              |   |
| Law enforcement and traffic control:           |                    |                 |              |   |
| Sheriff  | \$ 3,061,888       | \$ 3,133,945    | \$ 2,856,127 | \$ 277,818  |
| Total law enforcement and traffic control      | \$ 3,061,888       | \$ 3,133,945    | \$ 2,856,127 | \$ 277,818  |

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2020 (Continued)

| Fund, Function, Activity and Element               | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
| <b>General Fund: (Continued)</b>                   |                     |                     |                     |   |
| Public safety: (Continued)                         |                     |                     |                     |   |
| Fire and rescue services:                          |                     |                     |                     |   |
| Ambulance and rescue                               | \$ 11,771           | \$ 12,416           | \$ 12,416           | \$ -  |
| Fire prevention                                    | 192,597             | 227,597             | 196,836             | 30,761  |
| Emergency medical services                         | 2,159,159           | 2,239,303           | 2,238,995           | 308   |
| Total fire and rescue services                     | <u>\$ 2,363,527</u> | <u>\$ 2,479,316</u> | <u>\$ 2,448,247</u> | <u>\$ 31,069</u>  |
| Correction and detention:                          |                     |                     |                     |   |
| Judicial court services                            | \$ 53,580           | \$ 53,580           | \$ 26,958           | \$ 26,622   |
| Total correction and detention                     | <u>\$ 53,580</u>    | <u>\$ 53,580</u>    | <u>\$ 26,958</u>    | <u>\$ 26,622</u>  |
| Other protection:                                  |                     |                     |                     |   |
| Animal control                                     | \$ 151,562          | \$ 160,333          | \$ 160,333          | \$ -  |
| Other emergency services                           | 452,212             | 452,212             | 387,755             | 64,457  |
| Contribution to animal control facility            | 35,600              | 35,600              | 21,999              | 13,601  |
| CARES Act - Public health, safety and PPE          | -                   | 277,293             | 223,333             | 53,960  |
| Total other protection                             | <u>\$ 639,374</u>   | <u>\$ 925,438</u>   | <u>\$ 793,420</u>   | <u>\$ 132,018</u>   |
| Total public safety                                | <u>\$ 6,118,369</u> | <u>\$ 6,592,279</u> | <u>\$ 6,124,752</u> | <u>\$ 467,527</u>   |
| Public works:                                      |                     |                     |                     |   |
| Sanitation and waste removal:                      |                     |                     |                     |   |
| Refuse collection and disposal                     | \$ 2,066,267        | \$ 2,377,621        | \$ 2,285,634        | \$ 91,987   |
| Administration                                     | 124,822             | 124,822             | 117,997             | 6,825   |
| Total sanitation and waste removal                 | <u>\$ 2,191,089</u> | <u>\$ 2,502,443</u> | <u>\$ 2,403,631</u> | <u>\$ 98,812</u>  |
| Maintenance of general buildings and grounds:      |                     |                     |                     |   |
| General properties                                 | \$ 1,068,660        | \$ 1,081,330        | \$ 882,421          | \$ 198,909  |
| Total maintenance of general buildings and grounds | <u>\$ 1,068,660</u> | <u>\$ 1,081,330</u> | <u>\$ 882,421</u>   | <u>\$ 198,909</u>   |
| Total public works                                 | <u>\$ 3,259,749</u> | <u>\$ 3,583,773</u> | <u>\$ 3,286,052</u> | <u>\$ 297,721</u>   |
| Health and welfare:                                |                     |                     |                     |   |
| Health:  |                     |                     |                     |   |
| Supplement of local health department              | \$ 431,407          | \$ 417,753          | \$ 417,752          | \$ 1  |
| Total health                                       | <u>\$ 431,407</u>   | <u>\$ 417,753</u>   | <u>\$ 417,752</u>   | <u>\$ 1</u>   |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2020 (Continued)

| Fund, Function, Activity and Element                 | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>General Fund: (Continued)</b>                     |                    |                 |              |   |
| Health and welfare: (Continued)                      |                    |                 |              |   |
| Mental health and mental retardation:                |                    |                 |              |   |
| Community services board                             | \$ 76,053          | \$ 76,053       | \$ 76,053    | \$ -  |
| Total mental health and mental retardation           | \$ 76,053          | \$ 76,053       | \$ 76,053    | \$ -  |
| Welfare:   |                    |                 |              |   |
| Welfare administration                               | \$ 1,800           | \$ 1,800        | \$ 1,800     | \$ -  |
| CARES Act - Social services                          | -                  | 37,500          | -            | 37,500  |
| Comprehensive Services Act                           | 170,000            | 170,000         | 146,717      | 23,283  |
| Total welfare  | \$ 171,800         | \$ 209,300      | \$ 148,517   | \$ 60,783   |
| Total health and welfare                             | \$ 679,260         | \$ 703,106      | \$ 642,322   | \$ 60,784   |
| Education:   |                    |                 |              |   |
| Other instructional costs:                           |                    |                 |              |   |
| Contribution to community colleges                   | \$ 20,723          | \$ 20,723       | \$ 20,723    | \$ -  |
| Contribution to County School Board                  | 8,962,202          | 8,962,202       | 8,962,202    | -   |
| Total education                                      | \$ 8,982,925       | \$ 8,982,925    | \$ 8,982,925 | \$ -  |
| Parks, recreation, and cultural:                     |                    |                 |              |   |
| Parks and recreation:                                |                    |                 |              |   |
| Recreation centers and playgrounds                   | \$ 278,307         | \$ 278,307      | \$ 219,724   | \$ 58,583   |
| CARES Act - School project                           | -                  | 12,500          | -            | 12,500  |
| Harbors and boat ramps                               | 27,471             | 27,471          | 21,665       | 5,806   |
| Total parks and recreation                           | \$ 305,778         | \$ 318,278      | \$ 241,389   | \$ 76,889   |
| Library:   |                    |                 |              |   |
| Contribution to regional library                     | \$ 148,711         | \$ 148,711      | \$ 148,711   | \$ -  |
| Contribution to local library                        | 20,000             | 20,000          | 20,000       | -   |
| Total library  | \$ 168,711         | \$ 168,711      | \$ 168,711   | \$ -  |
| Total parks, recreation, and cultural                | \$ 474,489         | \$ 486,989      | \$ 410,100   | \$ 76,889   |
| Community development:                               |                    |                 |              |   |
| Planning and community development:                  |                    |                 |              |   |
| Community development                                | \$ 87,280          | \$ 95,280       | \$ 88,483    | \$ 6,797  |
| CARES Act - Community support                        | -                  | 483,758         | -            | 483,758   |
| CARES Act - Broadband expansion                      | -                  | 173,101         | -            | 173,101   |
| Planning, permitting and enforcement                 | 876,253            | 777,107         | 720,504      | 56,603  |
| Wetlands board                                       | 2,100              | 2,100           | 1,173        | 927   |
| Planning commission                                  | 8,960              | 8,960           | 3,920        | 5,040   |
| Other economic development                           | 275,612            | 275,612         | 272,612      | 3,000   |
| Total planning and community development             | \$ 1,250,205       | \$ 1,815,918    | \$ 1,086,692 | \$ 729,226  |
| Environmental management:                            |                    |                 |              |   |
| Contribution to Soil and Water Conservation District | \$ 31,283          | \$ 31,283       | \$ 31,283    | \$ -  |
| Total environmental management                       | \$ 31,283          | \$ 31,283       | \$ 31,283    | \$ -  |
| Cooperative extension program:                       |                    |                 |              |   |
| Extension office                                     | \$ 111,520         | \$ 111,520      | \$ 87,645    | 23,875  |
| Total cooperative extension program                  | \$ 111,520         | \$ 111,520      | \$ 87,645    | 23,875  |
| Total community development                          | \$ 1,393,008       | \$ 1,958,721    | \$ 1,205,620 | \$ 753,101  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2020 (Continued)

| Fund, Function, Activity and Element         | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>General Fund: (Continued)</b>             |                    |                 |               |   |
| Total General Fund                           | \$ 24,602,568      | \$ 26,330,410   | \$ 23,859,690 | \$ 2,470,720  |
| <b>Special Revenue Funds:</b>                |                    |                 |               |   |
| <b>Eastern Shore Regional Jail Fund:</b>     |                    |                 |               |   |
| Public safety:                               |                    |                 |               |   |
| Correction and detention:                    |                    |                 |               |   |
| Eastern Shore Regional Jail                  | \$ 4,639,046       | \$ 4,859,460    | \$ 4,464,381  | \$ 395,079  |
| Total correction and detention               | \$ 4,639,046       | \$ 4,859,460    | \$ 4,464,381  | \$ 395,079  |
| Total Eastern Shore Regional Jail Fund       | \$ 4,639,046       | \$ 4,859,460    | \$ 4,464,381  | \$ 395,079  |
| <b>Virginia Public Assistance Fund:</b>      |                    |                 |               |   |
| Health and welfare:                          |                    |                 |               |   |
| Welfare and social services:                 |                    |                 |               |   |
| Welfare administration                       | \$ 2,365,462       | \$ 2,407,700    | \$ 2,118,907  | \$ 288,793  |
| Public assistance                            | 150,681            | 150,681         | 75,949        | 74,732  |
| Other welfare services                       | 87,020             | 87,020          | 139,380       | (52,360)  |
| Total welfare and social services            | \$ 2,603,163       | \$ 2,645,401    | \$ 2,334,236  | \$ 311,165  |
| Total health and welfare                     | \$ 2,603,163       | \$ 2,645,401    | \$ 2,334,236  | \$ 311,165  |
| Total Virginia Public Assistance Fund        | \$ 2,603,163       | \$ 2,645,401    | \$ 2,334,236  | \$ 311,165  |
| <b>CDBG Projects Fund:</b>                   |                    |                 |               |   |
| Community development:                       |                    |                 |               |   |
| Planning and community development:          |                    |                 |               |   |
| Wastewater project                           | \$ -               | \$ 40,000       | \$ 6,440      | \$ 33,560   |
| Total community development                  | \$ -               | \$ 40,000       | \$ 6,440      | \$ 33,560   |
| Total CDBG Projects Fund                     | \$ -               | \$ 40,000       | \$ 6,440      | \$ 33,560   |
| <b>Brownfield Community Assessment Fund:</b> |                    |                 |               |   |
| Community development:                       |                    |                 |               |   |
| Planning and community development:          |                    |                 |               |   |
| Construction and improvements                | \$ -               | \$ 244,747      | \$ 175,747    | \$ 69,000   |
| Total community development                  | \$ -               | \$ 244,747      | \$ 175,747    | \$ 69,000   |
| Total Brownfield Community Assessment Fund   | \$ -               | \$ 244,747      | \$ 175,747    | \$ 69,000   |



Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2020 (Continued)

| Fund, Function, Activity and Element      | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
| <b>Special Revenue Funds: (Continued)</b> |                    |                 |               |   |
| <b>Harbor Improvement Fund:</b>           |                    |                 |               |   |
| Capital projects:                         |                    |                 |               | -   |
| Harbors and boat ramps                    | \$ 57,773          | \$ 254,773      | \$ 73,025     | 181,748   |
| Total capital projects                    | \$ 57,773          | \$ 254,773      | \$ 73,025     | \$ 181,748  |
| Total Harbor Improvement Fund             | \$ 57,773          | \$ 254,773      | \$ 73,025     | \$ 181,748  |
| <b>Debt Service Fund:</b>                 |                    |                 |               |   |
| Debt service:                             |                    |                 |               |   |
| Principal retirement                      | \$ 2,216,800       | \$ 2,367,448    | \$ 2,110,815  | \$ 256,633  |
| Interest and other fiscal charges         | 769,318            | 769,848         | 769,803       | 45  |
| Total Debt Service Fund                   | \$ 2,986,118       | \$ 3,137,296    | \$ 2,880,618  | \$ 256,678  |
| <b>Capital Projects Funds:</b>            |                    |                 |               |   |
| <b>Capital Improvements Fund:</b>         |                    |                 |               |   |
| Education:                                |                    |                 |               |   |
| Other instructional costs:                |                    |                 |               |   |
| Contribution to County School Board       | \$ -               | \$ 67,800       | \$ 67,800     | \$ -  |
| Total education                           | \$ -               | \$ 67,800       | \$ 67,800     | \$ -  |
| Capital projects expenditures:            |                    |                 |               |   |
| Other school capital projects             | \$ -               | \$ 1,097,569    | \$ 668,539    | \$ 429,030  |
| School enhancement project                | -                  | 27,443,518      | 125,963       | 27,317,555  |
| Total capital projects                    | \$ -               | \$ 28,541,087   | \$ 794,502    | \$ 27,746,585   |
| Total Capital Improvements Fund           | \$ -               | \$ 28,608,887   | \$ 862,302    | \$ 27,746,585   |
| Total Primary Government                  | \$ 34,888,668      | \$ 66,120,974   | \$ 34,656,439 | \$ 31,464,535   |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2020 (Continued)

| Fund, Function, Activity and Element                        | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
| <b>Discretely Presented Component Unit-School Board:</b>    |                    |                 |               |   |
| <b>School Operating Fund:</b>                               |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| Administration of schools:                                  |                    |                 |               |   |
| Administration, attendance and health services              | \$ 1,572,920       | \$ 1,608,524    | \$ 1,549,100  | \$ 59,424   |
| Total administration of schools                             | \$ 1,572,920       | \$ 1,608,524    | \$ 1,549,100  | \$ 59,424   |
| Instruction costs:  |                    |                 |               |   |
| Elementary and secondary schools                            | \$ 13,552,310      | \$ 13,665,336   | \$ 12,281,467 | \$ 1,383,869  |
| Total instruction costs                                     | \$ 13,552,310      | \$ 13,665,336   | \$ 12,281,467 | \$ 1,383,869  |
| Operating costs:  |                    |                 |               |   |
| Pupil transportation  | \$ 1,248,582       | \$ 1,248,582    | \$ 872,585    | \$ 375,997  |
| Operation and maintenance of school plant                   | 2,273,410          | 2,283,410       | 1,963,609     | 319,801   |
| Total operating costs                                       | \$ 3,521,992       | \$ 3,531,992    | \$ 2,836,194  | \$ 695,798  |
| Contribution to County Capital Projects Fund                | \$ 168,075         | \$ 202,238      | \$ 1,733,894  | \$ (1,531,656)  |
| Total education   | \$ 18,815,297      | \$ 19,008,090   | \$ 18,400,655 | \$ 607,435  |
| Debt service:   |                    |                 |               |   |
| Principal retirement  | \$ 148,661         | \$ 148,661      | \$ 148,661    | \$ -  |
| Interest and other fiscal charges                           | 8,538              | 8,538           | 8,538         | -   |
| Total debt service  | \$ 157,199         | \$ 157,199      | \$ 157,199    | \$ -  |
| Total School Operating Fund                                 | \$ 18,972,496      | \$ 19,165,289   | \$ 18,557,854 | \$ 607,435  |
| <b>School Cafeteria Fund:</b>                               |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| School food services:                                       |                    |                 |               |   |
| Administration of school food program                       | \$ 1,061,706       | \$ 1,156,706    | \$ 929,428    | \$ 227,278  |
| USDA commodities  | -                  | -               | 72,793        | (72,793)  |
| Total school food services                                  | \$ 1,061,706       | \$ 1,156,706    | \$ 1,002,221  | \$ 154,485  |
| Total education   | \$ 1,061,706       | \$ 1,156,706    | \$ 1,002,221  | \$ 154,485  |
| Total School Cafeteria Fund                                 | \$ 1,061,706       | \$ 1,156,706    | \$ 1,002,221  | \$ 154,485  |
| <b>School Grants Fund:</b>                                  |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| Instruction   | \$ 2,228,952       | \$ 2,541,683    | \$ 1,692,287  | \$ 849,396  |
| Total School Grants Fund                                    | \$ 2,228,952       | \$ 2,541,683    | \$ 1,692,287  | \$ 849,396  |
| <b>School Retiree Health Insurance Fund:</b>                |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| Instruction   | \$ -               | \$ -            | \$ 144,214    | \$ (144,214)  |
| Total education   | \$ -               | \$ -            | \$ 144,214    | \$ (144,214)  |
| Total School Retiree Health Insurance Fund                  | \$ -               | \$ -            | \$ 144,214    | \$ (144,214)  |
| Total Discretely Presented Component Unit -<br>School Board | \$ 22,263,154      | \$ 22,863,678   | \$ 21,396,576 | \$ 1,467,102  |

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Fiscal Year Ended June 30, 2020

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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 comprehensive annual financial reports for the relevant year.

COUNTY OF NORTHAMPTON, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

|   | 2020                 | 2019                 | 2018                 | 2017                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities                     |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 12,791,941        | \$ 11,822,786        | \$ 13,426,790        | \$ 13,075,221        |
| Restricted                                  | 1,919,429            | 1,671,403            | 3,545,615            | 3,195,132            |
| Unrestricted                                | 14,144,763           | 13,221,915           | 11,733,339           | 11,922,127           |
| Total governmental activities net position  | <u>\$ 28,856,133</u> | <u>\$ 26,716,104</u> | <u>\$ 28,705,744</u> | <u>\$ 28,192,480</u> |
| Business-type activities                    |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 27,740            | \$ 34,741            | \$ 41,742            | \$ 16,149            |
| Unrestricted                                | 112,968              | 33,375               | (36,699)             | 1,452                |
| Total business-type activities net position | <u>\$ 140,708</u>    | <u>\$ 68,116</u>     | <u>\$ 5,043</u>      | <u>\$ 17,601</u>     |
| Primary government                          |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 12,819,681        | \$ 11,857,527        | \$ 13,468,532        | \$ 13,091,370        |
| Restricted                                  | 1,919,429            | 1,671,403            | 3,545,615            | 3,195,132            |
| Unrestricted                                | 14,257,731           | 13,255,290           | 11,696,640           | 11,923,579           |
| Total primary government net position       | <u>\$ 28,996,841</u> | <u>\$ 26,784,220</u> | <u>\$ 28,710,787</u> | <u>\$ 28,210,081</u> |

Table 1

| 2016                 | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 13,311,004        | \$ 13,002,316        | \$ 13,311,792        | \$ 13,198,763        | \$ 13,813,629        | \$ 11,716,567        |
| 2,915,707            | 3,005,354            | 2,593,299            | 2,299,456            | 2,690,446            | 2,279,410            |
| 9,069,441            | 7,678,896            | 9,587,750            | 9,115,224            | 8,399,606            | 6,930,654            |
| <u>\$ 25,296,152</u> | <u>\$ 23,686,566</u> | <u>\$ 25,492,841</u> | <u>\$ 24,613,443</u> | <u>\$ 24,903,681</u> | <u>\$ 20,926,631</u> |
| \$ 18,036            | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 7,136             |
| 8,426                | 9,561                | 2,702                | 2,702                | (27,136)             | (131,380)            |
| <u>\$ 26,462</u>     | <u>\$ 9,561</u>      | <u>\$ 2,702</u>      | <u>\$ 2,702</u>      | <u>\$ (27,136)</u>   | <u>\$ (124,244)</u>  |
| \$ 13,329,040        | \$ 13,002,316        | \$ 13,311,792        | \$ 13,198,763        | \$ 13,813,629        | \$ 11,723,703        |
| 2,915,707            | 3,005,354            | 2,593,299            | 2,299,456            | 2,690,446            | 2,279,410            |
| 9,077,867            | 7,688,457            | 9,590,452            | 9,117,926            | 8,372,470            | 6,799,274            |
| <u>\$ 25,322,614</u> | <u>\$ 23,696,127</u> | <u>\$ 25,495,543</u> | <u>\$ 24,616,145</u> | <u>\$ 24,876,545</u> | <u>\$ 20,802,387</u> |

