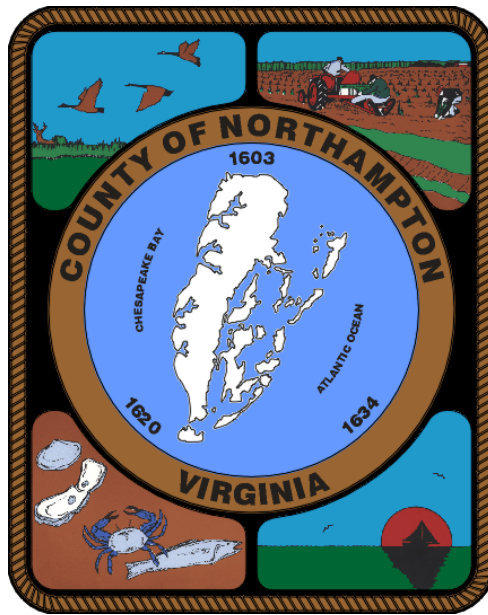


COUNTY OF NORTHAMPTON, VIRGINIA



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

About the Cover

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

Prepared By:

Northampton Department of Finance

COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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COUNTY OF NORTHAMPTON, VIRGINIA

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COUNTY OF NORTHAMPTON, VIRGINIA

Board of Supervisors

H. Spencer Murray, Chairperson
John R. Coker, Vice-Chairperson

Oliver H. Bennett
David Fauber

Robert G. Duer

County School Board

William S. Oakley, Chairperson
Randall D. Parks, Vice-Chairperson

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

Nancy Proto
Maxine Rasmussen

Board of Social Services

Edith E. Johnson, Chairperson

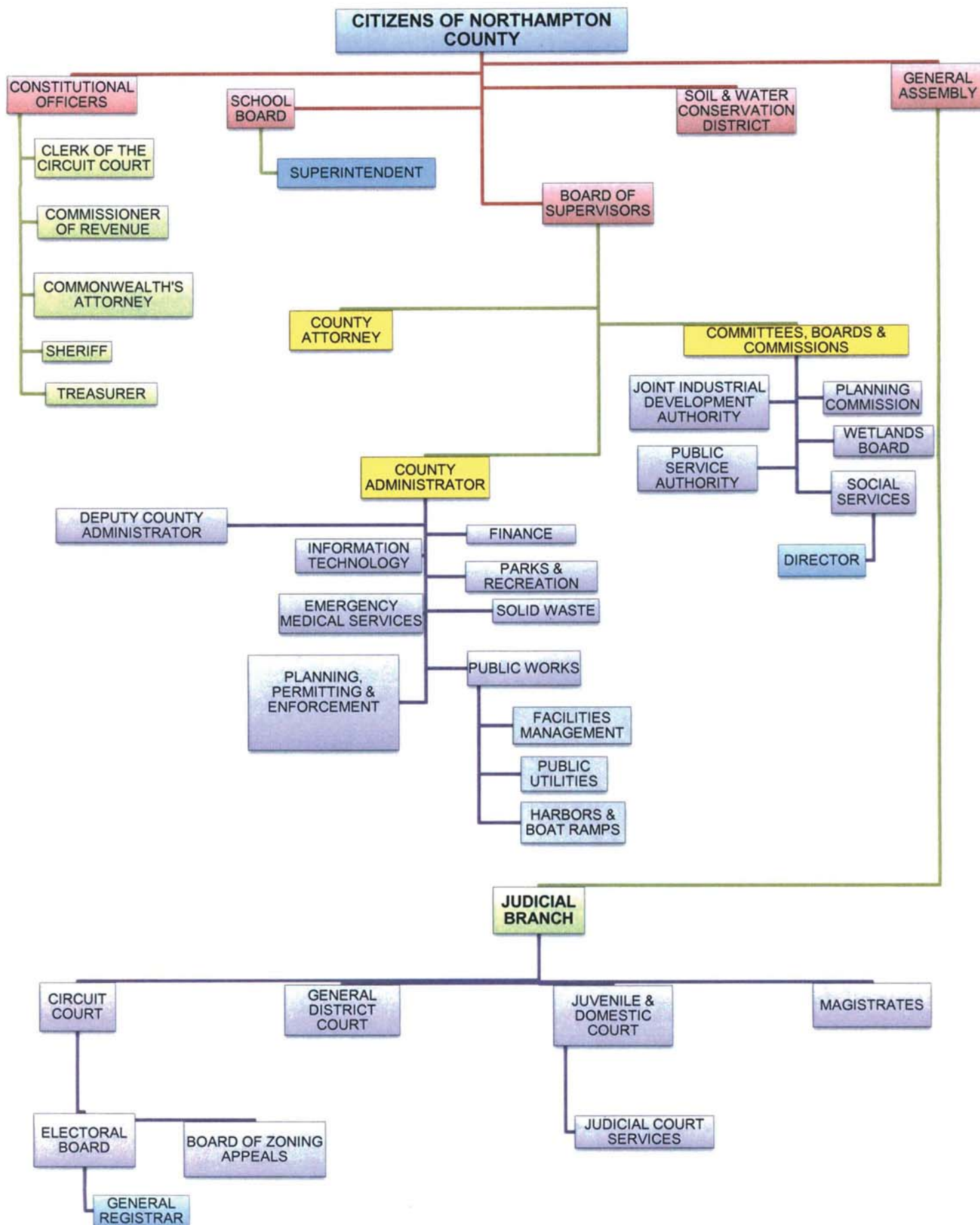
H. Spencer Murray

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





County of Northampton

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

November 27, 2019

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, 2019.

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, 2019. 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.



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 1,449 and the Town of Cape Charles with a population of 999, 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



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."

is subject to public inspection and a public hearing prior to its adoption. The budget is considered balanced when net revenue equals appropriations.



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

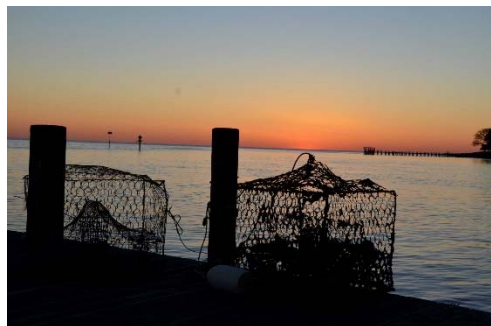


Eastern Shore economy. Early farmers grew tobacco and later turned to livestock, some of which freely grazed on the seaside barrier islands. Eventually these farms raised grain crops and produce. Agriculture is still estimated to represent approximately 18% of the local economy.



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

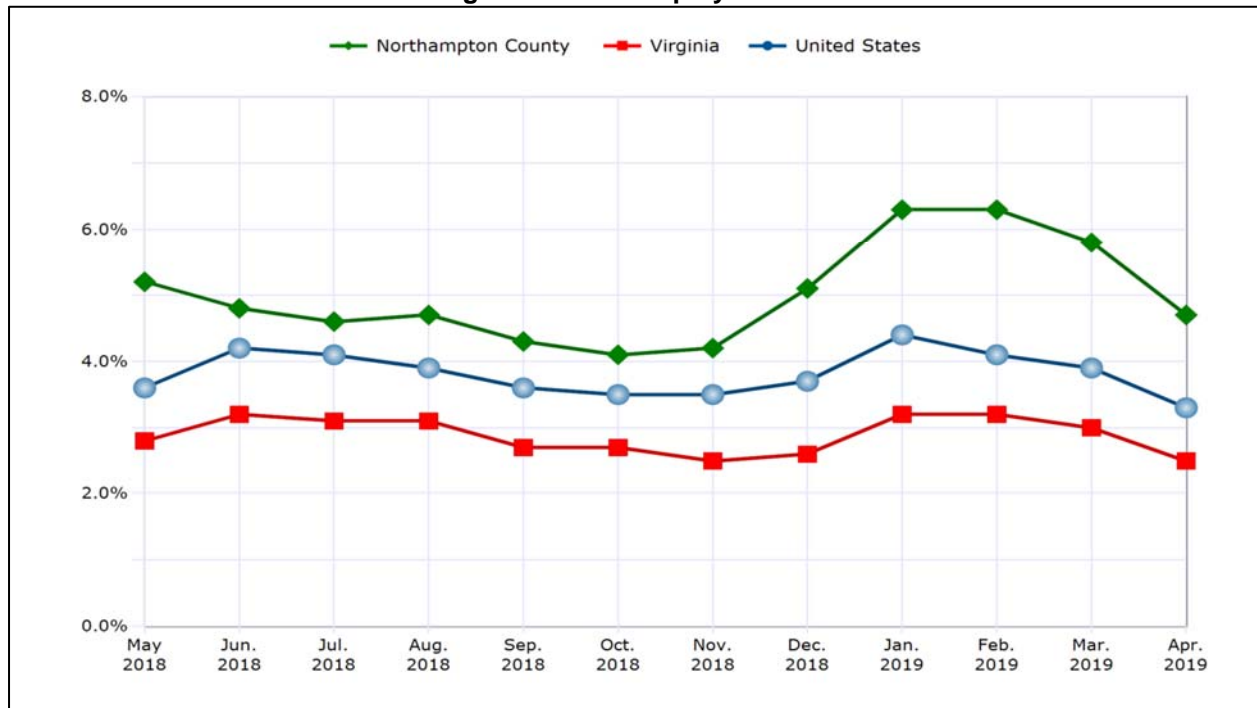
The following table presents the County's and other jurisdictions' unemployment rates over the last ten years.

Average Annual Unemployment Rates

Year	Northampton County	Virginia	United States
2008	5.4%	3.9%	5.8%
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%

Source: Virginia Employment Commission

Average Annual Unemployment Rates

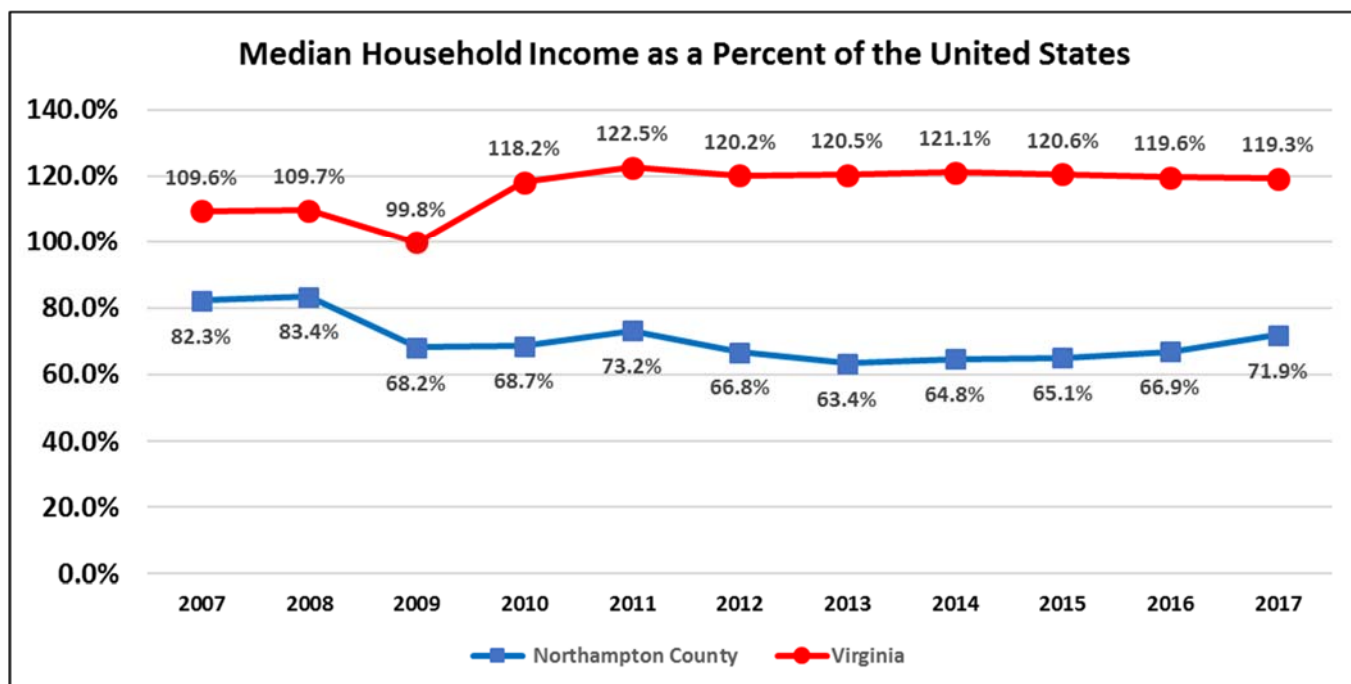
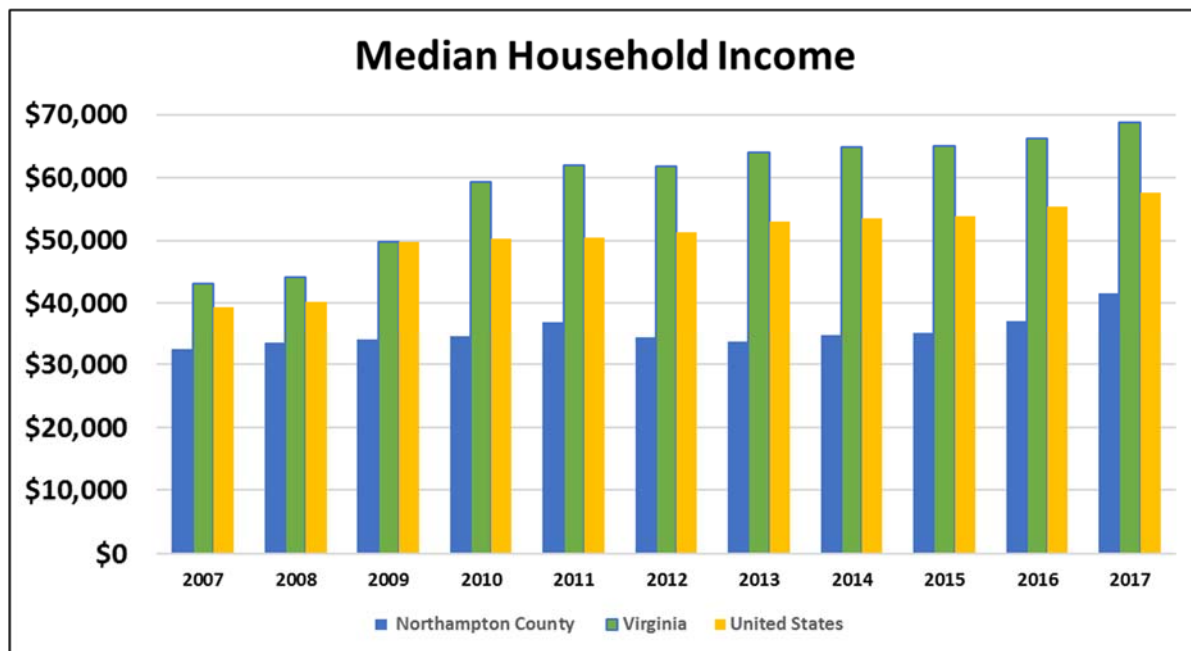


INCOME

Median household income for Northampton County in 2010 was \$34,501, the latest census. 2017 data shows \$41,468 or (20%) growth, outpacing the % change in Virginia (15.8%) & United States (14.8%) from 2010 to 2017. Median household income data for Northampton County, Virginia and the United States is as follows:

Year	Northampton County	% Change	Virginia	% Change	United States	% Change
2001	\$22,547		\$32,338		\$30,413	
2002	\$23,001	2.01%	\$33,018	2.10%	\$30,814	1.32%
2003	\$24,057	4.6%	\$33,993	3.0%	\$31,487	2.2%
2004	\$24,660	2.5%	\$36,175	6.4%	\$33,041	4.9%
2005	\$25,502	3.4%	\$37,503	3.7%	\$34,471	4.3%
2006	\$26,481	3.8%	\$39,540	5.4%	\$36,714	6.5%
2007	\$32,413	22.4%	\$43,158	9.2%	\$39,392	7.3%
2008	\$33,514	3.4%	\$44,075	2.1%	\$40,166	2.0%
2009	\$33,950	1.3%	\$49,689	12.7%	\$49,777	23.9%
2010	\$34,501	1.6%	\$59,372	19.5%	\$50,221	0.9%
2011	\$36,965	7.1%	\$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%
% Change 2017 vs. 2010		20.2%		15.8%		14.8%

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



Source: 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 (FY19 rank)

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

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (CQEW), 4th Quarter (October, November, December) 2018.

Not listed in 2019 list (FY18 ranking)

- | | |
|--|-------------------------------------|
| Bayshore concrete Products Company (5) | Custis Farms, Inc. (42) |
| USI Insurance Services (41) | Rite Aid (48) |
| Encore Rehabilitation Services (49) | Pacific Tomatoe Grower's, Ltd. (50) |

The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending June 30, 2016, June 30, 2017 & June 30, 2018. The County did a great job in recovering from the vast loss of two of its largest employers (Riverside Hospital & Bayshore Concrete) in 2016-2017.

	July 2016		July 2017		July 2018		Change 2018 vs. 2017
Industry	Employment	Percentage	Employment	Percentage	Employment	Percentage	
Health Care and Social Assistance	950	22.05%	514	13.59%	506	11.52%	(8)
Local Government	838	19.45%	840	22.20%	848	19.30%	8
State Government	66	1.53%	68	1.80%	75	1.71%	7
Federal Government	30	0.70%	32	0.85%	34	0.77%	2
Agriculture, Forestry, Fishing and Hunting	641	14.88%	639	16.89%	1024	23.31%	385
Accommodation and Food Service	482	11.19%	481	12.71%	560	12.75%	79
Manufacturing	415	9.63%	235	6.21%	327	7.44%	92
Wholesale Trade		0.00%	45	1.19%	48	1.09%	3
Retail Trade	410	9.52%	394	10.42%	446	10.15%	52
Other Services (except Public Administration)	125	2.90%	149	3.94%	147	3.35%	(2)
Construction	91	2.11%	89	2.35%	92	2.09%	3
Educational Services	82	1.90%	98	2.59%	88	2.00%	(10)
Transportation and Warehousing		0.00%	21	0.56%	21	0.48%	0
Finance and Insurance	75	1.74%	69	1.82%	63	1.43%	(6)
Administrative Support and Waste Management	42	0.97%	42	1.11%	47	1.07%	5
Professional, Scientific and Technical Service	41	0.95%	42	1.11%	37	0.84%	(5)
Real Estate and Rental & Leasing	20	0.46%	23	0.61%	24	0.55%	1
Unclassified			2	0.05%	6	0.14%	4
TOTAL	4308	100.00%	3783	100.00%	4393	100.00%	610
Government (Total)	934	21.68%	940	24.85%	957	21.78%	17
	Top 5		Bottom 5				

Employers by Size of Establishment

	Northampton County
0 to 4 employees	420
5 to 9 employees	74
10 to 19 employees	32
20 to 49 employees	32
50 to 99 employees	9
100 to 249 employees	7
250 to 499 employees	1
500 to 999 employees	0
1000 and over employees	0
	575

Employment by Size of Establishment

	Northampton County
0 to 4 employees	578
5 to 9 employees	484
10 to 19 employees	425
20 to 49 employees	1,004
50 to 99 employees	615
100 to 249 employees	1,021
250 to 499 employees	384
500 to 999 employees	0
1000 and over employees	0
	4,511

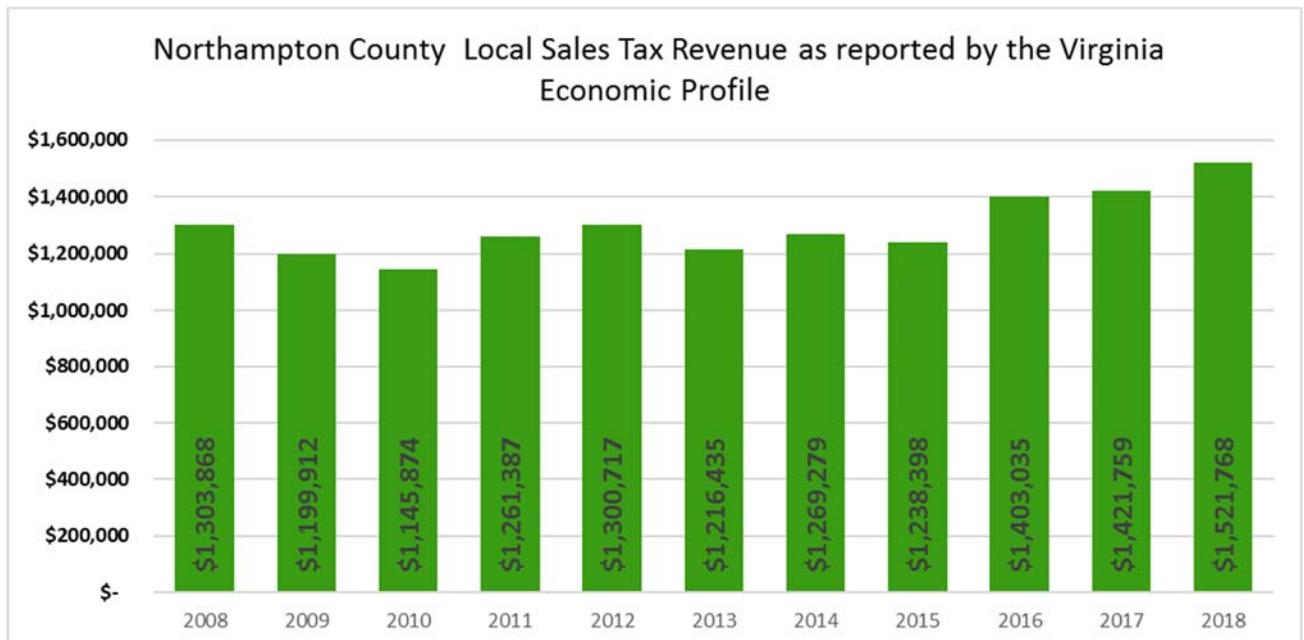
Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 4th Quarter 2017.

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 FY2018, sales tax revenue increased 22.88%. A portion (approximately 12.8%) 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.



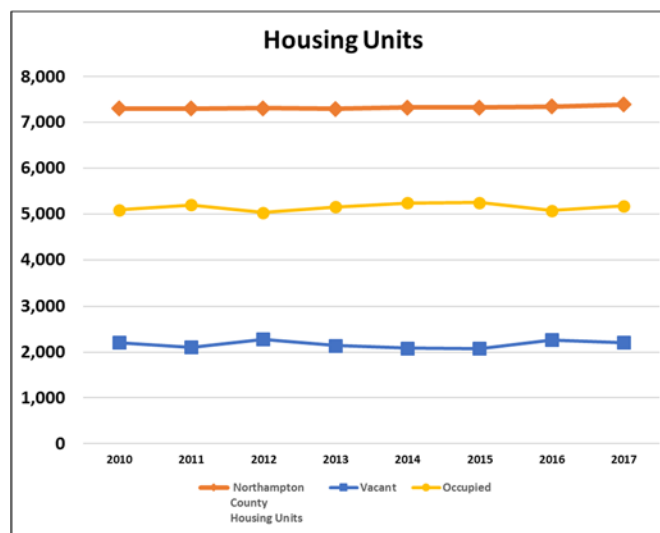
Mason Avenue - Downtown Cape Charles - At Altitude Gallery and Moonrise Jewelry storefronts



Housing

According to information from the U.S. Census Bureau in 2017 there were 7,384 total housing units (including rental apartments) located in the County of Northampton, of which 5,177 were occupied. Of those occupied units, the following tables present data regarding their respective types of occupancy. Renter occupied units have increased by 24.6% since 2010 while owner occupied have declined by 7.5%.

Northampton County											
Year	Housing Units	% Change	Vacant	% Change	Occupied	% Change	Owner Occupied	% Change	Renter Occupied	% Change	
2010	7,296		2,208		5,088		3,617		1,471		
2011	7,298	0.0%	2,103	-4.8%	5,195	2.1%	3,607	-0.3%	1,588	8.0%	
2012	7,307	0.1%	2,282	8.5%	5,025	-3.3%	3,487	-3.3%	1,538	-3.1%	
2013	7,294	-0.2%	2,145	-6.0%	5,149	2.5%	3,533	1.3%	1,616	5.1%	
2014	7,322	0.4%	2,085	-2.8%	5,237	1.7%	3,662	3.7%	1,575	-2.5%	
2015	7,323	0.0%	2,075	-0.5%	5,248	0.2%	3,614	-1.3%	1,634	3.7%	
2016	7,342	0.3%	2,267	9.3%	5,075	-3.3%	3,412	-5.6%	1,663	1.8%	
2017	7,384	0.6%	2,207	-2.6%	5,177	2.0%	3,344	-2.0%	1,833	10.2%	
% Change 2017 vs. 2010		1.2%		0.0%		1.7%		-7.5%		24.6%	



Source: U.S. Department of Commerce, Census Bureau, 2017 Census



The County's dependence on Real Estate property tax revenue has stabilized in recent years. For FY19, property tax revenue generated 54.93% of General Fund revenues compared to 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, 2018 figures indicate that travel expenditures on the Eastern Shore exceeded \$375 million (\$103.5M Northampton), an average of \$1,027,397 per day, with a 13.6% increase in visitor spending from 2014 to 2018. Tourism jobs increased 6.9% from 2014 to 2018 with a corresponding 16.4% in tourism payroll. Major tourism spots on the Eastern Shore of Virginia include Cape Charles Beach and Historic District, Assateague Island National Seashore, Chincoteague National Wildlife Refuge, Kiptopeke State Park, the Eastern Shore National Wildlife Refuge and the NASA/Wallops Island Visitor Center.



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

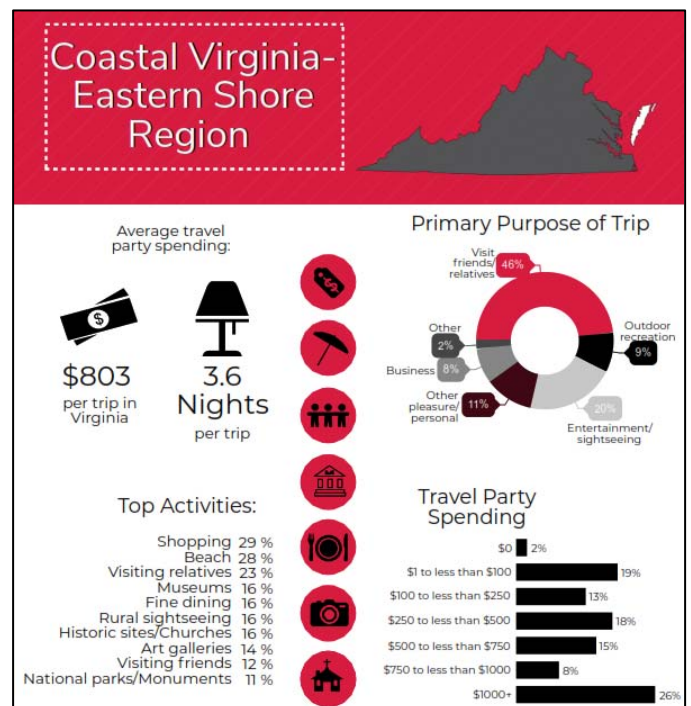
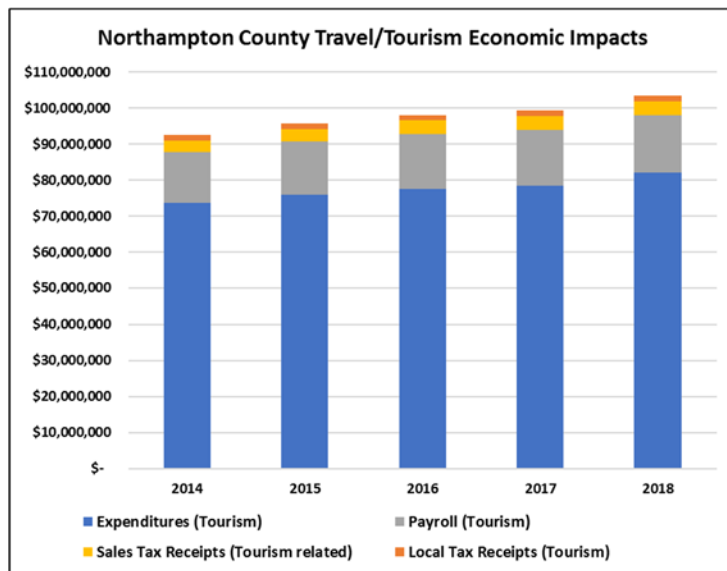
additional 3% to fund tourism programs within the County. A portion of the funding is ear-marked for capital projects related to tourism within the County. Since FY09, a portion of these funds have been released as part of a local competitive grant program. The Eastern Shore Tourism Commission adopted a strategy for tourism on the Eastern Shore of Virginia. The stated vision includes transforming Virginia's Eastern Shore into a well-known brand used to