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

|   | 2020            | 2019            | 2018            | 2017            |
|---|-----------------|-----------------|-----------------|-----------------|
| Expenses  |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |
| General government administration               | \$ 3,195,073    | \$ 3,050,836    | \$ 2,846,063    | \$ 2,635,928    |
| Judicial administration                         | 805,032         | 738,392         | 852,560         | 852,577         |
| Public safety                                   | 10,763,461      | 9,602,687       | 9,589,223       | 9,215,297       |
| Public works                                    | 3,148,791       | 2,850,905       | 2,583,136       | 2,483,413       |
| Health and welfare                              | 2,921,111       | 2,786,249       | 3,022,247       | 2,851,470       |
| Education                                       | 9,982,925       | 10,493,929      | 9,638,974       | 9,341,711       |
| Parks, recreation, culture                      | 442,445         | 756,434         | 456,076         | 419,903         |
| Community development                           | 1,486,382       | 1,215,550       | 1,052,847       | 1,018,247       |
| Interest on long-term debt                      | 1,124,481       | 435,051         | 534,335         | 622,511         |
| Total governmental activities expenses          | \$ 33,869,701   | \$ 31,930,033   | \$ 30,575,461   | \$ 29,441,057   |
| Business-type activities:                       |                 |                 |                 |                 |
| Public utilities                                | \$ 260,122      | \$ 194,946      | \$ 218,374      | \$ 192,628      |
| Total business-type activities expenses         | \$ 260,122      | \$ 194,946      | \$ 218,374      | \$ 192,628      |
| Total Primary government expenses               | \$ 34,129,823   | \$ 32,124,979   | \$ 30,793,835   | \$ 29,633,685   |
| Program Revenues                                |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |
| Charges for services                            |                 |                 |                 |                 |
| Judicial administration                         | \$ 558,010      | \$ 684,650      | \$ 784,750      | \$ 768,860      |
| Public safety                                   | 663,631         | 783,262         | 694,031         | 469,439         |
| Public works                                    | 755,252         | 728,839         | 806,547         | 574,315         |
| Education                                       | 17,154          | -               | -               | -               |
| Parks, recreation, culture                      | 48,490          | 66,707          | 60,534          | 53,744          |
| Community development                           | -               | -               | -               | -               |
| Operating grants and contributions              | 6,309,865       | 6,252,276       | 6,130,345       | 6,085,668       |
| Capital grants and contributions                | 69,347          | -               | -               | 33,129          |
| Total governmental activities program revenues  | \$ 8,421,749    | \$ 8,515,734    | \$ 8,476,207    | \$ 7,985,155    |
| Business-type activities:                       |                 |                 |                 |                 |
| Charges for services                            | \$ 336,989      | \$ 262,294      | \$ 196,844      | \$ 187,630      |
| Total business-type activities program revenues | \$ 336,989      | \$ 262,294      | \$ 196,844      | \$ 187,630      |
| Total primary government program revenue        | \$ 8,758,738    | \$ 8,778,028    | \$ 8,673,051    | \$ 8,172,785    |
| Net(Expense)/Revenue                            |                 |                 |                 |                 |
| Governmental activities                         | \$ (25,447,952) | \$ (23,414,299) | \$ (22,099,254) | \$ (21,455,902) |
| Business-type activities                        | 76,867          | 67,348          | (21,530)        | (4,998)         |
| Total primary government net expense            | \$ (25,371,085) | \$ (23,346,951) | \$ (22,120,784) | \$ (21,460,900) |



Table 2  
Page 1 of 2

| 2016                   | 2015                   | 2014                   | 2013                   | 2012                   | 2011                   |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 2,413,847           | \$ 2,654,848           | \$ 2,573,634           | \$ 2,580,737           | \$ 2,421,964           | \$ 1,880,236           |
| 827,333                | 808,280                | 810,083                | 776,261                | 791,212                | 755,107                |
| 8,739,709              | 8,723,916              | 8,767,356              | 9,453,598              | 3,875,834              | 7,220,089              |
| 2,545,525              | 2,006,016              | 2,061,988              | 2,173,368              | 2,171,427              | 3,046,144              |
| 2,859,742              | 2,885,030              | 2,879,167              | 2,878,538              | 3,182,812              | 3,352,694              |
| 10,018,401             | 9,587,332              | 9,069,634              | 8,731,218              | 8,009,717              | 8,807,476              |
| 384,855                | 356,931                | 376,031                | 320,558                | 343,025                | 352,034                |
| 912,784                | 1,153,095              | 1,932,522              | 1,299,259              | 1,414,090              | 1,849,353              |
| 697,430                | 765,128                | 817,257                | 2,480,390              | 1,598,507              | 1,630,403              |
| <u>\$ 29,399,626</u>   | <u>\$ 28,940,576</u>   | <u>\$ 29,287,672</u>   | <u>\$ 30,693,927</u>   | <u>\$ 23,808,588</u>   | <u>\$ 28,893,536</u>   |
| <br>                   |                        |                        |                        |                        |                        |
| \$ 185,352             | \$ 165,348             | \$ 172,225             | \$ 163,782             | \$ 95,162              | \$ 171,219             |
| <u>\$ 185,352</u>      | <u>\$ 165,348</u>      | <u>\$ 172,225</u>      | <u>\$ 163,782</u>      | <u>\$ 95,162</u>       | <u>\$ 171,219</u>      |
| <br>                   |                        |                        |                        |                        |                        |
| <u>\$ 29,584,978</u>   | <u>\$ 29,105,924</u>   | <u>\$ 29,459,897</u>   | <u>\$ 30,857,709</u>   | <u>\$ 23,903,750</u>   | <u>\$ 29,064,755</u>   |
| <br>                   |                        |                        |                        |                        |                        |
| \$ 654,510             | \$ 722,594             | \$ 748,040             | \$ 562,536             | \$ 309,943             | \$ 246,548             |
| 304,566                | 267,459                | 302,044                | 348,892                | 182,244                | 180,166                |
| 575,089                | 535,686                | 506,268                | 451,294                | 448,334                | 397,766                |
| -                      | -                      | -                      | -                      | -                      | -                      |
| 51,200                 | 58,630                 | 58,479                 | 46,528                 | 71,060                 | 43,447                 |
| -                      | 40                     | 20                     | 188                    | 108                    | 372                    |
| 6,080,273              | 6,137,361              | 5,815,182              | 5,604,379              | 6,586,173              | 7,542,861              |
| 52,577                 | -                      | 741,305                | 1,482,705              | 139,418                | 150,000                |
| <u>\$ 7,718,215</u>    | <u>\$ 7,721,770</u>    | <u>\$ 8,171,338</u>    | <u>\$ 8,496,522</u>    | <u>\$ 7,737,280</u>    | <u>\$ 8,561,160</u>    |
| <br>                   |                        |                        |                        |                        |                        |
| \$ 180,235             | \$ 165,486             | \$ 160,946             | \$ 174,910             | \$ -                   | \$ 54,241              |
| <u>\$ 180,235</u>      | <u>\$ 165,486</u>      | <u>\$ 160,946</u>      | <u>\$ 174,910</u>      | <u>\$ -</u>            | <u>\$ 54,241</u>       |
| <br>                   |                        |                        |                        |                        |                        |
| <u>\$ 7,898,450</u>    | <u>\$ 7,887,256</u>    | <u>\$ 8,332,284</u>    | <u>\$ 8,671,432</u>    | <u>\$ 7,737,280</u>    | <u>\$ 8,615,401</u>    |
| <br>                   |                        |                        |                        |                        |                        |
| \$ (21,681,411)        | \$ (21,218,806)        | \$ (21,116,334)        | \$ (22,197,405)        | \$ (16,071,308)        | \$ (20,332,376)        |
| (5,117)                | 138                    | (11,279)               | 11,128                 | (95,162)               | (116,978)              |
| <u>\$ (21,686,528)</u> | <u>\$ (21,218,668)</u> | <u>\$ (21,127,613)</u> | <u>\$ (22,186,277)</u> | <u>\$ (16,166,470)</u> | <u>\$ (20,449,354)</u> |

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

|  | 2020          | 2019          | 2018          | 2017          |
|--|---------------|---------------|---------------|---------------|
| General Revenues and Other Changes in Net Position           |               |               |               |               |
| Governmental activities:                                     |               |               |               |               |
| Taxes:   |               |               |               |               |
| General property taxes                                       | \$ 19,688,827 | \$ 18,776,883 | \$ 18,283,266 | \$ 18,041,615 |
| Local sales and use tax                                      | 1,443,547     | 1,347,759     | 1,278,342     | 1,206,730     |
| Consumer utility tax   | 324,208       | 328,478       | 325,996       | 323,498       |
| Business license taxes                                       | 38,265        | 38,126        | 39,667        | 38,221        |
| Hotel and meals taxes  | 805,013       | 844,012       | 828,344       | 624,632       |
| Other local taxes  | 613,373       | 575,224       | 545,693       | 583,525       |
| Unrestricted revenues from use of money and property         | 602,166       | 254,371       | 131,362       | 107,437       |
| Miscellaneous  | 169,872       | 119,981       | (158,082)     | 376,240       |
| Grants and contributions not restricted to specific programs | 2,164,551     | 1,920,062     | 1,953,926     | 1,972,832     |
| Gain(loss) on disposal of capital assets                     | -             | -             | -             | -             |
| Transfers  | 1,738,169     | 851,753       | 546,170       | 1,077,500     |
| Total governmental activities                                | \$ 27,587,991 | \$ 25,056,649 | \$ 23,774,684 | \$ 24,352,230 |
| Business-type activities:                                    |               |               |               |               |
| Miscellaneous  | \$ -          | \$ -          | \$ -          | \$ -          |
| Transfers  | (4,275)       | (4,275)       | 5,225         | (3,863)       |
| Total business-type activities                               | \$ (4,275)    | \$ (4,275)    | \$ 5,225      | \$ (3,863)    |
| Total primary government                                     | \$ 27,583,716 | \$ 25,052,374 | \$ 23,779,909 | \$ 24,348,367 |
| Change in Net Position                                       |               |               |               |               |
| Governmental activities                                      | \$ 2,140,039  | \$ 1,642,350  | \$ 1,675,430  | \$ 2,896,328  |
| Business-type activities                                     | 72,592        | 63,073        | (16,305)      | (8,861)       |
| Total primary government                                     | \$ 2,212,631  | \$ 1,705,423  | \$ 1,659,125  | \$ 2,887,467  |

| 2016                 | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 17,065,329        | \$ 16,695,685        | \$ 16,646,517        | \$ 16,777,134        | \$ 15,640,011        | \$ 15,457,110        |
| 1,178,112            | 1,091,493            | 1,089,704            | 1,080,525            | 1,177,340            | 1,064,382            |
| 318,769              | 322,591              | 320,126              | 316,666              | 313,641              | 316,147              |
| 37,220               | 38,132               | 41,232               | 39,679               | 40,968               | 44,943               |
| 598,525              | 553,510              | 527,093              | 520,300              | 265,688              | 258,405              |
| 576,843              | 500,753              | 527,676              | 586,363              | 695,252              | 682,452              |
| 174,263              | 77,791               | 71,502               | -                    | -                    | -                    |
| 237,483              | 166,823              | 170,401              | 62,378               | 128,069              | 79,445               |
| 1,975,885            | 2,012,975            | 2,022,633            | 246,097              | 190,464              | 76,049               |
| -                    | -                    | -                    | 1,844,798            | 1,796,331            | 1,794,768            |
| 991,545              | 394,521              | 578,848              | 747,803              | (199,406)            | 436,301              |
| <u>\$ 23,153,974</u> | <u>\$ 21,854,274</u> | <u>\$ 21,995,732</u> | <u>\$ 22,221,743</u> | <u>\$ 20,048,358</u> | <u>\$ 20,210,002</u> |
| \$ -                 | \$ -                 | \$ -                 | \$ -                 | (7,136)              | -                    |
| 22,018               | -                    | 18,000               | 18,710               | 199,406              | -                    |
| <u>\$ 22,018</u>     | <u>\$ -</u>          | <u>\$ 18,000</u>     | <u>\$ 18,710</u>     | <u>\$ 192,270</u>    | <u>\$ -</u>          |
| <u>\$ 23,175,992</u> | <u>\$ 21,854,274</u> | <u>\$ 22,013,732</u> | <u>\$ 22,240,453</u> | <u>\$ 20,240,628</u> | <u>\$ 20,210,002</u> |
| \$ 1,472,563         | \$ 635,468           | \$ 879,398           | \$ 24,338            | \$ 3,977,050         | \$ (122,374)         |
| 16,901               | 138                  | 6,721                | 29,838               | 97,108               | (116,978)            |
| <u>\$ 1,489,464</u>  | <u>\$ 635,606</u>    | <u>\$ 886,119</u>    | <u>\$ 54,176</u>     | <u>\$ 4,074,158</u>  | <u>\$ (239,352)</u>  |