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

Accomack & Northampton Travel/Tourism Economic Impacts							
Accomack	2014	2015	2016	2017	2018	% Change	% change (2014 vs. 2018)
Employment (Tourism)	2043	2103	2214	2257	2219	-1.71%	7.93%
Expenditures (Tourism)	\$ 180,681,609	\$ 185,206,622	\$ 196,143,807	\$ 207,052,168	\$ 210,331,124	1.56%	14.10%
Local Tax Receipts (Tourism)	\$ 5,269,888	\$ 5,579,720	\$ 6,024,613	\$ 6,252,620	\$ 6,224,256	-0.46%	15.33%
Payroll (Tourism)	\$ 37,480,566	\$ 39,355,082	\$ 42,552,965	\$ 45,019,355	\$ 45,360,927	0.75%	17.37%
Sales Tax Receipts (Tourism related)	\$ 8,211,163	\$ 8,718,673	\$ 9,403,006	\$ 9,806,154	\$ 9,821,884	0.16%	16.40%
Total Tourism \$	\$ 231,643,226	\$ 238,860,097	\$ 254,124,391	\$ 268,130,297	\$ 271,738,191	1.33%	14.75%
Northampton	2014	2015	2016	2017	2018	% Change	% Change
Employment (Tourism)	781	808	820	806	815	1.10%	4.17%
Expenditures (Tourism)	\$ 73,754,459	\$ 75,940,666	\$ 77,532,198	\$ 78,481,377	\$ 81,972,719	4.26%	10.03%
Local Tax Receipts (Tourism)	\$ 1,366,720	\$ 1,453,564	\$ 1,513,005	\$ 1,505,749	\$ 1,541,193	2.30%	11.32%
Payroll (Tourism)	\$ 13,899,341	\$ 14,659,949	\$ 15,280,975	\$ 15,502,432	\$ 16,060,589	3.48%	13.46%
Sales Tax Receipts (Tourism related)	\$ 3,393,569	\$ 3,619,478	\$ 3,763,152	\$ 3,763,251	\$ 3,875,594	2.90%	12.44%
Total Tourism \$	\$ 92,414,089	\$ 95,673,657	\$ 98,089,330	\$ 99,252,809	\$ 103,450,095	4.06%	10.67%
Combined (Accomack/Northampton)	2014	2015	2016	2017	2018	% Change	% Change
Employment (Tourism)	2824	2911	3034	3063	3034	-0.96%	6.92%
Expenditures (Tourism)	\$ 254,436,068	\$ 261,147,288	\$ 273,676,005	\$ 285,533,545	\$ 292,303,843	2.32%	12.95%
Local Tax Receipts (Tourism)	\$ 6,636,608	\$ 7,033,284	\$ 7,537,618	\$ 7,758,369	\$ 7,765,449	0.09%	14.54%
Payroll (Tourism)	\$ 51,379,907	\$ 54,015,031	\$ 57,833,940	\$ 60,521,787	\$ 61,421,516	1.46%	16.35%
Sales Tax Receipts (Tourism related)	\$ 11,604,732	\$ 12,338,151	\$ 13,166,158	\$ 13,569,405	\$ 13,697,478	0.94%	15.28%
Total Tourism \$	\$ 324,057,315	\$ 334,533,754	\$ 352,213,721	\$ 367,383,106	\$ 375,188,286	2.08%	13.63%

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 the program to demolish dangerous structures
- Determine funding needed to repair and maintain school structures (borrowing requirements and sources)
- 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
- Study funding alternatives for infrastructure expansion within the County and towns
- Develop a plan for expansion of the Bayview Convenience Center
- Complete the approved salary study and submit recommendations for FY20
- 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

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, 2019, unassigned general fund balance was \$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% for debt (FY19 ended at 1.00%, 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% (FY19 ended at 7.24%, 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



Independent Auditors' Report

**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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2019, the County restated beginning balances to reflect the proper capital asset allocation between the primary government and the Component Unit School Board. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 96-97, and 98-116 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.

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, 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 Associates

Richmond, Virginia
November 19, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix through xix of this report.

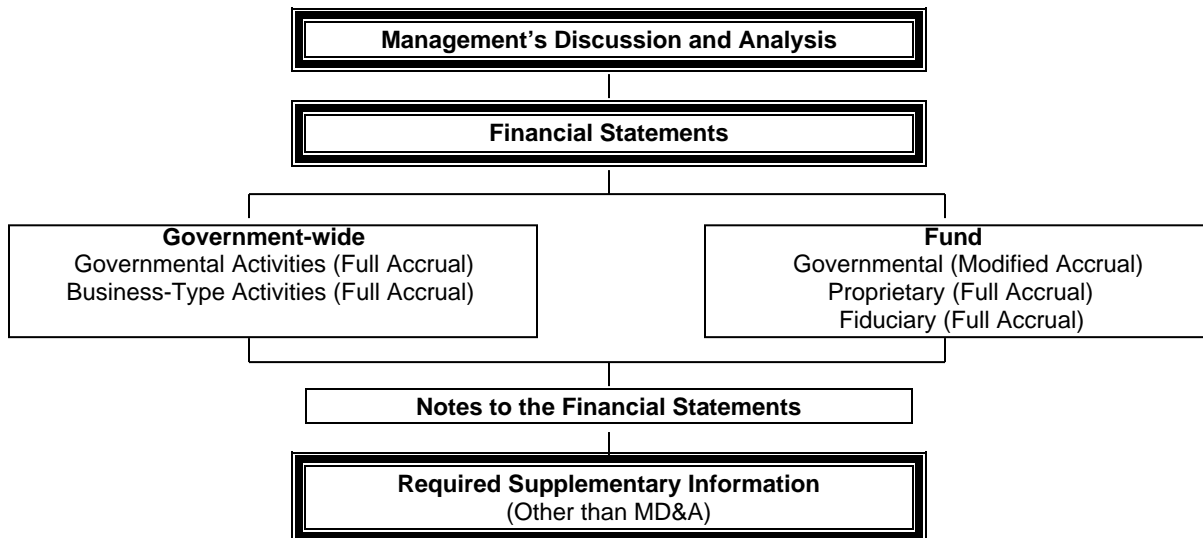
Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$26,716,104 (*net assets*) a \$1,642,350 increase from FY18. The County's net investment in capital assets decreased from \$13,426,790 to \$11,822,786. Unrestricted net assets increased by \$1,488,576 to \$13,221,915 from \$11,733,339 in FY18.
- At June 30, 2019, the Unassigned General Fund balance was \$11,495,155 or 27.68% of actual operating expenditures as defined by the County's fund balance policy. General fund balance increased by \$1,054,414 from FY 18 of which, \$914,506 was from the income statement and \$139,908 from Broadband and E-Summons reserves no longer required.
- On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$23,414,299 which were \$1,642,350 less than the general revenues of \$25,056,649.
- On a government-wide basis for business-type activities the County had expenses net of program revenue of \$63,073.

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, 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 26-95 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 96-116 of this report.

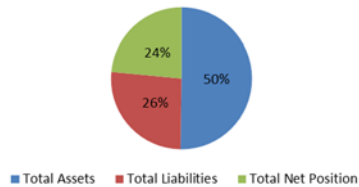
The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 117-131 of this report.

Government-wide Financial Analysis

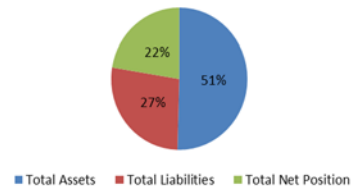
The following table presents the condensed Statement of Net Position:

Northampton County, VA						
Summary Statement of Net Position						
	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 22,295,985	\$ 23,804,213	\$ 67,402	\$ 4,761	\$ 3,573,213	\$ 3,604,113
Capital Assets (net)	34,836,787	40,841,532	34,741	41,742	8,602,494	4,452,389
Total Assets	\$ 57,132,772	\$ 64,645,745	\$ 102,143	\$ 46,503	\$ 12,175,707	\$ 8,056,502
Deferred outflow s of resources	\$ 868,017	\$ 724,316	\$ 5,078	\$ 4,820	\$ 1,401,532	\$ 1,635,149
Long-term Liabilities	\$ 28,292,464	\$ 33,177,783	\$ 15,857	\$ 22,003	\$ 2,307,366	\$ 19,174,660
Other Liabilities	1,579,052	1,621,822	15,486	18,109	17,944,453	2,213,006
Total Liabilities	\$ 29,871,516	\$ 34,799,605	\$ 31,343	\$ 40,112	\$ 20,251,819	\$ 21,387,666
	\$ 1,413,169	\$ 1,864,712	\$ 7,762	\$ 6,168	\$ 2,660,811	\$ 2,716,366
Deferred inflow s of resources						
Net Assets:						
Net investment in capital assets	\$ 11,822,786	\$ 13,426,790	\$ 34,741	\$ 41,742	\$ 8,220,663	\$ 3,864,871
Restricted	1,671,403	3,545,615	-	-	-	-
Unrestricted	13,221,915	11,733,339	33,375	(36,699)	(17,556,054)	(18,277,252)
Total Net Assets	\$ 26,716,104	\$ 28,705,744	\$ 68,116	\$ 5,043	\$ (9,335,391)	\$ (14,412,381)

**Net Position Primary Government
Government Activities (FY19)**



**Net Position Primary Government
Government Activities (FY18)**



The Primary Government's governmental combined net assets increased as adjusted by \$1,642,350, from \$25,073,754 to \$26,716,104. The Primary Government's governmental unrestricted net assets increased from \$11,733,339 to \$13,221,915 mostly due to the transfer of jointly owned school assets that have been paid off to the component unit School Board. This was largely due to decreases in long-term liabilities, construction in progress and increases in revenues. Due to the implementation of the planned operations, the proprietary fund ended the year with assets and deferred outflows in excess of its liabilities by \$68,116.

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

Northampton County, VA						
Summary Statement of Changes in Net Assets						
	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for Service	\$ 2,263,458	\$ 2,345,862	\$ 262,294	\$ 196,844	\$ 306,505	\$ 306,704
Operating Grants & Contributions	6,252,276	6,130,345	-	-	11,679,475	11,502,449
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues						
Real Estate & Personal Property Taxes	18,776,883	18,283,266	-	-	-	-
Other Taxes	3,133,599	3,018,042	-	-	-	-
Unrestricted Revenue from use of money and property	254,371	131,362	-	-		
Grants and Contributions not restricted to specific programs	1,920,062	1,953,926	-	-	-	-
Miscellaneous	119,981	(158,082)	-	-	247,746	225,423
Transfers	851,753	546,170	(4,275)	5,225	10,274,913	9,016,561
Total Revenues	\$33,572,383	\$32,250,891	\$ 258,019	\$ 202,069	\$ 22,508,639	\$ 21,051,137
Expenses:						
General Administration	\$ 3,050,836	\$ 2,846,063	\$ -	\$ -	\$ -	\$ -
Judicial Administration	738,392	852,560	-	-	-	-
Public Safety	9,602,687	9,589,223	-	-	-	-
Public Works	2,850,905	2,583,136	-	-	-	-
Public Utilities	-	-	194,946	218,374	-	-
Health & Welfare	2,786,249	3,022,247	-	-	-	-
Education	10,493,929	9,638,974	-	-	21,025,932	20,216,533
Parks, Recreation, and Cultural	756,434	456,076	-	-	-	-
Community Development	1,215,550	1,052,847	-	-	-	-
Interest on long-term debt	435,051	534,335	-	-	-	-
Total Expenses	\$31,930,033	\$30,575,461	\$ 194,946	\$ 218,374	\$ 21,025,932	\$ 20,216,533
Change in Net Assets	\$ 1,642,350	\$ 1,675,430	\$ 63,073	\$ (16,305)	\$ 1,482,707	\$ 834,604
Net Assets, Beginning, As Adjusted	25,073,754	27,030,314	5,043	21,348	(10,818,098)	(15,246,985)
Net Assets, Ending	\$26,716,104	\$28,705,744	\$ 68,116	\$ 5,043	\$ (9,335,391)	\$ (14,412,381)

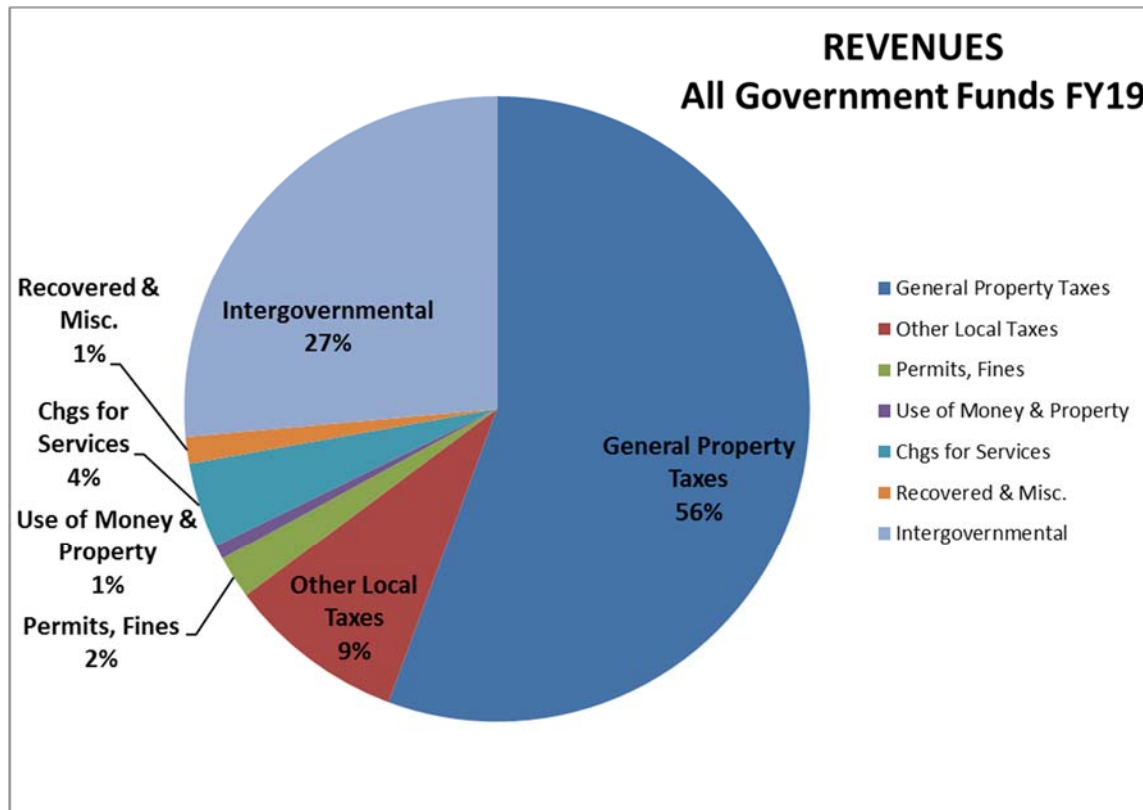
Revenues

For the fiscal year ended June 30, 2019, revenues generated by the Primary Government's governmental activities totaled \$33,572,383. General property taxes, the County's largest revenue source, were \$18,776,883. Included in this total are real and personal property levies, which are due on December 5th each year. The real estate tax rate for FY19 was \$0.83 per \$100 of assessed value. The FY19 tax rate remained unchanged from the FY 18 tax rate.

FY19 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 52% up to the first \$20,000 in value for FY19.

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 \$115,557 from the previous year amount of \$3,018,042. This increase was due to an increase in Sales Tax, and Transient Occupancy Tax.

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 \$8,515,734. Program revenues in the governmental funds include a "charges for services" category that totaled \$2,263,458 and includes charges for waste disposal, recreation programs, and building permits. This category decreased by (\$82,404) from the previous fiscal year.