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

|                                    | 2020                 | 2019                 | 2018                 | 2017                |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|
| General Fund                       |                      |                      |                      |                     |
| Nonspendable                       | \$ -                 | \$ -                 | \$ 2,963             | \$ 782              |
| Restricted                         | -                    | -                    | -                    | -                   |
| Committed                          | -                    | -                    | -                    | -                   |
| Assigned                           | -                    | -                    | 139,908              | 139,908             |
| Unassigned                         | 11,682,987           | 11,495,155           | 10,332,116           | 9,464,231           |
| Total General Fund                 | <u>\$ 11,682,987</u> | <u>\$ 11,495,155</u> | <u>\$ 10,474,987</u> | <u>\$ 9,604,921</u> |
| All Other Governmental Funds       |                      |                      |                      |                     |
| Nonspendable                       | \$ 17,936            | \$ -                 | \$ -                 | \$ -                |
| Restricted                         | 29,129,465           | 1,671,403            | 3,545,615            | 3,195,132           |
| Committed                          | 7,640,030            | 6,642,429            | 6,902,495            | 6,684,163           |
| Assigned                           | 84,445               | 98,719               | 141,413              | 142,280             |
| Unassigned                         | (39,946)             | (22,010)             | (22,010)             | (192,866)           |
| Total all other governmental funds | <u>\$ 36,831,930</u> | <u>\$ 8,390,541</u>  | <u>\$ 10,567,513</u> | <u>\$ 9,828,709</u> |

Table 3

| 2016                | 2015                | 2014                | 2013                | 2012                | 2011                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,748            | \$ 874              | \$ 874              | \$ 674              | \$ -                | \$ -                |
| -                   | -                   | -                   | -                   | -                   | 1,334,815           |
| -                   | 190,175             | -                   | -                   | -                   | -                   |
| 66,000              | -                   | 139,168             | -                   | -                   | -                   |
| 7,763,364           | 7,804,166           | 7,898,674           | 8,058,543           | 6,598,339           | 4,191,411           |
| <u>\$ 7,831,112</u> | <u>\$ 7,995,215</u> | <u>\$ 8,038,716</u> | <u>\$ 8,059,217</u> | <u>\$ 6,598,339</u> | <u>\$ 5,526,226</u> |
|                     |                     |                     |                     |                     |                     |
| \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ 624,228          |
| 2,915,707           | 3,005,354           | 2,593,299           | 2,299,456           | 2,690,446           | 1,123,573           |
| 5,735,985           | 4,691,846           | 4,854,183           | 4,600,157           | 4,378,522           | 4,410,088           |
| 160,978             | -                   | -                   | -                   | -                   | -                   |
| (191,846)           | (203,262)           | (182,910)           | (170,856)           | (168,211)           | (176,288)           |
| <u>\$ 8,620,824</u> | <u>\$ 7,493,938</u> | <u>\$ 7,264,572</u> | <u>\$ 6,728,757</u> | <u>\$ 6,900,757</u> | <u>\$ 5,981,601</u> |

**COUNTY OF NORTHAMPTON, VIRGINIA**

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

|  | 2020          | 2019           | 2018          | 2017          |
|--|---------------|----------------|---------------|---------------|
| <b>REVENUES</b>  |               |                |               |               |
| General property taxes                                       | \$ 19,579,185 | \$ 18,998,268  | \$ 18,272,125 | \$ 18,039,197 |
| Other local taxes  | 3,224,406     | 3,133,599      | 3,018,042     | 2,776,606     |
| Permits, privilege fees, and regulatory licenses             | 128,213       | 118,752        | 141,646       | 167,599       |
| Fines and forfeitures  | 511,699       | 639,442        | 781,255       | 553,690       |
| Revenue from the use of money and property                   | 602,166       | 254,371        | 131,362       | 107,437       |
| Charges for services   | 1,402,625     | 1,505,264      | 1,422,961     | 1,145,069     |
| Miscellaneous  | 169,872       | 119,981        | 44,584        | 347,709       |
| Recovered costs  | 249,026       | 348,701        | 282,924       | 483,456       |
| Intergovernmental revenues                                   | 10,277,657    | 9,019,816      | 8,635,666     | 9,165,266     |
| Total revenues   | \$ 36,144,849 | \$ 34,138,194  | \$ 32,730,565 | \$ 32,786,029 |
| <b>EXPENDITURES</b>  |               |                |               |               |
| Current:   |               |                |               |               |
| General government administration                            | \$ 2,480,599  | \$ 2,391,971   | \$ 2,098,866  | \$ 2,109,381  |
| Judicial administration                                      | 727,320       | 673,490        | 685,186       | 689,380       |
| Public safety  | 10,589,133    | 9,685,493      | 9,139,783     | 8,735,849     |
| Public works   | 3,286,052     | 2,716,341      | 2,488,639     | 2,262,325     |
| Health and welfare   | 2,976,558     | 2,902,092      | 2,938,337     | 2,813,823     |
| Education  | 9,050,725     | 8,996,636      | 8,687,800     | 8,739,800     |
| Parks, recreation, and cultural                              | 410,100       | 425,608        | 430,593       | 376,247       |
| Community development  | 1,387,807     | 1,203,882      | 1,000,540     | 988,099       |
| Capital projects   | 867,527       | 1,190,630      | 656,236       | 176,072       |
| Debt service:  |               |                |               |               |
| Principal retirement   | 2,110,815     | 4,149,298      | 1,912,130     | 1,822,131     |
| Interest and other fiscal charges                            | 769,803       | 873,625        | 970,634       | 1,054,591     |
| Total expenditures   | \$ 34,656,439 | \$ 35,209,066  | \$ 31,008,744 | \$ 29,767,698 |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 1,488,410  | \$ (1,070,872) | \$ 1,721,821  | \$ 3,018,331  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |               |                |               |               |
| Transfers in   | \$ 6,057,206  | \$ 5,717,906   | \$ 5,955,599  | \$ 5,214,133  |
| Transfers out  | (6,165,431)   | (5,766,131)    | (6,008,824)   | (5,250,770)   |
| Bonds issued   | 24,040,000    | -              | -             | -             |
| Refunding bonds issued                                       | -             | -              | -             | -             |
| Bond premium issuance  | 3,170,036     | -              | -             | -             |
| Issuance of note payable                                     | 39,000        | -              | -             | -             |
| Issuance of capital leases                                   | -             | -              | -             | -             |
| Total other financing sources (uses)                         | \$ 27,140,811 | \$ (48,225)    | \$ (53,225)   | \$ (36,637)   |
| Net change in fund balances                                  | \$ 28,629,221 | \$ (1,119,097) | \$ 1,668,596  | \$ 2,981,694  |
| Fund balances - beginning                                    | 19,885,696    | 21,004,793     | 19,373,904    | 16,451,936    |
| Fund balances - ending                                       | \$ 48,514,917 | \$ 19,885,696  | \$ 21,042,500 | \$ 19,433,630 |
| Debt Service as a percentage<br>of noncapital expenditures   | 8.66%         | 14.81%         | 9.58%         | 9.80%         |

Table 4

| 2016                 | 2015                 | 2014                 | 2013                   | 2012                 | 2011                  |
|----------------------|----------------------|----------------------|------------------------|----------------------|-----------------------|
| \$ 17,212,661        | \$ 16,682,266        | \$ 16,717,264        | \$ 17,199,372          | \$ 15,691,764        | \$ 15,420,768         |
| 2,709,469            | 2,506,479            | 2,505,831            | 2,543,533              | 2,492,889            | 2,366,329             |
| 168,928              | 109,011              | 115,874              | 128,550                | 134,793              | 125,374               |
| 442,889              | 510,887              | 537,765              | 378,652                | 162,917              | 117,466               |
| 174,263              | 77,791               | 71,502               | 62,378                 | 128,069              | 111,289               |
| 973,548              | 964,511              | 961,212              | 902,236                | 713,979              | 625,459               |
| 209,667              | 130,164              | 138,158              | 264,511                | 109,602              | 76,049                |
| 402,761              | 213,750              | 272,875              | 255,303                | 3,719,863            | 346,093               |
| 9,122,298            | 8,544,857            | 9,175,968            | 9,698,395              | 8,994,551            | 9,923,930             |
| <u>\$ 31,416,484</u> | <u>\$ 29,739,716</u> | <u>\$ 30,496,449</u> | <u>\$ 31,432,930</u>   | <u>\$ 32,148,427</u> | <u>\$ 29,112,757</u>  |
| <br>                 |                      |                      |                        |                      |                       |
| \$ 2,150,567         | \$ 1,961,308         | \$ 2,038,882         | \$ 1,968,506           | \$ 1,934,342         | \$ 1,714,692          |
| 677,613              | 648,852              | 623,134              | 607,948                | 584,726              | 592,779               |
| 8,240,146            | 8,118,561            | 8,019,032            | 7,214,604              | 6,546,031            | 6,594,780             |
| 2,130,659            | 2,120,556            | 2,142,149            | 2,001,046              | 1,847,921            | 1,777,069             |
| 2,892,299            | 2,893,156            | 2,835,881            | 2,800,420              | 3,124,653            | 3,312,480             |
| 8,754,047            | 8,176,890            | 8,306,488            | 7,984,224              | 7,675,452            | 7,625,997             |
| 366,068              | 338,095              | 353,402              | 298,448                | 281,966              | 258,761               |
| 977,163              | 1,430,497            | 1,770,565            | 1,297,764              | 1,370,772            | 1,849,972             |
| 983,315              | 812,998              | 755,337              | 1,647,734              | 2,654,844            | 3,849,415             |
| <br>                 |                      |                      |                        |                      |                       |
| 2,269,250            | 1,861,182            | 1,856,774            | 36,705,041             | 2,530,680            | 2,523,955             |
| 1,127,579            | 1,191,756            | 1,256,768            | 2,461,003              | 1,589,911            | 1,784,540             |
| <u>\$ 30,568,706</u> | <u>\$ 29,553,851</u> | <u>\$ 29,958,412</u> | <u>\$ 64,986,738</u>   | <u>\$ 30,141,298</u> | <u>\$ 31,884,440</u>  |
| <br>                 |                      |                      |                        |                      |                       |
| <u>\$ 847,778</u>    | <u>\$ 185,865</u>    | <u>\$ 538,037</u>    | <u>\$ (33,553,808)</u> | <u>\$ 2,007,129</u>  | <u>\$ (2,771,683)</u> |
| <br>                 |                      |                      |                        |                      |                       |
| \$ 5,805,122         | \$ 5,733,914         | \$ 5,947,535         | \$ 6,159,676           | \$ 5,659,288         | \$ 6,089,652          |
| (5,867,640)          | (5,733,914)          | (6,115,535)          | (6,178,386)            | (5,858,694)          | (6,089,652)           |
| -                    | -                    | -                    | -                      | -                    | -                     |
| -                    | -                    | -                    | 29,720,000             | -                    | -                     |
| -                    | -                    | -                    | 4,986,840              | -                    | -                     |
| -                    | -                    | -                    | -                      | -                    | -                     |
| -                    | -                    | 145,277              | 154,466                | 183,606              | 106,219               |
| <u>\$ (62,518)</u>   | <u>\$ -</u>          | <u>\$ (22,723)</u>   | <u>\$ 34,842,596</u>   | <u>\$ (15,800)</u>   | <u>\$ 106,219</u>     |
| <br>                 |                      |                      |                        |                      |                       |
| \$ 785,260           | \$ 185,865           | \$ 515,314           | \$ 1,288,788           | \$ 1,991,329         | \$ (2,665,464)        |
| 15,666,676           | 15,303,288           | 14,787,974           | 13,499,156             | 11,507,827           | 14,173,291            |
| <u>\$ 16,451,936</u> | <u>\$ 15,489,153</u> | <u>\$ 15,303,288</u> | <u>\$ 14,787,944</u>   | <u>\$ 13,499,156</u> | <u>\$ 11,507,827</u>  |
| <br>                 |                      |                      |                        |                      |                       |
| <u>11.33%</u>        | <u>10.50%</u>        | <u>10.70%</u>        | <u>60.59%</u>          | <u>15.07%</u>        | <u>15.28%</u>         |

Principal Property Tax Payers  
Current and Ten Years Ago

| Taxpayer  | December 31, 2019            |      |  | December 31, 2009            |      |  |
|---|------------------------------|------|--|------------------------------|------|--|
|   | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total<br>County<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total<br>County<br>Taxable<br>Assessed<br>Value |
| Bay Creek South LLC   | \$ 42,406,100                | 1    | 1.94%  | \$ 50,653,700                | 1    | 1.69%  |
| Cape Charles Properties, LLC<br>(Bayshore Concrete Products<br>Corporation) | 11,391,000                   | 2    | 0.52%  | 13,571,500                   | 5    | 0.45%  |
| Peacock Holdings Va LLC   | 11,001,700                   | 3    | 0.50%  |                              |      |  |
| Daniel A. Hoffler   | 10,672,400                   | 4    | 0.49%  | 16,549,000                   | 3    | 0.55%  |
| Ballard Brothers Fish Company   | 10,120,300                   | 5    | 0.46%  | 11,371,600                   | 8    | 0.38%  |
| The Nature Conservancy  | 7,775,400                    | 6    | 0.36%  | 11,504,600                   | 7    | 0.38%  |
| Sun Sunset Beach RV LLC   | 4,870,600                    | 7    | 0.22%  |                              |      |  |
| THS Family Limited Partnership  | 4,812,900                    | 8    | 0.22%  |                              |      |  |
| Cherrydale Holdings VA, LLC   | 4,651,200                    | 9    | 0.21%  |                              |      |  |
| Eyre Hall Land Trust, LLC   | 4,557,100                    | 10   | 0.21%  |                              |      |  |
| Bay Creek LLC   |                              |      |  | 20,992,200                   | 2    | 0.70%  |
| Baymark Construction Corporation  |                              |      |  | 16,250,000                   | 4    | 0.54%  |
| BECO Tower Hill, LLC  |                              |      |  | 12,043,100                   | 6    | 0.40%  |
| Cherrydale by the Sea, LLC  |                              |      |  | 7,826,100                    | 9    | 0.26%  |
| David B. Tankard Family, LLC  |                              |      |  | 7,821,000                    | 10   | 0.26%  |
|   | <u>\$ 112,258,700</u>        |      | <u>5.13%</u>   | <u>\$ 168,582,800</u>        |      | <u>5.61%</u>   |

Source: Northampton County Commissioner of Revenue Department



Property Tax Levies and Collections  
Last Ten Fiscal Years

| Tax<br>Year | Taxes<br>Levied<br>for the<br>Fiscal Year<br>(Original Levy) | Adjust-<br>ments | Total<br>Adjusted<br>Levy | Collected within the<br>Fiscal Year of the Levy |                                   | Collections<br>in<br>Subsequent<br>Years | Total Collections<br>to Date |                                   |
|-------------|--|------------------|---------------------------|---|-----------------------------------|--|------------------------------|-----------------------------------|
|             |  |                  |                           | Amount  | Percentage<br>of Original<br>Levy |  | Amount                       | Percentage<br>of Adjusted<br>Levy |
| 2010 \$     | 15,298,590 \$  | (30,727) \$      | 15,267,863 \$             | 14,145,065                                      | 92.46%                            | 1,116,981 \$                             | 15,262,046                   | 99.96%                            |
| 2011        | 15,532,424   | (39,176)         | 15,493,249                | 14,384,322                                      | 92.61%                            | 1,093,106                                | 15,477,428                   | 99.90%                            |
| 2012        | 16,645,152   | 1,036            | 16,646,187                | 15,537,432                                      | 93.35%                            | 1,091,056                                | 16,628,488                   | 99.89%                            |
| 2013        | 16,663,188   | 18,062           | 16,681,250                | 15,477,073                                      | 92.88%                            | 1,186,855                                | 16,663,928                   | 99.90%                            |
| 2014        | 16,654,676   | 6,434            | 16,661,110                | 15,677,996                                      | 94.14%                            | 960,902                                  | 16,638,898                   | 99.87%                            |
| 2015        | 17,087,463   | 36,286           | 17,123,749                | 16,170,224                                      | 94.63%                            | 884,144                                  | 17,054,368                   | 99.59%                            |
| 2016        | 18,068,330   | 9,998            | 18,078,328                | 17,101,267                                      | 94.65%                            | 894,945                                  | 17,996,212                   | 99.55%                            |
| 2017        | 18,383,412   | 9,041            | 18,392,453                | 17,395,680                                      | 94.63%                            | 888,184                                  | 18,283,864                   | 99.41%                            |
| 2018        | 18,972,804   | 2,978            | 18,975,782                | 17,985,687                                      | 94.80%                            | 811,391                                  | 18,797,078                   | 99.06%                            |
| 2019        | 19,405,666   | (138,776)        | 19,266,890                | 18,456,213                                      | 95.11%                            | -  | 18,456,213                   | 95.79%                            |

COUNTY OF NORTHAMPTON, VIRGINIA

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

| Fiscal<br>Year<br>Ended | Real Property                             |                                     |                              |                               |                  |                             |                                       |                             |                               |
|-------------------------|---|-------------------------------------|------------------------------|-------------------------------|------------------|-----------------------------|---------------------------------------|-----------------------------|-------------------------------|
|                         | (Class 1,2 &3)<br>Residential<br>Property | (Class 4)<br>Commercial<br>Property | (Class 5 & 6)<br>Raw<br>Land | Public<br>Service<br>Property | Total            | Tax<br>Rate<br>per<br>\$100 | Motor<br>Vehicles<br>and<br>Tangibles | Tax<br>Rate<br>per<br>\$100 | Public<br>Service<br>Property |
| 2011                    | \$ 2,104,602,800                          | \$ 179,176,900                      | \$ 584,621,300               | \$ 42,929,400                 | \$ 2,911,330,400 | \$ 0.4900                   | \$ 84,183,800                         | \$ 4.10                     | \$ 1,148,100                  |
| 2012                    | 2,122,658,500                             | 179,480,200                         | 581,313,900                  | 52,454,600                    | 2,935,907,200    | 0.4900                      | 66,661,000                            | 4.10                        | 1,148,100                     |
| 2013                    | 2,123,731,600                             | 179,476,700                         | 580,084,700                  | 49,322,500                    | 2,932,615,500    | 0.4900                      | 67,553,600                            | 4.10                        | 385,600                       |
| 2014                    | 1,644,540,300                             | 172,302,700                         | 484,359,100                  | 47,337,675                    | 2,348,539,775    | 0.5400                      | 68,377,100                            | 3.85                        | 52,623                        |
| 2015                    | 1,645,307,200                             | 161,885,000                         | 479,901,300                  | 48,854,329                    | 2,335,947,829    | 0.6728                      | 68,775,700                            | 3.85                        | 50,980                        |
| 2016                    | 1,645,468,057                             | 159,026,800                         | 476,301,901                  | 52,285,130                    | 2,333,081,888    | 0.6805                      | 73,842,300                            | 3.90                        | 12,074                        |
| 2017                    | 1,384,987,850                             | 141,462,300                         | 389,505,900                  | 51,653,101                    | 1,967,609,151    | 0.8300                      | 94,006,200                            | 3.90                        | 8,726                         |
| 2018                    | 1,399,425,300                             | 147,004,700                         | 388,836,200                  | 53,789,964                    | 1,989,056,164    | 0.8300                      | 98,671,200                            | 3.90                        | -                             |
| 2019                    | 1,448,771,200                             | 153,521,800                         | 380,059,700                  | 58,245,081                    | 2,040,597,781    | 0.8300                      | 106,809,627                           | 3.90                        | -                             |
| 2020                    | 1,463,601,100                             | 159,402,100                         | 376,098,200                  | 56,636,303                    | 2,055,737,703    | 0.8300                      | 106,809,627                           | 3.90                        | -                             |