Expenditures

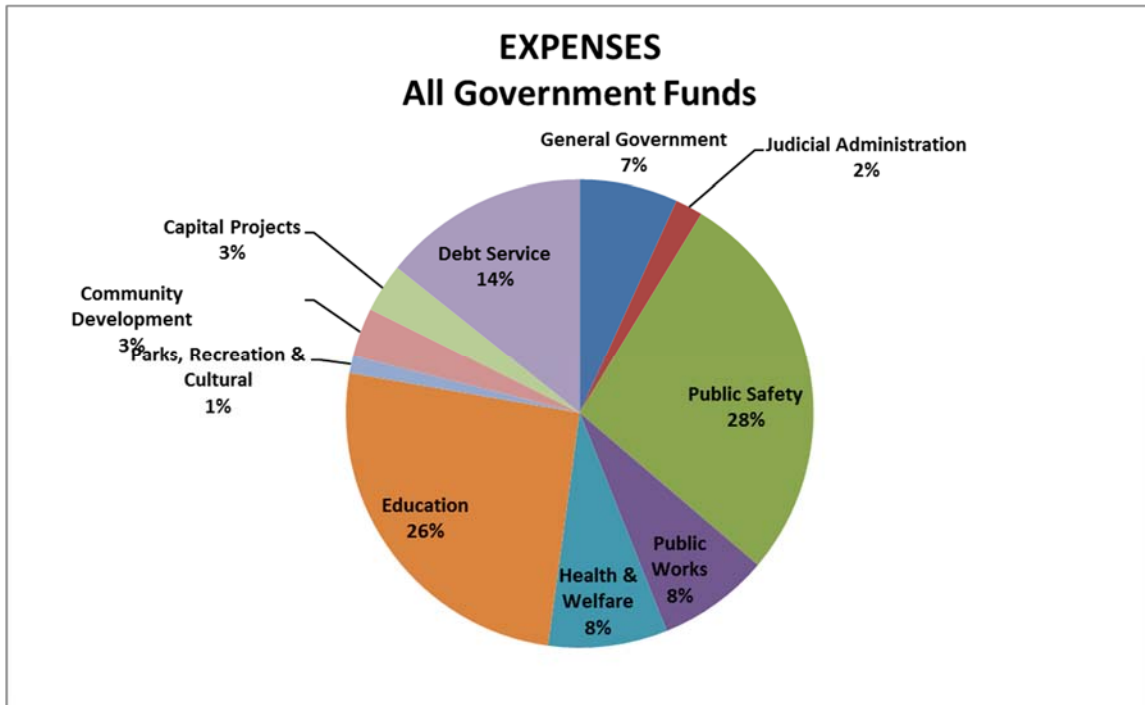
For the fiscal year ended June 30, 2019, expenditures for governmental funds totaled \$35,209,066, an increase of \$4,200,322 from FY18. For FY19, interest expense on long-term debt was \$873,625, a decrease of \$97,009 from FY18.

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 increased from an additional \$600 in FY18 to \$1,200 for employees participating in the county's wellness program. The employer contribution into the Virginia Retirement System remained at 8.14% of the employee's salary.

Education expenses increased by \$308,836 in FY19 compared to FY18.

Community Development expenses increased by \$203,342.

The County's Proprietary Fund expenses reflected a total of \$194,946, a \$23,428 decrease compared to FY18. The County received revenue of \$262,294, a \$65,450 increase vs. FY18, creating a \$63,073 profit.



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, 2019, the County's governmental funds reflect a combined fund balance of \$19,885,696, most of which is restricted, committed or assigned for specific purposes such as capital outlay and debt service. This is a decrease of (\$1,119,097) from FY18. Fund balance in the General Fund increased by \$1,054,414.

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.

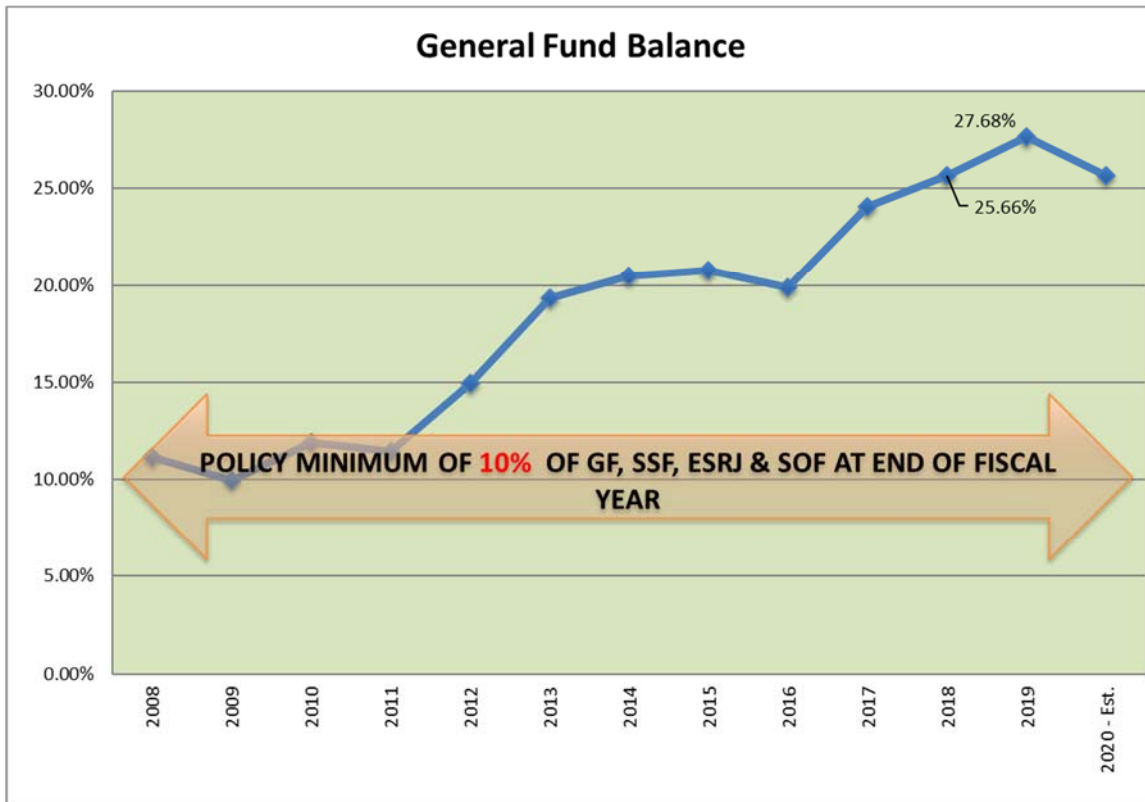
The Social Service and School Funds have not historically accumulated a separate fund balance (except for sick leave liability, a small amount designated for scholarships, etc.); therefore, general fund balance must be sufficient to cover unexpected cash flow needs and lagging revenue collections in those funds when necessary. For Fiscal Year 2019, the Board took the following actions:

Any remaining unspent appropriations in the School Operating Fund for FY18 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 \$11,495,155 compared to \$10,440,741 as restated for FY18, a \$1,054,414 increase. 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, 2019, the unassigned General Fund balance increased from 25.66% of actual operating expenditures as defined in the policy in FY18 to FY19's total of 27.68%. 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 \$396,295 in additional appropriations. Highlights of the budget amendments are as follows:

- * replace outdoor walk-in freezers at Kiptopeke and Occohannock Elementary Schools
- * create a new Fund (245) for the Brownfield Community-Wide Assessment Grant
- * replacement of bench-style cafeteria tables at both elementary schools
- * new camera systems at the Courthouse and Eastern Shore Regional Jail
- * insurance reimbursements
- * matching funds to purchase portable radios with handheld microphones
- * multiple vehicle acquisitions

Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$34,836,787 (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	Net Increase/	Balance
	30-Jun-18	(Decrease)	30-Jun-19
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,485,986	\$ -	\$ 2,485,986
Construction in Progress	335,559	(216,221)	119,338
Other Capital Assets			
Buildings	\$ 48,521,425	\$ 1,232,710	\$ 49,754,135
Furniture & Other Equipment	4,593,700	372,274	4,965,974
Improvements other than Buildings	1,529,708	9,990	1,539,698
Jointly Owned Improvements	5,991,314	(3,131,344)	2,859,970
Less: Accumulated Depreciation	(26,210,443)	(677,871)	(26,888,314)
Net Capital Assets	<u>\$ 37,247,249</u>	<u>\$ (2,410,462)</u>	<u>\$ 34,836,787</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 FY19, in accordance with the plan, \$0.263 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 2019, 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 FY19, this ratio was 12.093% (including the retirement of the 2003 QZAB of \$2,142,167) or 6.936% without vs. 7.086% in FY18. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY19, this ratio was approximately 1.00%.

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 FY19, this ratio was 12.093% (including the retirement of the 2003 QZAB of \$2,142,167) or 6.936% without vs. 7.086% in FY18. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY19, this ratio was approximately 1.00%.

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, 2019 is as follows:

General	
Lease-Purchase Obligations	\$ -
2012 Bond VRA Refinancing	<u>19,782,552</u>
Subtotal	\$ 19,782,552
Schools	
Lease-Purchase Obligations (School Operating Fund)	\$ 381,831
2006 QZAB	2,214,428
Literary Loans	36,391
2012 VPSA Gen. Obligation School Bond	<u>980,630</u>
Subtotal	\$ 3,613,280
Grand Total	<u>\$ 23,395,832</u>

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, 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.

Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and investments	\$ 18,284,313	\$ 59,745	\$ 18,344,058	\$ 2,716,561
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,065,822	-	1,065,822	-
Accounts receivable	428,184	7,232	435,416	43,846
Due from other governmental units	917,412	-	917,412	693,519
Prepaid items	-	-	-	28,523
Restricted assets:				
Cash and cash equivalents (in custody of others)	1,518,958	-	1,518,958	-
Net pension asset	81,296	425	81,721	90,764
Capital assets (net of accumulated depreciation):				
Land	2,485,986	-	2,485,986	373,276
Buildings and improvements	29,780,521	14,262	29,794,783	4,466,571
Improvements other than buildings	941,049	-	941,049	1,308,938
Machinery and equipment	1,509,893	20,479	1,530,372	2,453,709
Construction in progress	119,338	-	119,338	-
Total assets	<u>\$ 57,132,772</u>	<u>\$ 102,143</u>	<u>\$ 57,234,915</u>	<u>\$ 12,175,707</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 718,422	\$ 3,900	\$ 722,322	\$ 1,150,980
OPEB related items	149,595	1,178	150,773	250,552
Total deferred outflows of resources	<u>\$ 868,017</u>	<u>\$ 5,078</u>	<u>\$ 873,095</u>	<u>\$ 1,401,532</u>
LIABILITIES				
Accounts payable	\$ 836,125	\$ 13,107	\$ 849,232	\$ 538,344
Accrued liabilities	531,225	2,750	533,975	1,769,022
Accrued interest payable	211,702	-	211,702	-
Long-term liabilities:				
Due within one year	2,186,484	476	2,186,960	195,523
Due in more than one year	26,105,980	15,010	26,120,990	17,748,930
Total liabilities	<u>\$ 29,871,516</u>	<u>\$ 31,343</u>	<u>\$ 29,902,859</u>	<u>\$ 20,251,819</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 1,175,577	\$ 6,994	\$ 1,182,571	\$ 2,306,811
OPEB related items	122,232	768	123,000	354,000
Deferred revenue - property taxes	28,449	-	28,449	-
Deferred revenue - jail phone	86,911	-	86,911	-
Total deferred inflows of resources	<u>\$ 1,413,169</u>	<u>\$ 7,762</u>	<u>\$ 1,420,931</u>	<u>\$ 2,660,811</u>
NET POSITION				
Net investment in capital assets	\$ 11,822,786	\$ 34,741	\$ 11,857,527	\$ 8,220,663
Restricted:				
Forfeited assets	84,165	-	84,165	-
CDBG projects	56,834	-	56,834	-
Purchase of development rights	11,446	-	11,446	-
Debt service and bond covenants	1,518,958	-	1,518,958	-
Unrestricted (deficit)	13,221,915	33,375	13,255,290	(17,556,054)
Total net position	<u>\$ 26,716,104</u>	<u>\$ 68,116</u>	<u>\$ 26,784,220</u>	<u>\$ (9,335,391)</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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,050,836	\$ -	\$ 237,954	\$ -
Judicial administration	738,392	684,650	510,983	-
Public safety	9,602,687	783,262	3,340,931	-
Public works	2,850,905	728,839	-	-
Health and welfare	2,786,249	-	1,886,400	-
Education	10,493,929	-	-	-
Parks, recreation, and cultural	756,434	66,707	197,047	-
Community development	1,215,550	-	78,961	-
Interest on long-term debt	435,051	-	-	-
Total governmental activities	\$ 31,930,033	\$ 2,263,458	\$ 6,252,276	\$ -
Business-type activities:				
Public utilities	\$ 194,946	\$ 262,294	\$ -	\$ -
Total business-type activities	\$ 194,946	\$ 262,294	\$ -	\$ -
Total primary government	\$ 32,124,979	\$ 2,525,752	\$ 6,252,276	\$ -
COMPONENT UNITS:				
School Board	\$ 21,025,932	\$ 306,505	\$ 11,679,475	\$ -
Total component units	\$ 21,025,932	\$ 306,505	\$ 11,679,475	\$ -

General revenues:

General property taxes
 Local sales and use tax
 Consumer utility tax
 Motor vehicle licenses
 Restaurant food 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, as restated
 Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,812,882)	\$ -	\$ (2,812,882)	\$ -
457,241	-	457,241	-
(5,478,494)	-	(5,478,494)	-
(2,122,066)	-	(2,122,066)	-
(899,849)	-	(899,849)	-
(10,493,929)	-	(10,493,929)	-
(492,680)	-	(492,680)	-
(1,136,589)	-	(1,136,589)	-
(435,051)	-	(435,051)	-
<u>\$ (23,414,299)</u>	<u>\$ -</u>	<u>\$ (23,414,299)</u>	<u>\$ -</u>
\$ -	\$ 67,348	\$ 67,348	\$ -
\$ -	\$ 67,348	\$ 67,348	\$ -
<u>\$ (23,414,299)</u>	<u>\$ 67,348</u>	<u>\$ (23,346,951)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (9,039,952)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,039,952)</u>
\$ 18,776,883	\$ -	\$ 18,776,883	\$ -
1,347,759	-	1,347,759	-
328,478	-	328,478	-
351,828	-	351,828	-
375,222	-	375,222	-
730,312	-	730,312	-
254,371	-	254,371	-
119,981	-	119,981	247,746
1,920,062	-	1,920,062	-
-	-	-	10,274,913
847,478	-	847,478	-
4,275	(4,275)	-	-
<u>\$ 25,056,649</u>	<u>\$ (4,275)</u>	<u>\$ 25,052,374</u>	<u>\$ 10,522,659</u>
\$ 1,642,350	\$ 63,073	\$ 1,705,423	\$ 1,482,707
25,073,754	5,043	25,078,797	(10,818,098)
<u>\$ 26,716,104</u>	<u>\$ 68,116</u>	<u>\$ 26,784,220</u>	<u>\$ (9,335,391)</u>