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<br>Rate<br>per<br>\$100 | Machinery<br>and<br>Tools | Tax<br>Rate<br>per<br>\$100 | Farm<br>Machinery | Tax<br>Rate<br>per<br>\$100 | Heavy<br>Equipment | Tax<br>Rate<br>per<br>\$100 | Boats      | Tax<br>Rate<br>per<br>\$100 | Total<br>Taxable<br>Assessed<br>Value | Direct<br>Tax<br>Rate<br>per \$100 |
| \$ 4.10                     | \$ 2,703,300              | \$ 2.25                     | \$ -              | \$ -                        | \$ -               | \$ -                        | \$ -       | \$ -                        | \$ 2,999,365,600                      | \$ 0.595                           |
| 4.10                        | 4,417,400                 | 2.25                        | -                 | -                           | -                  | -                           | -          | -                           | 3,008,133,700                         | 0.575                              |
| 4.10                        | 4,387,300                 | 2.25                        | -                 | -                           | -                  | -                           | -          | -                           | 3,004,942,000                         | 0.574                              |
| 3.85                        | 4,145,000                 | 2.00                        | -                 | -                           | -                  | -                           | -          | -                           | 2,421,114,498                         | 0.636                              |
| 3.85                        | 3,867,100                 | 2.00                        | -                 | -                           | -                  | -                           | 9,428,100  | 0.99                        | 2,418,069,709                         | 0.767                              |
| 3.90                        | 4,621,400                 | 2.00                        | -                 | -                           | -                  | -                           | 9,484,600  | 0.99                        | 2,421,042,262                         | 0.782                              |
| 3.90                        | 4,062,400                 | 2.00                        | -                 | -                           | -                  | -                           | 9,561,600  | 0.99                        | 2,075,248,077                         | 0.972                              |
| 3.90                        | 4,721,200                 | 2.00                        | 9,263,300         | 1.43                        | 963,600            | 2.86                        | 10,699,200 | 0.99                        | 2,113,374,664                         | 0.980                              |
| 3.90                        | 4,015,300                 | 2.00                        | 8,643,900         | 1.43                        | 1,468,400          | 2.86                        | 10,699,200 | 0.99                        | 2,172,234,208                         | 0.988                              |
| 3.90                        | 4,061,000                 | 2.00                        | 8,643,900         | 1.20                        | 1,468,400          | 2.86                        | 11,229,100 | 0.99                        | 2,187,949,730                         | 0.986                              |

## 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 |
|-------------|-------------|------------------------------|-------------------------|---------------------|----------------|-----------------|-------|-------------------|
| 2011        | \$ 0.476    | \$ 0.115                     | \$ 0.002                | \$ 0.002            | \$ -           | \$ -            | \$ -  | \$ 0.595          |
| 2012        | 0.478       | 0.091                        | 0.002                   | 0.003               | -              | -               | -     | 0.575             |
| 2013        | 0.478       | 0.092                        | 0.001                   | 0.003               | -              | -               | -     | 0.574             |
| 2014        | 0.524       | 0.109                        | 0.000                   | 0.003               | -              | -               | -     | 0.636             |
| 2015        | 0.650       | 0.110                        | 0.000                   | 0.003               | -              | -               | 0.004 | 0.767             |
| 2016        | 0.656       | 0.119                        | 0.000                   | 0.004               | -              | -               | 0.004 | 0.782             |
| 2017        | 0.787       | 0.177                        | 0.000                   | 0.004               | -              | -               | 0.005 | 0.972             |
| 2018        | 0.781       | 0.182                        | -                       | 0.004               | 0.006          | 0.001           | 0.005 | 0.980             |
| 2020        | 0.780       | 0.190                        | -                       | 0.004               | 0.005          | 0.002           | 0.005 | 0.986             |

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         |
| 2011        | \$ 0.018          | \$ 0.250          | \$ 0.163             | \$ 2.000          | \$ 0.120       | \$ 0.490          | \$ 0.085            |
| 2012        | 0.018             | 0.250             | 0.183                | 2.000             | 0.120          | 0.490             | 0.085               |
| 2013        | 0.018             | 0.250             | 0.183                | 2.000             | 0.120          | 0.490             | 0.085               |
| 2014        | 0.018             | 0.250             | 0.276                | 2.000             | 0.120          | 0.490             | 0.085               |
| 2015        | 0.050             | 0.050             | 0.276                | 2.000             | 0.120          | 0.490             | 0.040               |
| 2016        | 0.050             | 0.050             | 0.326                | 2.000             | 0.120          | 0.490             | 0.040               |
| 2017        | 0.050             | 0.050             | 0.326                | 2.000             | 0.120          | 0.490             | 0.040               |
| 2018        | 0.050             | 0.050             | 0.295                | 2.000             | 0.120          | 0.490             | 0.040               |
| 2019        | 0.050             | 0.050             | 0.295                | 2.000             | 0.120          | 0.490             | 0.040               |
| 2020        | 0.050             | 0.050             | 0.273                | 2.000             | 0.120          | 0.490             | 0.040               |

Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

| Fiscal<br>Year | General Bonded Debt Outstanding<br>General Obligation Bonds |  |               |                  | Percentage<br>of Actual<br>Taxable<br>Value of<br>Property (b) |
|----------------|---|--|---------------|------------------|--|
|                | Governmental<br>Activities                                  | Less:<br>Amounts<br>Restricted<br>to Repaying<br>Principal | Total         | Per<br>Capita(a) |  |
| 2011           | \$ 41,747,232   | \$ 2,279,410   | \$ 39,467,822 | \$ 3,181         | 1.32%  |
| 2012           | 39,489,635  | 2,568,542  | 36,921,093    | 2,975            | 1.23%  |
| 2013           | 37,906,670  | 2,145,866  | 35,760,804    | 2,927            | 1.19%  |
| 2014           | 36,023,096  | 2,450,550  | 33,572,546    | 2,789            | 1.39%  |
| 2015           | 34,079,522  | 2,762,716  | 31,316,806    | 2,600            | 1.30%  |
| 2016           | 31,651,888  | 2,752,047  | 28,899,841    | 2,389            | 1.19%  |
| 2017           | 29,578,315  | 3,057,346  | 26,520,969    | 2,206            | 1.28%  |
| 2018           | 27,414,742  | 3,371,311  | 24,043,431    | 2,023            | 1.14%  |
| 2019           | 23,014,001  | 1,518,958  | 21,495,043    | 1,832            | 0.99%  |
| 2020           | 47,900,779  | 1,665,914  | 46,234,865    | 3,948            | 2.11%  |

Note: Debt refinanced in July 2014.

(a) Population data can be found in Table 11

(b) See Table 7 for property value data

Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

| <u>Governmental Activities</u> |   |                                       |   |  |                       |
|--------------------------------|---|---------------------------------------|---|--|-----------------------|
| <u>Fiscal<br/>Year</u>         | <u>General<br/>Obligation<br/>Bonds</u> | <u>Capital<br/>Leases<br/>Payable</u> | <u>Total<br/>Primary<br/>Government</u> | <u>Percentage<br/>of Personal<br/>Income</u> | <u>Per<br/>Capita</u> |
| 2011                           | \$ 39,467,822                           | \$ 528,290                            | \$ 39,996,112                           | 9.17%  | \$ 3,223              |
| 2012                           | 36,921,093                              | 451,577                               | 37,372,670                              | 8.10%  | 3,012                 |
| 2013                           | 35,760,804                              | 341,477                               | 36,102,281                              | 7.44%  | 2,955                 |
| 2014                           | 33,572,546                              | 262,111                               | 33,834,657                              | 7.05%  | 2,811                 |
| 2015                           | 31,316,806                              | 93,059                                | 31,409,865                              | 6.43%  | 2,608                 |
| 2016                           | 28,899,841                              | -                                     | 28,899,841                              | 5.57%  | 2,389                 |
| 2017                           | 26,520,969                              | -                                     | 26,520,969                              | 4.98%  | 2,206                 |
| 2018                           | 24,043,431                              | -                                     | 24,043,431                              | 4.41%  | 2,023                 |
| 2019                           | 21,495,043                              | -                                     | 21,495,043                              | 3.71%  | 1,832                 |
| 2020                           | 46,234,865                              | -                                     | 46,234,865                              | 7.73%  | 3,948                 |

Note: Debt refinanced in July 2013.

Demographic and Economic Statistics  
Last Ten Available Calendar Years

| Calendar | Population | Personal<br>Income | Per<br>Capita<br>Personal | Median<br>Age | School<br>Enrollment | Unemployment<br>Rate |
|----------|------------|--------------------|---------------------------|---------------|----------------------|----------------------|
| Year End | (1)        | (in thousands)     | Income (1)                | (1)           | (3)                  | (2)                  |
| 2011     | 12,409     | \$ 461,578         | \$ 37,197                 | 42.4          | 1,667                | 8.00%                |
| 2012     | 12,217     | 485,039            | 39,702                    | 47.0          | 1,590                | 8.80%                |
| 2013     | 12,036     | 480,080            | 39,887                    | 42.0          | 1,586                | 7.70%                |
| 2014     | 12,045     | 488,377            | 40,546                    | 47.2          | 1,565                | 7.40%                |
| 2015     | 12,095     | 518,416            | 42,862                    | 42.0          | 1,538                | 5.10%                |
| 2016     | 12,021     | 532,578            | 44,304                    | 47.0          | 1,560                | 5.90%                |
| 2017     | 11,887     | 545,494            | 45,890                    | 48.4          | 1,574                | 5.80%                |
| 2018     | 11,735     | 578,688            | 49,313                    | 48.4          | 1,565                | 5.40%                |
| 2019     | 11,710     | 598,393            | 51,101                    | 48.5          | 1,500                | 4.40%                |

## Sources:

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

Principal Employers  
Current Year and Ten Years Ago

| Employer                            | 2019      |      |  | 2009      |      |  |
|-------------------------------------|-----------|------|--|-----------|------|--|
|                                     | Employees | Rank | Percentage<br>of Total<br>County<br>Employment | Employees | Rank | Percentage<br>of Total<br>County<br>Employment |
| Northampton County Schools          | 250-499   | 1    | 5.46%  | 250-499   | 2    | 4.29%  |
| County of Northampton               | 100-249   | 2    | 3.28%  | 100-249   | 4    | 1.71%  |
| Chesapeake Bay Bridge Tunnel        | 100-249   | 3    | 3.28%  | 100-249   | 5    | 1.71%  |
| Heritage Hall                       | 100-249   | 4    | 3.28%  | 100-249   | 6    | 1.71%  |
| Ballard Fish & Oyster Company Inc   | 100-249   | 5    | 3.28%  |           |      |  |
| Food Lion                           | 100-249   | 6    | 3.28%  | 100-249   | 8    | 1.71%  |
| New Ravena Inc.                     | 100-249   | 7    | 3.28%  | 100-249   | 7    | 1.71%  |
| David's Nursery                     | 100-249   | 8    | 3.28%  |           |      |  |
| Tankards Nurseries                  | 50-99     | 9    | 1.09%  | -         |      |  |
| Bay Creek Resort                    | 50-99     | 10   | 1.09%  |           |      |  |
| Shore Memorial Hospital (Riverside) |           |      |  | 500-999   | 1    | 8.57%  |
| Bayshore Concrete Products Company  |           |      |  | 100-249   | 3    | 1.71%  |
| Broadwater Academy                  |           |      |  | 50-99     | 9    | 0.86%  |
| Eastern Shore Rural Health          |           |      |  | 50-99     | 10   | 0.86%  |
|                                     |           |      | <u>30.57%</u>                                  |           |      | <u>24.84%</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 |            |            |            |            |            |            |            |            |            |
|------------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                              | 2020   | 2019       | 2018       | 2017       | 2016       | 2015       | 2014       | 2013       | 2012       | 2011       |
| General Government           | 20   | 20         | 20         | 19         | 19         | 19         | 19         | 19         | 19         | 18         |
| Judicial                     | 8  | 8          | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          |
| Public Safety                | 116  | 116        | 113        | 113        | 113        | 109        | 107        | 105        | 104        | 97         |
| Public Works                 | 13   | 13         | 10         | 10         | 10         | 10         | 10         | 9          | 9          | 10         |
| Public Utilities             | 2  | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 1          | 1          |
| Health and Welfare           | 33   | 30         | 33         | 33         | 33         | 33         | 33         | 33         | 34         | 33         |
| Parks, Recreation & Cultural | 2  | 2          | 2          | 2          | 1          | 1          | 1          | 1          | 1          | 1          |
| Community Development        | 8  | 9          | 11         | 9          | 9          | 9          | 10         | 12         | 11         | 11         |
| <b>TOTAL</b>                 | <b>202</b>                                   | <b>200</b> | <b>198</b> | <b>195</b> | <b>194</b> | <b>190</b> | <b>189</b> | <b>188</b> | <b>186</b> | <b>178</b> |

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

|   | 2020     | 2019     | 2018     |
|---|----------|----------|----------|
| General Administration                                    |          |          |          |
| Treasurer   |          |          |          |
| Tax bills printed   | 32,305   | 32,209   | 40,234   |
| Deposits  | 2,277    | 2,237    | 2,217    |
| Finance   |          |          |          |
| Paychecks and direct deposit notices                      | 9,566    | 9,054    | 8,762    |
| Accounts payable checks                                   | 3,877    | 3,733    | 3,725    |
| Judicial Administration                                   |          |          |          |
| Clerk of the Circuit Court                                |          |          |          |
| Criminal cases commenced                                  | 683      | 763      | 814      |
| Law cases commenced                                       | 269      | 347      | 209      |
| Deeds recorded  | 2,246    | 2,043    | 2,157    |
| Public Safety   |          |          |          |
| Sheriff   |          |          |          |
| Calls for service   | 3,264    | 3,214    | 3,380    |
| Arrests made * FY20 new RMS system counts in custody only | 60       | 165      | 240      |
| Traffic summons   | 5,489    | 6,970    | 7,552    |
| Civil processes   | 1,748    | 2,329    | 2,324    |
| Local prisoner days                                       | 28,020   | 30,729   | 33,966   |
| Inmate transports   | 285      | 259      | 274      |
| Out of state extraditions                                 | 15       | 20       | 14       |
| EMS   |          |          |          |
| EMS dispatched  | 2,934    | 2,895    | 2,790    |
| Avg daytime response time in minutes                      | 9.03     | 8.57     | 8.52     |
| Avg nighttime response time in minutes                    | 10.42    | 10.29    | 10.24    |
| Building inspections                                      |          |          |          |
| Plan reviews/Permits issued                               | 276      | 293      | 489      |
| Inspections   | 879      | 961      | 766      |
| Public Works  |          |          |          |
| Solid waste services                                      |          |          |          |
| Tons received at landfill                                 | 18,167   | 17,791   | 17,889   |
| Per capital waster generation (lbs/p/d)                   | 6.76     | 7.59     | 7.41     |
| Tipping fee per ton                                       | \$ 75.00 | \$ 72.00 | \$ 69.00 |
| Community Development                                     |          |          |          |
| Code compliance   |          |          |          |
| Abandoned vehicle/Inoperable vehicles                     | 97       | 5        | 0        |
| Overgrown grass   | 48       | 43       | 42       |
| Dangerous structures                                      | 151      | 41       | 20       |
| Assignment 911 addresses                                  | 113      | 257      | 32       |

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

| 2017     | 2016     | 2015     | 2014     | 2013     | 2012     | 2011     |
|----------|----------|----------|----------|----------|----------|----------|
| 39,786   | 31,652   | 38,833   | 38,630   | 46,125   | 46,100   | 46,000   |
| 2,223    | 2,177    | 2,172    | 2,247    | 3,915    | 3,875    | 3,850    |
| 9,280    | 8,646    | 8,112    | 8,371    | 7,948    | 7,665    | 7,650    |
| 3,561    | 3,452    | 3,574    | 3,566    | 3,411    | 3,580    | 3,550    |
| 738      | 497      | 487      | N/A      | N/A      | N/A      | N/A      |
| 128      | 173      | 194      | N/A      | N/A      | N/A      | N/A      |
| 2,128    | 2,045    | 2,138    | N/A      | N/A      | N/A      | N/A      |
| 3,209    | 3,379    | N/A      | N/A      | N/A      | N/A      | N/A      |
| 298      | 296      | N/A      | N/A      | N/A      | N/A      | N/A      |
| 7,372    | 7,048    | N/A      | N/A      | N/A      | N/A      | N/A      |
| 2,723    | 2,646    | N/A      | N/A      | N/A      | N/A      | N/A      |
| 32,920   | 38,596   | 40,155   | 38,125   | 53,025   | 55,000   | 53,077   |
| 268      | 288      | 235      | 295      | 300      | 300      | 255      |
| 14       | 8        | 11       | 13       | 9        | 15       | 13       |
| 2,628    | 2,699    | 2,842    | 2,759    | 2,758    | 2,760    | 2,702    |
| 8.53     | 9.34     | 9.29     | 8.99     | 9.06     | 9.17     | 9.17     |
| 10.41    | 10.29    | 10.49    | 10.75    | 11.42    | 11.72    | 12.37    |
| 303      | 254      | 332      | 331      | 367      | 189      | 190      |
| 663      | 765      | 780      | 1,025    | 1,074    | 879      | 549      |
| 17,171   | 15,687   | 17,075   | 15,737   | 14,088   | 18,665   | 15,318   |
| 6.34     | 6.23     | 6.31     | 6.05     | 6.23     | 5.72     | 5.44     |
| \$ 69.00 | \$ 69.00 | \$ 65.00 | \$ 65.00 | \$ 65.00 | \$ 63.00 | \$ 63.00 |
| 2        | 8        | 11       | 9        | 90       | 170      | 240      |
| 12       | 10       | 61       | 54       | 74       | 76       | 46       |
| 2        | 6        | 31       | 44       | 19       | 55       | 24       |
| 20       | 36       | 39       | 51       |          |          |          |

# COUNTY OF NORTHAMPTON, VIRGINIA

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

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

Sources: Various departments in the County of Northampton.

Table 15

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|------|------|------|------|------|------|------|
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 0    | 0    | 0    | 0    | 0    | 0    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 0    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 44   | 44   | 46   | 45   | 45   | 40   | 37   |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 6    | 6    | 6    | 6    | 5    | 4    | 4    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| 1    | 1    | 1    | 1    | -    | -    | -    |
| 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| 77   | 77   | 77   | 78   | 88   | 88   | 88   |
| 12   | 11   | 11   | 10   | -    | -    | -    |
| 51   | 51.5 | 51   | 51   | 51   | 51   | 51   |

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## *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, 2020, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated December 4, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

### Purpose of this Report

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

Robinson, Farmer, Cox Associate

Richmond, Virginia  
December 4, 2020



**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**

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2020. County of Northampton, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Northampton, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Northampton, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Northampton, Virginia's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the County of Northampton, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control over Compliance

Management of County of Northampton, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Northampton, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Northampton, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Robinson, Farmer, Cox Associates