Balance Sheet
Governmental Funds
June 30, 2019

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS						
Cash and investments	\$ 11,273,942	\$ 190,634	\$ 462,003	\$ 6,180,426	\$ 265,731	\$ 18,372,736
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,065,822	-	-	-	-	1,065,822
Accounts receivable	412,240	751	-	-	15,193	428,184
Due from other governmental units	560,719	216,738	-	-	139,955	917,412
Restricted assets:						
Cash and cash equivalents	-	-	1,518,958	-	-	1,518,958
Total assets	<u>\$ 13,312,723</u>	<u>\$ 408,123</u>	<u>\$ 1,980,961</u>	<u>\$ 6,180,426</u>	<u>\$ 420,879</u>	<u>\$ 22,303,112</u>
LIABILITIES						
Accounts payable	\$ 581,104	\$ 214,645	\$ -	\$ -	\$ 40,376	\$ 836,125
Accrued liabilities	361,732	106,567	-	-	62,926	531,225
Reconciled overdraft	-	-	-	-	88,423	88,423
Total liabilities	<u>\$ 942,836</u>	<u>\$ 321,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,725</u>	<u>\$ 1,455,773</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 874,732	\$ -	\$ -	\$ -	\$ -	\$ 874,732
Unavailable revenue - jail phone	-	86,911	-	-	-	86,911
Total deferred inflows of resources	<u>\$ 874,732</u>	<u>\$ 86,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 961,643</u>
FUND BALANCES						
Restricted	\$ -	\$ -	\$ 1,518,958	\$ -	\$ 152,445	\$ 1,671,403
Committed	-	-	462,003	6,180,426	-	6,642,429
Assigned	-	-	-	-	98,719	98,719
Unassigned	11,495,155	-	-	-	(22,010)	11,473,145
Total fund balances	<u>\$ 11,495,155</u>	<u>\$ -</u>	<u>\$ 1,980,961</u>	<u>\$ 6,180,426</u>	<u>\$ 229,154</u>	<u>\$ 19,885,696</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,312,723</u>	<u>\$ 408,123</u>	<u>\$ 1,980,961</u>	<u>\$ 6,180,426</u>	<u>\$ 420,879</u>	<u>\$ 22,303,112</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	19,885,696
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$	61,725,101	
Accumulated depreciation		<u>(26,888,314)</u>	34,836,787

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	\$	846,283	
Net pension asset		<u>81,296</u>	927,579

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

Pension related items	\$	718,422	
OPEB related items		<u>149,595</u>	868,017

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	\$	(23,014,001)	
Accrued interest payable		(211,702)	
Net OPEB liability		(1,616,281)	
Landfill post-closure liability		(2,868,641)	
Compensated absences		<u>(793,541)</u>	(28,504,166)

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

Pension related items	\$	(1,175,577)	
OPEB related items		<u>(122,232)</u>	(1,297,809)

Net position of governmental activities		\$	<u><u>26,716,104</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Eastern Shore Regional Jail	Debt Service
REVENUES			
General property taxes	\$ 18,998,268	\$ -	\$ -
Other local taxes	3,133,599	-	-
Permits, privilege fees, and regulatory licenses	118,752	-	-
Fines and forfeitures	639,442	-	-
Revenue from the use of money and property	187,394	-	66,977
Charges for services	1,347,732	143,290	-
Miscellaneous	85,293	6,917	-
Recovered costs	181,893	5,669	161,139
Intergovernmental:			
Local government	-	-	-
Commonwealth	3,796,367	2,129,211	-
Federal	97,468	-	-
Total revenues	\$ <u>28,586,208</u>	\$ <u>2,285,087</u>	\$ <u>228,116</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,391,971	\$ -	\$ -
Judicial administration	673,490	-	-
Public safety	5,670,801	4,014,692	-
Public works	2,716,341	-	-
Health and welfare	629,033	-	-
Education	8,842,536	-	-
Parks, recreation, and cultural	425,608	-	-
Community development	1,135,264	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	4,149,298
Interest and other fiscal charges	-	-	873,625
Total expenditures	\$ <u>22,485,044</u>	\$ <u>4,014,692</u>	\$ <u>5,022,923</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>6,101,164</u>	\$ <u>(1,729,605)</u>	\$ <u>(4,794,807)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 311,828	\$ 1,845,379	\$ 2,942,530
Transfers out	(5,358,578)	(115,774)	-
Total other financing sources (uses)	\$ <u>(5,046,750)</u>	\$ <u>1,729,605</u>	\$ <u>2,942,530</u>
Net change in fund balances	\$ 1,054,414	\$ -	\$ (1,852,277)
Fund balances - beginning, as restated	10,440,741	-	3,833,238
Fund balances - ending	\$ <u>11,495,155</u>	\$ <u>-</u>	\$ <u>1,980,961</u>

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

Exhibit 5

	Capital Projects	Other Governmental Funds	Total
\$	-	\$ -	\$ 18,998,268
	-	-	3,133,599
	-	-	118,752
	-	-	639,442
	-	-	254,371
	-	14,242	1,505,264
	-	27,771	119,981
	-	-	348,701
	847,478	-	847,478
	-	734,387	6,659,965
	-	1,414,905	1,512,373
\$	<u>847,478</u>	<u>\$ 2,191,305</u>	<u>\$ 34,138,194</u>
\$	-	\$ -	\$ 2,391,971
	-	-	673,490
	-	-	9,685,493
	-	-	2,716,341
	-	2,273,059	2,902,092
	154,100	-	8,996,636
	-	-	425,608
	-	68,618	1,203,882
	843,522	347,108	1,190,630
	-	-	4,149,298
	-	-	873,625
\$	<u>997,622</u>	<u>\$ 2,688,785</u>	<u>\$ 35,209,066</u>
\$	<u>(150,144)</u>	<u>\$ (497,480)</u>	<u>\$ (1,070,872)</u>
\$	-	\$ 618,169	\$ 5,717,906
	(109,998)	(181,781)	(5,766,131)
\$	<u>(109,998)</u>	<u>\$ 436,388</u>	<u>\$ (48,225)</u>
\$	(260,142)	(61,092)	(1,119,097)
	6,440,568	290,246	21,004,793
\$	<u>6,180,426</u>	<u>\$ 229,154</u>	<u>\$ 19,885,696</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, 2019

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

Net change in fund balances - total governmental funds	\$ (1,119,097)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$ 1,288,133	
Depreciation expense	(2,399,595)	
Jointly owned asset allocation of assets	(3,385,517)	
Jointly owned asset depreciation	<u>2,086,517</u>	(2,410,462)

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>(221,385)</u>	(221,385)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$ 4,149,298	
Increase in landfill post-closure liability	<u>(42,012)</u>	4,107,286

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	\$ 17,915	
OPEB expense	(5,621)	
Pension expense	996,279	
Amortization of bond issuance premiums	251,443	
(Increase) decrease in accrued interest payable	<u>25,992</u>	<u>1,286,008</u>

Change in net position of governmental activities	\$ <u><u>1,642,350</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position

Proprietary Fund

June 30, 2019

	Enterprise Fund Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 59,745
Accounts receivable	7,232
Total current assets	<u>\$ 66,977</u>
Noncurrent assets:	
Other assets:	
Net pension asset	\$ 425
Capital assets:	
Machinery and equipment	\$ 42,497
Improvements other than buildings	18,875
Less accumulated depreciation	(26,631)
Total capital assets	<u>\$ 34,741</u>
Total noncurrent assets	<u>\$ 35,166</u>
Total assets	<u>\$ 102,143</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 3,900
OPEB related items	1,178
Total deferred outflows of resources	<u>\$ 5,078</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 13,107
Accrued liabilities	2,750
Compensated absences - current portion	476
Total current liabilities	<u>\$ 16,333</u>
Noncurrent liabilities:	
Net OPEB liabilities	\$ 10,722
Compensated absences - net of current portion	4,288
Total noncurrent liabilities	<u>\$ 15,010</u>
Total liabilities	<u>\$ 31,343</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 6,994
OPEB related items	768
Total deferred inflows of resources	<u>\$ 7,762</u>
NET POSITION	
Investment in capital assets	\$ 34,741
Unrestricted	33,375
Total net position	<u><u>\$ 68,116</u></u>

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, 2019

	Enterprise Fund Public Utilities Fund
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 93,285
Wastewater revenues	166,415
Miscellaneous	2,594
Total operating revenues	<u>\$ 262,294</u>
OPERATING EXPENSES	
Personnel	\$ 49,824
Fringe benefits	13,421
Contractual services	56,349
Depreciation	7,001
Other charges	68,351
Total operating expenses	<u>\$ 194,946</u>
Income before transfers	\$ 67,348
Transfers:	
Transfers out	(4,275)
Change in net position	<u>\$ 63,073</u>
Total net position - beginning	5,043
Total net position - ending	<u><u>\$ 68,116</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, 2019

	Enterprise Fund <u>Public Utilities Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 255,743
Payments to suppliers	(126,008)
Payments to and for employees	(69,795)
Net cash provided by (used for) operating activities	<u>\$ 59,940</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	\$ (4,275)
Net cash provided by (used for) noncapital financing activities	<u>\$ (4,275)</u>
Net increase (decrease) in cash and cash equivalents	\$ 55,665
Cash and cash equivalents - beginning	4,080
Cash and cash equivalents - ending	<u><u>\$ 59,745</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 67,348
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 7,001
(Increase) decrease in accounts receivable	(6,551)
(Increase) decrease in deferred outflows of resources	(258)
(Increase) decrease in net pension asset	(425)
Increase (decrease) in accounts payable	(1,308)
Increase (decrease) in accrued liabilities	(944)
Increase (decrease) in net OPEB liabilities	(3,206)
Increase (decrease) in deferred inflows of resources	1,594
Increase (decrease) in net pension liability	(3,911)
Increase (decrease) in compensated absences	600
Total adjustments	<u>\$ (7,408)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 59,940</u></u>

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 752,476
Investments	1,632
Accounts receivable	269,281
Due from other governmental funds	13,965
Total assets	\$ <u><u>1,037,354</u></u>
LIABILITIES	
Accounts payable	\$ 63,976
Accrued liabilities	69,719
Reconciled overdraft payable	174,267
Amounts held for social services clients	155,134
Amounts held for others	574,258
Total liabilities	\$ <u><u>1,037,354</u></u>

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019 (CONTINUED)

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

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Northampton (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the 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, 2019.

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, 2019.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

None

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

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

The 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 as soon as 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 expenditures 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, 2019 (CONTINUED)

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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, and Building Inspection Fees.

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 amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are amortized at cost. All other investments are reported at fair value.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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 \$430,020 at June 30, 2019 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, 2019 (CONTINUED)

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

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

L. Net Position Flow Assumption

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.

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

M. 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.

N. 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.

O. Long-term Obligations

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

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

P. 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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

Q. Restricted Assets

Restricted assets of \$1,518,958 represent amounts set aside in a sinking fund for debt service at June 30, 2019.

R. 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 constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by the County Administrator to which the governing body has delegated the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

R. Fund Balance (Continued)

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:					
Restricted:					
Debt sinking fund	\$ -	\$ 1,518,958	\$ -	\$ -	\$ 1,518,958
Forfeited asset sharing	-	-	-	84,165	84,165
CDBG projects	-	-	-	56,834	56,834
Purchase of development rights	-	-	-	11,446	11,446
Total Restricted	\$ -	\$ 1,518,958	\$ -	\$ 152,445	\$ 1,671,403
Committed:					
Capital projects	\$ -	\$ -	\$ 6,180,426	\$ -	\$ 6,180,426
Debt service	-	462,003	-	-	462,003
Total Committed	\$ -	\$ 462,003	\$ 6,180,426	\$ -	\$ 6,642,429
Assigned:					
Harbor improvements	\$ -	\$ -	\$ -	\$ 98,719	\$ 98,719
Total Assigned	\$ -	\$ -	\$ -	\$ 98,719	\$ 98,719
Unassigned	\$ 11,495,155	\$ -	\$ -	\$ (22,010)	\$ 11,473,145
Total Fund Balances	\$ 11,495,155	\$ 1,980,961	\$ 6,180,426	\$ 229,154	\$ 19,885,696

S. 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.

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

5. Deferred Outflow/Inflows of Resources (Continued)

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2019.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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 the County 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 and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The County and its discretely presented component unit have no investment policies that would further limit their investment choices.

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, 2019 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, 2019 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 16,115,527
Virginia State Non-Arbitrage Pool	1,500
Total	<u>\$ 16,117,027</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 16,115,527	\$ 16,115,527
Virginia State Non-Arbitrage Pool	1,500	1,500
Total	<u>\$ 16,117,027</u>	<u>\$ 16,117,027</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, 2019 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2019, the County has amounts due from other governments as follows:

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
Local sales tax	\$ 280,070	\$ -
Local communication sales tax	68,762	-
Victim witness	4,328	-
Mobile home titling tax	975	-
Recordation tax	9,648	-
VPA funds	23,744	-
State sales tax	-	221,831
Constitutional officer reimbursements	357,321	-
MVC Rolling stock tax	1,835	-
Auto rental tax	725	-
Emergency management	7,500	-
Other state funds	29,991	13,480
Federal Government:		
School fund grants	-	442,407
Brownfield community assessment	68,618	-
VPA funds	47,593	-
Victim witness	12,985	-
Other federal funds	3,317	15,801
Total due from other governments	\$ <u>917,412</u>	\$ <u>693,519</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

Primary Government:

	Restated Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 2,485,986	\$ -	\$ -	\$ 2,485,986
Construction in progress	335,559	519,465	735,686	119,338
Total capital assets not subject to depreciation	\$ 2,821,545	\$ 519,465	\$ 735,686	\$ 2,605,324
Capital assets subject to depreciation:				
Buildings and improvements	\$ 48,521,425	\$ 370,201	\$ (862,509)	\$ 49,754,135
Improvements other than buildings	1,529,708	9,990	-	1,539,698
Machinery and equipment	4,593,700	577,060	204,786	4,965,974
Jointly owned assets	5,991,314	-	3,131,344	2,859,970
Total capital assets subject to depreciation	\$ 60,636,147	\$ 957,251	\$ 2,473,621	\$ 59,119,777
Accumulated depreciation:				
Buildings and improvements	\$ (18,868,266)	\$ (1,836,881)	\$ 569,579	\$ (21,274,726)
Improvements other than buildings	(532,213)	(66,436)	-	(598,649)
Machinery and equipment	(3,345,413)	(315,454)	(204,786)	(3,456,081)
Jointly owned assets	(3,464,551)	(180,824)	(2,086,517)	(1,558,858)
Total accumulated depreciation	\$ (26,210,443)	\$ (2,399,595)	\$ (1,721,724)	\$ (26,888,314)
Total capital assets being depreciated, net	\$ 34,425,704	\$ (1,442,344)	\$ 751,897	\$ 32,231,463
Governmental activities capital assets, net	\$ 37,247,249	\$ (922,879)	\$ 1,487,583	\$ 34,836,787

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

A summary of proprietary fund changes in capital assets for the fiscal year ending June 30, 2019 follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-type activities:				
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	\$ (3,354)	\$ (1,259)	\$ -	\$ (4,613)
Machinery and equipment	(16,276)	(5,742)	-	(22,018)
	<u>(19,630)</u>	<u>(7,001)</u>	<u>-</u>	<u>(26,631)</u>
Total accumulated depreciation	\$ (19,630)	\$ (7,001)	\$ -	\$ (26,631)
Total capital assets being depreciated, net	\$ 41,742	\$ (7,001)	\$ -	\$ 34,741
Business-type activities capital assets, net	<u>\$ 41,742</u>	<u>\$ (7,001)</u>	<u>\$ -</u>	<u>\$ 34,741</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