Richmond, Virginia  
December 4, 2020

## COUNTY OF NORTHAMPTON, VIRGINIA

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title | Federal<br>CFDA<br>Number | Pass through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures | Pass-Through<br>to<br>Subrecipients |
|---|---------------------------|---|-------------------------|-------------------------------------|
| Department of Health and Human Services:                                  |                           |   |                         |                                     |
| Pass Through Payments:  |                           |   |                         |                                     |
| Department of Social Services:  |                           |   |                         |                                     |
| COVID 19 - Provider Relief Fund   | 93.498                    | not available                                   | \$ 4,558                | \$ -                                |
| MaryLee Allen Promoting Safe and Stable Families Program                  | 93.556                    | 0950109/0950110                                 | 5,451                   | -                                   |
| Temporary Assistance for Needy Families (TANF Cluster)                    | 93.558                    | 0400109/0400110                                 | 232,617                 | -                                   |
| Refugee and Entrant Assistance State/Replacement Designee                 |                           |   |                         |                                     |
| Administered Programs   | 93.566                    | 0500109/0500110                                 | 326                     | -                                   |
| Low-Income Home Energy Assistance   | 93.568                    | 0600409/0600410                                 | 45,610                  | -                                   |
| Child Care Mandatory and Matching Funds of the Child Care                 |                           |   |                         |                                     |
| and Development Fund (CCDF Cluster)                                       | 93.596                    | 0760109/0760110                                 | 43,865                  | -                                   |
| Chafee Education and Training Vouchers Program                            | 93.599                    | 0760109/0760110                                 | 558                     | -                                   |
| Stephanie Tubbs Jones Child Welfare Services Program                      | 93.645                    | 0900109/0900110                                 | 651                     | -                                   |
| Foster Care - Title IV-E  | 93.658                    | 1100109/1100110                                 | 124,114                 | -                                   |
| Adoption Assistance   | 93.659                    | 1100109/1100110                                 | 13,500                  | -                                   |
| Social Services Block Grant   | 93.667                    | 1000109/1000110                                 | 213,707                 | -                                   |
| John H. Chafee Foster Care Program for Successful Transition              |                           |   |                         |                                     |
| to Adulthood  | 93.674                    | 9150108-9150110                                 | 2,228                   | -                                   |
| Children's Health Insurance Program                                       | 93.767                    | 0540109/0540110                                 | 5,228                   | -                                   |
| Medical Assistance Program (Medicaid Cluster)                             | 93.778                    | 1200109/1200110                                 | 343,444                 | -                                   |
| Total Department of Health and Human Services                             |                           |   | \$ 1,035,857            | \$ -                                |
| Department of Agriculture:  |                           |   |                         |                                     |
| Direct Payments:  |                           |   |                         |                                     |
| Community Facilities Loans and Grants                                     | 10.766                    | N/A   | \$ 60,000               | \$ -                                |
| Pass Through Payments:  |                           |   |                         |                                     |
| Department of Agriculture:  |                           |   |                         |                                     |
| Food Distribution--School (Child Nutrition Cluster)                       | 10.555                    | Not available                                   | \$ 71,517               | \$ -                                |
| Department of Education:  |                           |   |                         |                                     |
| National School Lunch Program (Child Nutrition Cluster)                   | 10.555                    | 1790100-40623                                   | 346,454                 | -                                   |
| COVID 19 - National School Lunch Program (Child Nutrition Cluster)        | 10.555                    | 1790100-40623                                   | 28,654                  | -                                   |
| Sub-total CFDA 10.555   |                           |   | \$ 446,625              | \$ -                                |
| Department of Agriculture:  |                           |   |                         |                                     |
| Food Distribution--Summer school (Child Nutrition Cluster)                | 10.559                    | Not available                                   | \$ 1,276                | \$ -                                |
| Direct Payments:  |                           |   |                         |                                     |
| Summer Food Service Program for Children (Child Nutrition Cluster)        | 10.559                    | N/A   | 15,443                  | -                                   |
| COVID 19 - Summer Food Service Program for Children (Child                |                           |   |                         |                                     |
| Nutrition Cluster)  | 10.559                    | N/A   | 132,639                 | -                                   |
| Sub-total CFDA 10.559   |                           |   | \$ 149,358              | \$ -                                |
| Pass Through Payments:  |                           |   |                         |                                     |
| Department of Education:  |                           |   |                         |                                     |
| School Breakfast Program (Child Nutrition Cluster)                        | 10.553                    | 1790100-40591                                   | \$ 137,345              | \$ -                                |
| COVID 19 - School Breakfast Program (Child Nutrition Cluster)             | 10.553                    | 1790100-40591                                   | 11,123                  | -                                   |
| Sub-total CFDA 10.553   |                           |   | \$ 148,468              | \$ -                                |
| Child Nutrition Cluster   |                           |   | \$ 744,451              | \$ -                                |

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020 (Continued)

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title                                | Federal<br>CFDA<br>Number | Pass through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures | Federal<br>Expenditures |
|--|---------------------------|---|-------------------------|-------------------------|
| Department of Agriculture: (Continued)   |                           |   |                         |                         |
| Pass Through Payments: (Continued)   |                           |   |                         |                         |
| Department of Social Services:   |                           |   |                         |                         |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program (SNAP Cluster) | 10.561                    | 0010109/0010110                                 | \$ 338,822              | \$ -                    |
| Total Department of Agriculture  |                           |   | \$ 1,143,273            | \$ -                    |
| U.S. Elections Assistance Commission   |                           |   |                         |                         |
| Pass-through Payments:   |                           |   |                         |                         |
| State Board of Elections:  |                           |   |                         |                         |
| HAVA Election Security Grants  | 90.404                    | 10180-5014310                                   | \$ 8,534                | \$ -                    |
| Total U.S. Elections Assistance Commission   |                           |   | \$ 8,534                | \$ -                    |
| Department of Justice:   |                           |   |                         |                         |
| Pass Through Payments:   |                           |   |                         |                         |
| Department of Criminal Justice Service:  |                           |   |                         |                         |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program   | 16.738                    | 3900100-81100                                   | \$ 1,332                | \$ -                    |
| Crime Victim Assistance  | 16.575                    | 3900100-CJS86015                                | 42,374                  | -                       |
| Total Department of Justice  |                           |   | \$ 43,706               | \$ -                    |
| Department of Homeland Security:   |                           |   |                         |                         |
| Pass Through Payments:   |                           |   |                         |                         |
| Department of Emergency Management:  |                           |   |                         |                         |
| Emergency Management Performance Grants  | 97.042                    | 7750100-52749                                   | \$ 7,500                | \$ -                    |
| Total Department of Homeland Security  |                           |   | \$ 7,500                | \$ -                    |
| Department of Treasury:  |                           |   |                         |                         |
| Pass Through Payments:   |                           |   |                         |                         |
| Department of Accounts   |                           |   |                         |                         |
| Coronavirus Relief Funds (CRF)   | 21.019                    | 10110-728021                                    | \$ 245,241              | \$ 14,793               |
| Total Department of Treasury   |                           |   | \$ 245,241              | \$ 14,793               |
| Department of Housing and Urban Development:   |                           |   |                         |                         |
| Pass Through Payments:   |                           |   |                         |                         |
| Department of Community Development:   |                           |   |                         |                         |
| Community Development Block Grants/State's program and non-<br>entitlement Grants in Hawaii              | 14.228                    |   | \$ 6,440                | \$ -                    |
| Total Department of Housing and Urban Development  |                           |   | \$ 6,440                | \$ -                    |
| Department of Commerce:  |                           |   |                         |                         |
| Direct Payments:   |                           |   |                         |                         |
| Coastal Zone Management Administration Awards  | 11.419                    |   | \$ 17,757               | \$ -                    |
| Total Department of Commerce   |                           |   | \$ 17,757               | \$ -                    |

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020 (Continued)

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title                        | Federal<br>CFDA<br>Number | Pass through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures | Federal<br>Expenditures |
|--|---------------------------|---|-------------------------|-------------------------|
| Department of Transportation:  |                           |   |                         |                         |
| Pass Through Payments:   |                           |   |                         |                         |
| Department of Motor Vehicles:  |                           |   |                         |                         |
| State and Community Highway Safety (Highway Safety Cluster)                                      | 20.600                    | 6050700-51279,51280                             | \$ 9,671                | \$ -                    |
| Total Department of Transportation   |                           |   | \$ 9,671                | \$ -                    |
| Environmental Protection Agency:   |                           |   |                         |                         |
| Direct Payments:   |                           |   |                         |                         |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund,<br>and Cleanup Cooperative Agreements | 66.818                    | N/A   | \$ 175,747              | \$ -                    |
| Total Environmental Protection Agency  |                           |   | \$ 175,747              | \$ -                    |
| Department of Education:   |                           |   |                         |                         |
| Pass Through Payments:   |                           |   |                         |                         |
| Department of Education:   |                           |   |                         |                         |
| Title I Grants to Local Educational Agencies   | 84.010                    | 1790100-42901-42999                             | \$ 869,242              | \$ -                    |
| Migrant Education - State Grant Program  | 84.011                    | 1790100-42910                                   | 215,783                 | -                       |
| Career and Technical Education - Basic Grants to States  | 84.048                    | 1790100-61095                                   | 45,359                  | -                       |
| Special Education Grants to States (Special Education Cluster)                                   | 84.027                    | 1790100-43071-61234                             | 378,619                 | -                       |
| Special Education Preschool Grants (Special Education Cluster)                                   | 84.173                    | 1790100-82521                                   | 18,750                  | -                       |
| Special Education Cluster  |                           |   | \$ 397,369              | \$ -                    |
| Migrant Education - Coordination Program   | 84.144                    | 1790100-61399                                   | 11,278                  | -                       |
| Rural Education  | 84.358                    | 1790100-43481                                   | 25,780                  | -                       |
| English Language Acquisition State Grants  | 84.365                    | 1790100-60512                                   | 14,409                  | -                       |
| Supporting Effective Instruction State Grants  | 84.367                    | 1790100-61480                                   | 77,995                  | -                       |
| Student Support and Academic Enrichment Program  | 84.424                    | Not available                                   | 35,071                  | -                       |
| Total Department of Education  |                           |   | \$ 1,692,286            | \$ -                    |
| Total Expenditures of Federal Awards   |                           |   | \$ 4,386,012            | \$ 14,793               |

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, 2020

#### 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, 2020. 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  | \$ | 384,780          |
| Special Revenue Funds:                                    |    |                  |
| Virginia Public Assistance Fund                           |    | 1,370,121        |
| CDBG Projects Fund  |    | 6,440            |
| Brownfield Community Assessment Fund                      |    | 175,747          |
| Total primary government                                  | \$ | <u>1,937,088</u> |
| Component Unit School Board:                              |    |                  |
| School Cafeteria Fund                                     | \$ | 744,450          |
| School Grants Fund  |    | 1,692,287        |
| Total component unit School Board                         | \$ | <u>2,436,737</u> |
| Total federal expenditures per basic financial statements | \$ | <u>4,373,825</u> |

|   |    |          |
|---|----|----------|
| Less: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards | \$ | (26,813) |
|---|----|----------|

|                          |  |               |
|--------------------------|--|---------------|
| Add: USDA Lease proceeds |  | <u>39,000</u> |
|--------------------------|--|---------------|

|   |    |                         |
|---|----|-------------------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ | <u><u>4,386,012</u></u> |
|---|----|-------------------------|

#### Note 5 - Subrecipients

Expenditures to subrecipients are presented on the Schedule of Expenditures of Federal Awards.

#### Note 6 - De Minimis Cost Rate

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

#### Note 7 - 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, 2020

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?            yes   ✓   no

Significant deficiency(ies) identified?            yes   ✓   no

Noncompliance material to financial statements noted?            yes   ✓   none reported

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?            yes   ✓   no

Significant deficiency(ies) identified?            yes   ✓   none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR section 200.516(a)?            yes   ✓   no

Identification of major programs:

| <u>CFDA Numbers</u>  | <u>Name of Federal Program or Cluster</u>    |
|----------------------|--|
| 10.553/10.555/10.559 | Child Nutrition Cluster                      |
| 84.010               | Title I Grants to Local Educational Agencies |

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, 2020

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There were no prior year findings.