Component Unit - School Board

	Restated Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 373,276	\$ -	\$ -	\$ 373,276
Total capital assets not subject to depreciation	\$ 373,276	\$ -	\$ -	\$ 373,276
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,561,275	\$ 67,248	\$ (915,592)	\$ 11,544,115
Improvements other than buildings	1,899,587	11,608	(1,028,349)	2,939,544
Machinery and equipment	7,395,505	615,833	(122,166)	8,133,504
Total capital assets subject to depreciation	\$ 19,856,367	\$ 694,689	\$ (2,066,107)	\$ 22,617,163
Accumulated depreciation:				
Buildings and improvements	\$ (6,272,086)	\$ (245,154)	\$ 560,304	\$ (7,077,544)
Improvements other than buildings	(852,037)	(135,851)	642,718	(1,630,606)
Machinery and equipment	(5,058,848)	(509,759)	111,188	(5,679,795)
Total accumulated depreciation	\$ (12,182,971)	\$ (890,764)	\$ 1,314,210	\$ (14,387,945)
Total capital assets being depreciated, net	\$ 7,673,396	\$ (196,075)	\$ (751,897)	\$ 8,229,218
Governmental activities capital assets, net	\$ 8,046,672	\$ (196,075)	\$ (751,897)	\$ 8,602,494

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	905,644
Judicial administration		175,114
Public safety		888,026
Public works		169,881
Health and welfare		43,174
Education		198,293
Parks, recreation and cultural		<u>19,463</u>
Total Governmental activities	\$	<u><u>2,399,595</u></u>

Enterprise activities:

Public utilities	\$	<u><u>7,001</u></u>
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Component Unit School Board	\$	<u><u>890,764</u></u>
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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, 2019, is that school financed assets in the amount of \$1,301,112 are reported in the Primary Government for financial reporting purposes. A restatement of beginning net position was made transferring \$3,594,283 in jointly owned assets from the primary government to the Component Unit School Board. These assets no longer had any outstanding financial obligations associated with them. In addition, in FY19, \$751,897 in jointly owned assets were transferred to the Component Unit School Board from the Primary Government as a result of the payoff of the 2003 Q2AB Bond outstanding.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 311,828	\$ 5,358,578
Eastern Shore Regional Jail	1,845,379	115,774
Debt Service	2,942,530	-
Capital Projects	-	109,998
Other Governmental Funds	618,169	181,781
Total Governmental Funds	\$ 5,717,906	\$ 5,766,131
Enterprise Fund:		
Public Utilities	\$ -	\$ 4,275
Fiduciary Funds:		
NC Tourism Commission	\$ 52,500	\$ -
Total-All Funds	\$ 5,770,406	\$ 5,770,406

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, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2019 is as follows:

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Direct borrowings and placements:					
Lease revenue bonds	\$ 18,300,000	\$ -	\$ 1,920,000	\$ 16,380,000	\$ 2,020,000
Add deferred amounts:					
For issuance premium	3,645,592	-	243,040	3,402,552	-
Landfill post-closure liability	2,826,629	42,012	-	2,868,641	-
Compensated absences	811,456	144,376	162,291	793,541	79,354
Net OPEB liabilities	1,557,072	250,373	191,164	1,616,281	-
Total incurred by County	\$ 27,140,749	\$ 436,761	\$ 2,516,495	\$ 25,061,015	\$ 2,099,354
Incurred by School Board:					
Direct borrowings and placements:					
State literary fund loans	\$ 48,522	\$ -	\$ 12,131	\$ 36,391	\$ 12,130
General obligation bonds	5,336,595	-	2,217,167	3,119,428	75,000
Add deferred amounts:					
For issuance premium	84,033	-	8,403	75,630	-
Total incurred by School Board	\$ 5,469,150	\$ -	\$ 2,237,701	\$ 3,231,449	\$ 87,130
Total Governmental Activities	\$ 32,609,899	\$ 436,761	\$ 4,754,196	\$ 28,292,464	\$ 2,186,484
Business-type Activities:					
Compensated absences	\$ 4,164	\$ 1,433	\$ 833	\$ 4,764	\$ 476
Net OPEB liabilities	13,928	1,630	4,836	10,722	-
Total Business-type Activities	\$ 18,092	\$ 3,063	\$ 5,669	\$ 15,486	\$ 476

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities	
	Lease Revenue Bonds from Direct Borrowings and Placements	
	Principal	Interest
2020	\$ 2,020,000	\$ 737,975
2021	2,125,000	631,759
2022	1,890,000	528,875
2023	1,985,000	429,578
2024	1,970,000	328,231
2025	2,065,000	227,934
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	\$ <u>16,380,000</u>	\$ <u>3,413,036</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities			
	Loans and Bonds from Direct Borrowings and Placements			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 12,130	\$ 1,092	\$ 75,000	\$ 29,609
2021	12,130	728	80,000	26,070
2022	12,131	364	85,000	21,904
2023	-	-	2,299,428	18,037
2024	-	-	90,000	14,943
2025	-	-	95,000	12,596
2026	-	-	95,000	10,530
2027	-	-	95,000	8,345
2028	-	-	100,000	5,227
2029	-	-	105,000	1,601
Total	\$ <u>36,391</u>	\$ <u>2,184</u>	\$ <u>3,119,428</u>	\$ <u>148,862</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (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)						\$ 793,541	\$ 79,354
Net OPEB liabilities (payable from the General Fund)						\$ 1,616,281	\$ -
Landfill post-closure liability						\$ 2,868,641	\$ -
Direct borrowings and placements:							
<u>Lease Revenue Bonds:</u>							
VRA Virginia Pooled Financing Program bonds outstanding \$16,380,000 plus unamortized premium of \$3,402,552	(a)	2.73%	08/02/12	10/01/32	28,430,000	\$ 19,782,552	\$ 2,020,000
Total long-term obligations incurred by the County						\$ 25,061,015	\$ 2,099,354
Direct borrowings and 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	\$ 36,391	\$ 12,130
<u>General Obligation Bonds:</u>							
VPSA Bond outstanding \$905,000 plus unamortized premium of \$75,630.	(b)	2.05% to 5.05%	11/15/12	07/15/28	1,290,000	\$ 980,630	\$ 75,000
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	-
Total General Obligation Bonds						\$ 3,195,058	\$ 75,000
Total Direct Borrowings and Placements						\$ 3,231,449	\$ 87,130
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 3,231,449	\$ 87,130
Total outstanding debt - governmental activities						\$ 28,292,464	\$ 2,186,484
<u>Business-Type Activities:</u>							
Compensated absences (payable from the Enterprise Fund)						\$ 4,764	\$ 476
Net OPEB liabilities (payable from the Enterprise Fund)						\$ 10,722	\$ -
Total outstanding debt - business-type activities						\$ 15,486	\$ 476

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, 2019 (CONTINUED)

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:

	<u>Component Unit- School Board</u>
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>(266,210)</u>
	<u>\$ 502,389</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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, 2019, were as follows:

<u>Year Ending June 30,</u>	<u>Component Unit- School Board</u>
2020	\$ 157,198
2021	157,199
2022	<u>82,650</u>
Total minimum lease payments	\$ 397,047
Less: amount representing interest	<u>(15,216)</u>
Present value of minimum lease payments	<u><u>\$ 381,831</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, 2019:

	<u>Balance at July 1, 2018</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2019</u>	<u>Amounts Due Within OneYear</u>
Compensated absences (payable from the School Fund)	\$ 509,287	\$ 10,264	\$ 50,929	\$ 468,622	\$ 46,862
Capital leases	587,518	-	205,687	381,831	148,661
Net pension liability	14,179,000	3,074,000	3,844,000	13,409,000	-
Net OPEB liabilities	3,845,000	427,000	587,000	3,685,000	-
Total	<u>\$ 19,120,805</u>	<u>\$ 3,511,264</u>	<u>\$ 4,687,616</u>	<u>\$ 17,944,453</u>	<u>\$ 195,523</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>Capital Leases:</u>	
\$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%.	\$ 145,552
\$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>236,279</u>
Total Capital Leases	\$ <u>381,831</u>
Compensated absences (payable from the School Fund)	468,622
Net pension liability (payable from the School Fund)	13,409,000
Net OPEB liabilities (payable from the School Fund)	<u>3,685,000</u>
Total Long-Term Obligations Incurred by School Board	<u><u>\$ 17,944,453</u></u>

	<u>Component Unit Obligation</u>	
<u>Year Ending June 30</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 148,661	\$ 8,537
2021	152,218	4,981
2022	<u>80,952</u>	<u>1,698</u>
Total	<u><u>\$ 381,831</u></u>	<u><u>\$ 15,216</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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, 2019, 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 \$2,868,641 reported as a long-term liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$1,868,641 is based on what it would cost to perform all postclosure care in fiscal year 2019 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, 2019, deferred and unavailable revenue related to unspent jail telephone commission funds and property taxes are reported as follows:

	<u>Government- wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unearned revenue representing unspent jail telephone commission funds not available for funding of current expenditures.	\$ 86,911	\$ 86,911
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	846,283
Prepaid property taxes due in December 2019 but paid in advance by taxpayers	28,449	28,449
Total	\$ <u>115,360</u>	\$ <u>961,643</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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, 2019, 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, 2019 (CONTINUED)

NOTE 13—PENSION PLANS:

Plan Description

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

Benefit Structures

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

- a. Employees 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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. 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 creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. 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, 2019 (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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	89	23
Inactive members:		
Vested inactive members	22	6
Non-vested inactive members	54	16
Inactive members active elsewhere in VRS	56	9
Total inactive members	132	31
Active members	202	48
Total covered employees	423	102

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 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 \$720,436 and \$661,255 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 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 \$48,175 and \$61,530 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total pension liabilities used to calculate the net pension liabilities, were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% 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.

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - 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% to 20%

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% to 15%

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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.

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

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

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Discount Rate (Continued)

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, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 32,318,912	\$ 31,747,117	\$ 571,795
Changes for the year:			
Service cost	\$ 973,374	\$ -	\$ 973,374
Interest	2,206,097	-	2,206,097
Difference between expected and actual experience	(433,911)	-	(433,911)
Contributions - employer	-	661,255	(661,255)
Contributions - employee	-	421,116	(421,116)
Net investment income	-	2,338,980	(2,338,980)
Benefit payments, including refunds of employee contributions	(1,606,470)	(1,606,470)	-
Administrative expenses	-	(20,193)	20,193
Other changes	-	(2,082)	2,082
Net changes	\$ 1,139,090	\$ 1,792,606	\$ (653,516)
Balances at June 30, 2018	\$ 33,458,002	\$ 33,539,723	\$ (81,721)

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 3,597,047	\$ 3,543,192	\$ 53,855
Changes for the year:			
Service cost	\$ 96,360	\$ -	\$ 96,360
Interest	243,920	-	243,920
Difference between expected and actual experience	(119,907)	-	(119,907)
Contributions - employer	-	61,530	(61,530)
Contributions - employee	-	46,798	(46,798)
Net investment income	-	259,179	(259,179)
Benefit payments, including refunds of employee contributions	(224,939)	(224,939)	-
Administrative expenses	-	(2,286)	2,286
Other changes	-	(229)	229
Net changes	\$ (4,566)	\$ 140,053	\$ (144,619)
Balances at June 30, 2018	\$ 3,592,481	\$ 3,683,245	\$ (90,764)

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's			
Net Pension Liability (Asset)	\$ 4,147,450	\$ (81,721)	\$ (3,612,204)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 296,095	\$ (90,764)	\$ (419,032)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$278,170) and (\$121,650) respectively. At June 30, 2019, 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	\$ 1,886	\$ 782,146	\$ -	\$ 114,758
Changes of assumptions	-	122,414	1,200	-
Net difference between projected and actual earnings on plan investments	-	278,011	-	29,053
Employer contributions subsequent to the measurement date	720,436	-	48,175	-
Total	\$ 722,322	\$ 1,182,571	\$ 49,375	\$ 143,811

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

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

\$720,436 and \$48,175 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2020	\$ (457,289)	\$ (70,940)
2021	(294,421)	(31,889)
2022	(401,814)	(36,717)
2023	(27,161)	(3,065)
2024	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Contributions

Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 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 \$941,605 and \$1,062,589 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$13,409,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .11402% as compared to .11530% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$525,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,147,000
Change in assumptions	160,000	-
Net difference between projected and actual earnings on pension investments	-	284,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	732,000
Employer contributions subsequent to the measurement date	<u>941,605</u>	<u>-</u>
Total	<u>\$ 1,101,605</u>	<u>\$ 2,163,000</u>

\$941,605 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ (442,000)
2021	(515,000)
2022	(732,000)
2023	(248,000)
2024	(66,000)
Thereafter	-

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 20,482,000	\$ 13,409,000	\$ 7,554,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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	\$ 722,322	\$ 1,182,571	\$ (81,721)	\$ (278,170)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	49,375	143,811	(90,764)	(121,650)
School Board Professional	-	-	-	-	1,101,605	2,163,000	13,409,000	525,000
Totals	\$ 722,322	\$ 1,182,571	\$ (81,721)	\$ (278,170)	\$ 1,150,980	\$ 2,306,811	\$ 13,318,236	\$ 403,350

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

NOTE 14—SURETY BONDS:

	<u>Amount</u>
<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

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

Plan Description

The Group Life Insurance (GLI) Program 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 Program 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 Program. 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 program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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

Benefit Amounts

The GLI Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program 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 Program 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, 2019 was 0.52% 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 payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$47,773 and \$43,512 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$49,969 and \$48,679 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$5,324 and \$5,134 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$668,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$741,000 and \$79,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the County's proportion was .04401% as compared to .04411% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion was .04880% and .00519%, respectively as compared to .04982% and .00532% respectively at June 30, 2017.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$2,000. For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of \$0. For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$1,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,000	\$ 12,000	\$ 36,000	\$ 13,000	\$ 4,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investment	-	22,000	-	24,000	-	3,000
Changes in assumptions	-	28,000	-	31,000	-	3,000
Changes in proportionate share	-	7,000	-	20,000	-	-
Employer contributions subsequent to the measurement date	47,773	-	49,969	-	5,324	-
Total	\$ 80,773	\$ 69,000	\$ 85,969	\$ 88,000	\$ 9,324	\$ 7,000

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

\$47,773, \$49,969 and \$5,324, 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 Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30				
2020	\$	(11,000) \$	(16,000) \$	(1,000)
2021		(11,000)	(16,000)	(1,000)
2022		(11,000)	(16,000)	(1,000)
2023		(5,000)	(7,000)	-
2024		(1,000)	-	-
Thereafter		3,000	3,000	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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

Actuarial Assumptions: (Continued)

*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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 20%

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 15%

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

Actuarial Assumptions: (Continued)

Mortality Rates - 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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	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% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 873,000	\$ 668,000	\$ 502,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 969,000	\$ 741,000	\$ 557,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 103,000	\$ 79,000	\$ 59,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. 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 Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program 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 Program 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 Program 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, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. 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 Program were \$115,259 and \$114,023 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$1,455,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .11463% as compared to .11617% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$112,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	13,000
Change in proportion	-	38,000
Employer contributions subsequent to the measurement date	115,259	-
Total	\$ 115,259	\$ 59,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

\$115,259 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, 2020. 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>	
2020	\$ (11,000)
2021	(11,000)
2022	(11,000)
2023	(10,000)
2024	(10,000)
Thereafter	(6,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (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 Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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 Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,626,000	\$ 1,455,000	\$ 1,311,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (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, 2018 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	190	239
Total retirees with coverage	-	25
Total	190	264

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, 2019 was \$20,000 and \$40,000.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of July 1, 2018 and July 1, 2017, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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, 2019 for the employer fiscal year and reporting period of July 1, 2018 to June 30, 2019. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2018 and the corresponding measurement period of July 1, 2017 to July 1, 2018. 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, 2019 for the employer fiscal year and reporting period of July 1, 2018 to June 30, 2019. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2018 and the corresponding measurement period of July 1, 2017 to July 1, 2018. The measurement of the total OPEB liability is based on a valuation date of July 1, 2017.

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	3.62% based on the Municipal GO AA 20-year yield curve rate as of June 30, 2018
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-2018.

Discount Rate

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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 Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 907,000	\$ 1,541,000
Changes for the year:		
Service cost	43,000	76,000
Interest	33,000	57,000
Difference between expected and actual experience	59,000	(138,000)
Changes of assumptions	(63,000)	(86,000)
Benefit payments	(20,000)	(40,000)
Net changes	\$ 52,000	\$ (131,000)
Balances at June 30, 2019	\$ 959,000	\$ 1,410,000

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 (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Primary Government:			
Total OPEB liability	\$ 1,051,000	\$ 959,000	\$ 876,000
Component Unit School Board:			
Total OPEB liability	\$ 1,541,000	\$ 1,410,000	\$ 1,295,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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
Primary Government:			
Total OPEB liability	\$ 856,000	\$ 959,000	\$ 1,078,000

Medical per capita costs, average costs, retiree contributions, and premiums for pre-Medicare coverage are assumed to increase 6.70% in 2016-2017 and 17.00% in 2017-2018 (each to reflect actual experience). This rate decreases to an ultimate rate of 5.00% in 2018-2019 and remains at that level in all future years.

	Rates		
	Healthcare Cost Trend		
	1% Decrease Rate	Current Rate	1% Increase Rate
Component Unit School Board:			
Total OPEB liability	\$ 1,252,000	\$ 1,410,000	\$ 1,603,000

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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, 2019, the County and the School Board recognized OPEB expense in the amount of \$83,000 and \$109,000. At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,000	\$ -	\$ -	\$ 123,000
Changes in assumptions	-	54,000	-	77,000
Employer contributions subsequent to the measurement date	20,000	-	40,000	-
Total	<u>\$ 70,000</u>	<u>\$ 54,000</u>	<u>\$ 40,000</u>	<u>\$ 200,000</u>

\$20,000 and \$40,000 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, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2020	\$ -	\$ (24,000)
2021	-	(24,000)
2022	-	(24,000)
2023	-	(24,000)
2024	-	(24,000)
Thereafter	(4,000)	(80,000)

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, 2019 (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	\$ 80,773	\$ 69,000	\$ 668,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	9,324	7,000	79,000	(1,000)
School Board Professional	-	-	-	-	85,969	88,000	741,000	-
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	115,259	59,000	1,455,000	112,000
County Stand-Alone Plan (Note 17)	70,000	54,000	959,000	83,000	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	40,000	200,000	1,410,000	109,000
Totals	<u>\$ 150,773</u>	<u>\$ 123,000</u>	<u>\$ 1,627,000</u>	<u>\$ 85,000</u>	<u>\$ 250,552</u>	<u>\$ 354,000</u>	<u>\$ 3,685,000</u>	<u>\$ 220,000</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, 2019 was \$37,370.

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, 2018.

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 December 15, 2019.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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, 2019.

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, 2018.

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, 2020.

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

NOTE 21—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

NOTE 22—RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

The following restatements of net position and fund balance are reflected in these financial statements:

	Primary Government Net Position	Component Unit Net Position	Fund Balance				
			Special Revenue Funds			Agency Funds	
	Govern- mental Activities	School Board	General Fund	HMGP Home Elevation Project Fund	CDBG Projects Fund	Virginia Broadband Authority Fund	Building Inspection Fees Fund
Balance, July 1, 2018, as previously stated	\$ 28,705,744	\$ (14,412,381)	\$ 10,474,987	\$ 4,615	\$ 50,691	\$ (37,797)	\$ 90
Capital asset restatement:							
Restatement to properly allocate jointly owned assets between governmental activities and the component unit school board	(3,594,283)	3,594,283	-	-	-	-	-
Other restatements:							
Adjustment to correct prior year Special Revenue Fund balances	-	-	3,461	(4,615)	1,154	-	-
Adjustment to correct prior year Agency Funds	(37,707)	-	(37,707)	-	-	37,797	(90)
Balance, July 1, 2018, as restated	\$ 25,073,754	\$ (10,818,098)	\$ 10,440,741	\$ -	\$ 51,845	\$ -	\$ -

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 18,420,145	\$ 18,420,145	\$ 18,998,268	\$ 578,123
Other local taxes	3,103,658	3,103,658	3,133,599	29,941
Permits, privilege fees, and regulatory licenses	155,800	155,800	118,752	(37,048)
Fines and forfeitures	760,000	760,000	639,442	(120,558)
Revenue from the use of money and property	16,522	16,522	187,394	170,872
Charges for services	1,198,456	1,221,316	1,347,732	126,416
Miscellaneous	6,500	64,253	85,293	21,040
Recovered costs	120,958	199,883	181,893	(17,990)
Intergovernmental:				
Commonwealth	3,610,675	3,802,283	3,796,367	(5,916)
Federal	86,484	98,364	97,468	(896)
Total revenues	\$ 27,479,198	\$ 27,842,224	\$ 28,586,208	\$ 743,984
EXPENDITURES				
Current:				
General government administration	\$ 2,858,251	\$ 2,857,355	\$ 2,391,971	\$ 465,384
Judicial administration	703,483	710,358	673,490	36,868
Public safety	5,534,775	5,753,242	5,670,801	82,441
Public works	2,439,681	2,718,846	2,716,341	2,505
Health and welfare	645,661	645,661	629,033	16,628
Education	8,842,536	8,842,536	8,842,536	-
Parks, recreation, and cultural	442,691	448,365	425,608	22,757
Community development	1,320,855	1,207,865	1,135,264	72,601
Total expenditures	\$ 22,787,933	\$ 23,184,228	\$ 22,485,044	\$ 699,184
Excess (deficiency) of revenues over (under) expenditures	\$ 4,691,265	\$ 4,657,996	\$ 6,101,164	\$ 1,443,168
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 88,532	\$ 126,019	\$ 311,828	\$ 185,809
Transfers out	(5,346,713)	(5,358,578)	(5,358,578)	-
Total other financing sources (uses)	\$ (5,258,181)	\$ (5,232,559)	\$ (5,046,750)	\$ 185,809
Net change in fund balances	\$ (566,916)	\$ (574,563)	\$ 1,054,414	\$ 1,628,977
Fund balances - beginning, as restated	566,916	574,563	10,440,741	9,866,178
Fund balances - ending	\$ -	\$ -	\$ 11,495,155	\$ 11,495,155

Eastern Shore Regional Jail Fund

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Charges for services	\$ 9,000	\$ 145,135	\$ 143,290	\$ (1,845)
Miscellaneous	-	-	6,917	6,917
Recovered costs	2,500	2,500	5,669	3,169
Intergovernmental:				
Commonwealth	2,260,200	2,137,453	2,129,211	(8,242)
Total revenues	<u>\$ 2,271,700</u>	<u>\$ 2,285,088</u>	<u>\$ 2,285,087</u>	<u>\$ (1)</u>
EXPENDITURES				
Current:				
Public safety	\$ 4,117,079	\$ 4,130,467	\$ 4,014,692	\$ 115,775
Total expenditures	<u>\$ 4,117,079</u>	<u>\$ 4,130,467</u>	<u>\$ 4,014,692</u>	<u>\$ 115,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,845,379)</u>	<u>\$ (1,845,379)</u>	<u>\$ (1,729,605)</u>	<u>\$ 115,774</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,845,379	\$ 1,845,379	\$ 1,845,379	\$ -
Transfers out	-	-	(115,774)	(115,774)
Total other financing sources (uses)	<u>\$ 1,845,379</u>	<u>\$ 1,845,379</u>	<u>\$ 1,729,605</u>	<u>\$ (115,774)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

Primary Government

For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017
Total pension liability		
Service cost	\$ 973,374	\$ 956,949
Interest	2,206,097	2,098,998
Changes of benefit terms	-	723,111
Difference between expected and actual experience	(433,911)	(497,814)
Changes in assumptions	-	(276,394)
Benefit payments, including refunds of employee contributions	(1,606,470)	(1,343,258)
Net change in total pension liability	\$ 1,139,090	\$ 1,661,592
Total pension liability - beginning	32,318,912	30,657,320
Total pension liability - ending (a)	<u>\$ 33,458,002</u>	<u>\$ 32,318,912</u>
Plan fiduciary net position		
Contributions - employer	\$ 661,255	\$ 649,769
Contributions - employee	421,116	410,791
Net investment income	2,338,980	3,476,551
Benefit payments, including refunds of employee contributions	(1,606,470)	(1,343,258)
Administrative expense	(20,193)	(19,927)
Other	(2,082)	(3,102)
Net change in plan fiduciary net position	\$ 1,792,606	\$ 3,170,824
Plan fiduciary net position - beginning	31,747,117	28,576,293
Plan fiduciary net position - ending (b)	<u>\$ 33,539,723</u>	<u>\$ 31,747,117</u>
County's net pension liability (asset) - ending (a) - (b)	\$ (81,721)	\$ 571,795
Plan fiduciary net position as a percentage of the total pension liability	100.24%	98.23%
Covered payroll	\$ 8,367,700	\$ 8,135,972
County's net pension liability (asset) as a percentage of covered payroll	-0.98%	7.03%

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

	2016	2015	2014
\$	943,326	\$ 926,204	\$ 925,228
	2,047,945	1,926,687	1,805,167
	-	-	-
	(925,448)	43,818	-
	-	-	-
	(1,329,725)	(999,177)	(989,616)
\$	736,098	\$ 1,897,532	\$ 1,740,779
	29,921,222	28,023,690	26,282,911
\$	<u>30,657,320</u>	<u>\$ 29,921,222</u>	<u>\$ 28,023,690</u>
\$	760,120	\$ 773,751	\$ 811,390
	392,011	400,292	397,922
	489,866	1,239,556	3,653,770
	(1,329,725)	(999,177)	(989,616)
	(17,501)	(16,542)	(19,324)
	(209)	(261)	192
\$	294,562	\$ 1,397,619	\$ 3,854,334
	28,281,731	26,884,112	23,029,778
\$	<u>28,576,293</u>	<u>\$ 28,281,731</u>	<u>\$ 26,884,112</u>
\$	2,081,027	\$ 1,639,491	\$ 1,139,578
	93.21%	94.52%	95.93%
\$	8,016,513	\$ 8,079,121	\$ 7,965,906
	25.96%	20.29%	14.31%

COUNTY OF NORTHAMPTON, VIRGINIA

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

Component Unit School Board (nonprofessional)

For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017
Total pension liability		
Service cost	\$ 96,360	\$ 104,546
Interest	243,920	244,018
Difference between expected and actual experience	(119,907)	(131,137)
Changes in assumptions	-	4,446
Benefit payments, including refunds of employee contributions	(224,939)	(221,599)
Net change in total pension liability	\$ (4,566)	\$ 274
Total pension liability - beginning	3,597,047	3,596,773
Total pension liability - ending (a)	<u>\$ 3,592,481</u>	<u>\$ 3,597,047</u>
Plan fiduciary net position		
Contributions - employer	\$ 61,530	\$ 62,531
Contributions - employee	46,798	48,487
Net investment income	259,179	392,758
Benefit payments, including refunds of employee contributions	(224,939)	(221,599)
Administrative expense	(2,286)	(2,331)
Other	(229)	(346)
Net change in plan fiduciary net position	\$ 140,053	\$ 279,500
Plan fiduciary net position - beginning	3,543,192	3,263,692
Plan fiduciary net position - ending (b)	<u>\$ 3,683,245</u>	<u>\$ 3,543,192</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (90,764)	\$ 53,855
Plan fiduciary net position as a percentage of the total pension liability	102.53%	98.50%
Covered payroll	\$ 982,525	\$ 978,504
School Division's net pension liability (asset) as a percentage of covered payroll	-9.24%	5.50%

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

	2016		2015		2014
\$	103,098	\$	103,369	\$	61,828
	245,622		234,428		231,160
	(145,175)		56,039		-
	-		-		-
	(231,328)		(236,505)		(256,107)
\$	(27,783)	\$	157,331	\$	36,881
	3,624,556		3,467,225		3,430,344
\$	3,596,773	\$	3,624,556	\$	3,467,225
	105,053	\$	105,888	\$	115,410
	49,007		49,513		52,929
	56,104		144,460		443,203
	(231,328)		(236,505)		(256,107)
	(2,055)		(2,034)		(2,446)
	(24)		(32)		23
\$	(23,243)	\$	61,290	\$	353,012
	3,286,935		3,225,645		2,872,633
\$	3,263,692	\$	3,286,935	\$	3,225,645
\$	333,081	\$	337,621	\$	241,580
	90.74%		90.69%		93.03%
\$	980,718	\$	986,149	\$	946,087
	33.96%		34.24%		25.53%

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017
Employer's Proportion of the Net Pension Liability (Asset)	0.11402%	0.11530%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 13,409,000	\$ 14,179,000
Employer's Covered Payroll	9,323,625	9,282,121
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	143.82%	152.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%

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

	2016	2015	2014
	0.11850%	0.12128%	0.12418%
\$	16,607,000	\$ 15,265,000	\$ 15,007,000
	9,067,859	8,777,441	9,085,111
	183.14%	173.91%	165.18%
	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
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%
2010	498,328	498,328	-	6,697,955	7.44%
Component Unit School Board (nonprofessional)					
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%
2010	42,079	42,079	-	627,109	6.71%
Component Unit School Board (professional)					
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%
2010 (1)	630,049	630,049	-	9,535,361	8.81%

Notes:

(1) In Fiscal year 2010, the School Board (professional) contributed 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010.

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

For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - 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% to 20%

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% to 15%

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
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):					
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):					
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 Program

For the Years Ended June 30, 2010 through June 30, 2019

		Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll	
Date	(1)	(2)	(3)	(4)	(5)	
Primary Government:						
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%	
2010	13,626	13,626	-	6,697,955	0.27%	
Component Unit School Board (professional):						
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%	
2010	19,351	19,351	-	10,116,384	0.27%	
Component Unit School Board (nonprofessional):						
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%	
2010	1,271	1,271	-	627,109	0.27%	
2009	1,667	1,667	-	617,323	0.27%	

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

ValORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 50% to 35%

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% to 20%

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% to 15%

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2019 (Continued)

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
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 of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Program

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
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%
2010	74,376	74,376	-	10,100,786	1.04%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

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

Primary Government

For the Years Ended June 30, 2018 through June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 43,000	\$ 42,000
Interest	33,000	31,000
Changes of assumptions	(63,000)	-
Differences between expected and actual experience	59,000	-
Benefit payments	(20,000)	(12,000)
Net change in total OPEB liability	\$ 52,000	\$ 61,000
Total OPEB liability - beginning	907,000	846,000
Total OPEB liability - ending	\$ 959,000	\$ 907,000
Covered employee payroll	\$ 8,527,000	\$ 7,101,000
County's total OPEB liability (asset) as a percentage of covered-employee payroll	11.25%	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, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 76,000	\$ 74,000
Interest	57,000	55,000
Changes of assumptions	(86,000)	-
Differences between expected and actual experience	(138,000)	-
Benefit payments	(40,000)	(133,000)
Net change in total OPEB liability	\$ (131,000)	\$ (4,000)
Total OPEB liability - beginning	1,541,000	1,545,000
Total OPEB liability - ending	\$ 1,410,000	\$ 1,541,000
Covered employee payroll	\$ 9,229,000	\$ 9,229,000
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	15.28%	16.70%

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

Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2019

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

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	3.62% based on the Municipal GO AA 20-year yield curve rate as of June 30, 2018
Healthcare Trend Rate	Rates increase at a rate of 5% in 2018-2019 and remain 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-2018.

Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2019

Valuation Date: 7/1/2017
Measurement Date: 7/1/2018

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	3.62% based on the Municipal GO AA 20-year yield curve rate as of June 30, 2018
Healthcare Trend Rate	(1.81%) for fiscal year end 2018 (to reflect actual experience), decreasing 1.00% per year to an ultimate rate of 5.00% in 2018-2019 and 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-2018

Debt Service Fund

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

For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ 66,978	\$ 66,977	\$ (1)
Recovered costs	161,139	161,139	161,139	-
Total revenues	<u>\$ 161,139</u>	<u>\$ 228,117</u>	<u>\$ 228,116</u>	<u>\$ (1)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,230,025	\$ 4,149,298	\$ 4,149,298	\$ -
Interest and other fiscal charges	873,637	873,637	873,625	12
Total expenditures	<u>\$ 3,103,662</u>	<u>\$ 5,022,935</u>	<u>\$ 5,022,923</u>	<u>\$ 12</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,942,523)</u>	<u>\$ (4,794,818)</u>	<u>\$ (4,794,807)</u>	<u>\$ 11</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 2,942,523</u>	<u>\$ 2,942,523</u>	<u>\$ 2,942,530</u>	<u>\$ 7</u>
Total other financing sources (uses)	<u>\$ 2,942,523</u>	<u>\$ 2,942,523</u>	<u>\$ 2,942,530</u>	<u>\$ 7</u>
Net change in fund balances	\$ -	\$ (1,852,295)	\$ (1,852,277)	\$ 18
Fund balances - beginning	-	1,852,295	3,833,238	1,980,943
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,980,961</u>	<u>\$ 1,980,961</u>

Capital Projects Fund

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

For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Local government	\$ -	\$ 83,995	\$ 847,478	\$ 763,483
Total revenues	\$ -	\$ 83,995	\$ 847,478	\$ 763,483
EXPENDITURES				
Current:				
Education	\$ 67,800	\$ 154,100	\$ 154,100	\$ -
Capital projects	-	1,065,730	843,522	222,208
Total expenditures	\$ 67,800	\$ 1,219,830	\$ 997,622	\$ 222,208
Excess (deficiency) of revenues over (under) expenditures	\$ (67,800)	\$ (1,135,835)	\$ (150,144)	\$ 985,691
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (109,998)	\$ (109,998)	\$ -
Total other financing sources (uses)	\$ -	\$ (109,998)	\$ (109,998)	\$ -
Net change in fund balances	\$ (67,800)	\$ (1,245,833)	\$ (260,142)	\$ 985,691
Fund balances - beginning	67,800	1,245,833	6,440,568	5,194,735
Fund balances - ending	\$ -	\$ -	\$ 6,180,426	\$ 6,180,426

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
ASSETS			
Cash and cash equivalents	\$ 13,962	\$ 84,165	\$ 11,446
Receivables (net of allowance for uncollectibles):			
Accounts receivable	14,863	-	-
Due from other governmental units	71,337	-	-
Total assets	<u>\$ 100,162</u>	<u>\$ 84,165</u>	<u>\$ 11,446</u>
LIABILITIES			
Accounts payable	\$ 37,236	\$ -	\$ -
Accrued liabilities	62,926	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 100,162</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES			
Restricted	\$ -	\$ 84,165	\$ 11,446
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 84,165</u>	<u>\$ 11,446</u>
Total liabilities and fund balances	<u>\$ 100,162</u>	<u>\$ 84,165</u>	<u>\$ 11,446</u>

<u>CDBG Projects Fund</u>	<u>Brownfield Community Assessment Fund</u>	<u>Harbor Improvement Fund</u>	<u>ES 911 Grant Fund</u>	<u>Total</u>
\$ 57,769	\$ -	\$ 98,389	\$ -	\$ 265,731
-	-	330	-	15,193
-	68,618	-	-	139,955
<u>\$ 57,769</u>	<u>\$ 68,618</u>	<u>\$ 98,719</u>	<u>\$ -</u>	<u>\$ 420,879</u>
\$ 935	\$ 2,205	\$ -	\$ -	\$ 40,376
-	-	-	-	62,926
-	66,413	-	22,010	88,423
<u>\$ 935</u>	<u>\$ 68,618</u>	<u>\$ -</u>	<u>\$ 22,010</u>	<u>\$ 191,725</u>
\$ 56,834	\$ -	\$ -	\$ -	\$ 152,445
-	-	98,719	-	98,719
-	-	-	(22,010)	(22,010)
<u>\$ 56,834</u>	<u>\$ -</u>	<u>\$ 98,719</u>	<u>\$ (22,010)</u>	<u>\$ 229,154</u>
<u>\$ 57,769</u>	<u>\$ 68,618</u>	<u>\$ 98,719</u>	<u>\$ -</u>	<u>\$ 420,879</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, 2019

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Miscellaneous	22,782	-	-
Intergovernmental:			
Commonwealth	540,113	4,102	-
Federal	1,346,287	-	-
Total revenues	<u>\$ 1,909,182</u>	<u>\$ 4,102</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 2,273,059	\$ -	\$ -
Community development	-	-	-
Capital projects	-	-	-
Total expenditures	<u>\$ 2,273,059</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (363,877)</u>	<u>\$ 4,102</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 518,169	\$ -	\$ -
Transfers out	(154,292)	(27,489)	-
Total other financing sources (uses)	<u>\$ 363,877</u>	<u>\$ (27,489)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (23,387)	\$ -
Fund balances - beginning, as restated	-	107,552	11,446
Fund balances - ending	<u>\$ -</u>	<u>\$ 84,165</u>	<u>\$ 11,446</u>

CDBG Projects Fund	Brownfield Community Assessment Fund	Harbor Improvement Fund	ES 911 Grant Fund	Total
\$ -	\$ -	\$ 14,242	\$ -	\$ 14,242
4,989	-	-	-	27,771
-	-	190,172	-	734,387
-	68,618	-	-	1,414,905
<u>\$ 4,989</u>	<u>\$ 68,618</u>	<u>\$ 204,414</u>	<u>\$ -</u>	<u>\$ 2,191,305</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,273,059
-	68,618	-	-	68,618
-	-	347,108	-	347,108
<u>\$ -</u>	<u>\$ 68,618</u>	<u>\$ 347,108</u>	<u>\$ -</u>	<u>\$ 2,688,785</u>
<u>\$ 4,989</u>	<u>\$ -</u>	<u>\$ (142,694)</u>	<u>\$ -</u>	<u>\$ (497,480)</u>
\$ -	\$ -	\$ 100,000	\$ -	\$ 618,169
-	-	-	-	(181,781)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 436,388</u>
\$ 4,989	\$ -	\$ (42,694)	\$ -	\$ (61,092)
51,845	-	141,413	(22,010)	290,246
<u>\$ 56,834</u>	<u>\$ -</u>	<u>\$ 98,719</u>	<u>\$ (22,010)</u>	<u>\$ 229,154</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, 2019

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	22,782	22,782
Intergovernmental:				
Commonwealth	865,991	865,991	540,113	(325,878)
Federal	1,303,287	1,303,287	1,346,287	43,000
Total revenues	<u>\$ 2,169,278</u>	<u>\$ 2,169,278</u>	<u>\$ 1,909,182</u>	<u>\$ (260,096)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,591,338	\$ 2,603,190	\$ 2,273,059	\$ 330,131
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,591,338</u>	<u>\$ 2,603,190</u>	<u>\$ 2,273,059</u>	<u>\$ 330,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (422,060)</u>	<u>\$ (433,912)</u>	<u>\$ (363,877)</u>	<u>\$ 70,035</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 506,317	\$ 518,169	\$ 518,169	\$ -
Transfers out	(84,257)	(84,257)	(154,292)	(70,035)
Total other financing sources (uses)	<u>\$ 422,060</u>	<u>\$ 433,912</u>	<u>\$ 363,877</u>	<u>\$ (70,035)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning, as restated	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Forfeited Asset Sharing Fund				Purchase of Development Rights Fund			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	4,102	4,102	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 4,102	\$ 4,102	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 4,102	\$ 4,102	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(27,489)	(27,489)	-	-	-	-
\$ -	\$ -	\$ (27,489)	\$ (27,489)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (23,387)	\$ (23,387)	\$ -	\$ -	\$ -	\$ -
-	-	107,552	107,552	-	-	11,446	11,446
\$ -	\$ -	\$ 84,165	\$ 84,165	\$ -	\$ -	\$ 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, 2019

CDBG Projects Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	4,989	4,989
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,989</u>	<u>\$ 4,989</u>
EXPENDITURES				
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>\$ 4,989</u>	<u>\$ 4,989</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 4,989	\$ 4,989
Fund balances - beginning, as restated	-	-	51,845	51,845
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,834</u>	<u>\$ 56,834</u>

Brownfield Community Assessment Fund				Harbor Improvement Fund			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 14,460	\$ 14,460	\$ 14,242	\$ (218)
-	-	-	-	-	-	-	-
-	-	-	-	-	190,172	190,172	-
-	300,000	68,618	(231,382)	-	-	-	-
<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 68,618</u>	<u>\$ (231,382)</u>	<u>\$ 14,460</u>	<u>\$ 204,632</u>	<u>\$ 204,414</u>	<u>\$ (218)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	300,000	68,618	231,382	-	-	-	-
-	-	-	-	14,460	347,325	347,108	217
<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 68,618</u>	<u>\$ 231,382</u>	<u>\$ 14,460</u>	<u>\$ 347,325</u>	<u>\$ 347,108</u>	<u>\$ 217</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,693)</u>	<u>\$ (142,694)</u>	<u>\$ (1)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,693)	\$ (42,694)	\$ (1)
-	-	-	-	-	42,693	141,413	98,720
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,719</u>	<u>\$ 98,719</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

ES 911 Grant Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
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>
OTHER FINANCING SOURCES (USES)				
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, as restated	-	-	(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, 2019

	IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 212,016	\$ -	\$ 155,134
Investments	-	-	-
Accounts receivable	-	234,916	-
Due from other governmental units	-	-	-
Total assets	<u>\$ 212,016</u>	<u>\$ 234,916</u>	<u>\$ 155,134</u>
LIABILITIES			
Accounts payable	\$ 260	\$ 20,643	\$ -
Accrued liabilities	-	40,006	-
Reconciled overdraft payable	-	174,267	-
Amounts held for social services clients	-	-	155,134
Amounts held for others	211,756	-	-
Total liabilities	<u>\$ 212,016</u>	<u>\$ 234,916</u>	<u>\$ 155,134</u>

NC Tourism Commission Fund	911 Capital Fund	911 Operating Fund	Building Inspection Fees Fund	Total
\$ 80,149	\$ 145,325	\$ 159,444	\$ 408	\$ 752,476
-	1,632	-	-	1,632
-	-	34,365	-	269,281
-	13,965	-	-	13,965
<u>\$ 80,149</u>	<u>\$ 160,922</u>	<u>\$ 193,809</u>	<u>\$ 408</u>	<u>\$ 1,037,354</u>
\$ 228	\$ 16,364	\$ 26,481	\$ -	\$ 63,976
-	-	29,305	408	69,719
-	-	-	-	174,267
-	-	-	-	155,134
79,921	144,558	138,023	-	574,258
<u>\$ 80,149</u>	<u>\$ 160,922</u>	<u>\$ 193,809</u>	<u>\$ 408</u>	<u>\$ 1,037,354</u>

Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
IDA Operating Fund:				
Assets:				
Cash and cash equivalents	\$ 147,539	\$ 64,477	\$ -	\$ 212,016
Total assets	<u>\$ 147,539</u>	<u>\$ 64,477</u>	<u>\$ -</u>	<u>\$ 212,016</u>
Liabilities:				
Accounts payable	\$ -	\$ 260	\$ -	\$ 260
Amounts held for others	147,539	64,217	-	211,756
Total liabilities	<u>\$ 147,539</u>	<u>\$ 64,477</u>	<u>\$ -</u>	<u>\$ 212,016</u>
Virginia Broadband Authority Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 549,550	\$ 549,550	\$ -
Accounts receivable	109,778	197,119	71,981	234,916
Total assets	<u>\$ 109,778</u>	<u>\$ 746,669</u>	<u>\$ 621,531</u>	<u>\$ 234,916</u>
Liabilities:				
Accounts payable	\$ 10,826	\$ 20,643	\$ 10,826	\$ 20,643
Accrued liabilities	19,376	40,006	19,376	40,006
Reconciled overdraft payable	79,576	686,020	591,329	174,267
Total liabilities	<u>\$ 109,778</u>	<u>\$ 746,669</u>	<u>\$ 621,531</u>	<u>\$ 234,916</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 168,909	\$ 120,391	\$ 134,166	\$ 155,134
Total assets	<u>\$ 168,909</u>	<u>\$ 120,391</u>	<u>\$ 134,166</u>	<u>\$ 155,134</u>
Liabilities:				
Amounts held for social services clients	\$ 168,909	\$ 120,391	\$ 134,166	\$ 155,134
Total liabilities	<u>\$ 168,909</u>	<u>\$ 120,391</u>	<u>\$ 134,166</u>	<u>\$ 155,134</u>
NC Tourism Commission Fund:				
Assets:				
Cash and cash equivalents	\$ 98,853	\$ 57,000	\$ 75,704	\$ 80,149
Liabilities:				
Accounts payable	\$ -	\$ 228	\$ -	\$ 228
Amounts held for others	98,853	56,772	75,704	79,921
Total liabilities	<u>\$ 98,853</u>	<u>\$ 57,000</u>	<u>\$ 75,704</u>	<u>\$ 80,149</u>
911 Capital Fund:				
Assets:				
Cash and cash equivalents	\$ 25,388	\$ 287,793	\$ 167,856	\$ 145,325
Investments	1,594	38	-	1,632
Due from other governmental units	-	13,965	-	13,965
Total assets	<u>\$ 26,982</u>	<u>\$ 301,796</u>	<u>\$ 167,856</u>	<u>\$ 160,922</u>
Liabilities:				
Accounts payable	\$ -	\$ 16,364	\$ -	\$ 16,364
Amounts held for others	26,982	285,432	167,856	144,558
Total liabilities	<u>\$ 26,982</u>	<u>\$ 301,796</u>	<u>\$ 167,856</u>	<u>\$ 160,922</u>

Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
911 Operating Fund:				
Assets:				
Cash and cash equivalents	\$ 144,345	\$ 1,080,365	\$ 1,065,266	\$ 159,444
Accounts receivable	44,467	34,365	44,467	34,365
Total assets	<u>\$ 188,812</u>	<u>\$ 1,114,730</u>	<u>\$ 1,109,733</u>	<u>\$ 193,809</u>
Liabilities:				
Accounts payable	\$ 26,081	\$ 26,481	\$ 26,081	\$ 26,481
Accrued liabilities	29,272	29,305	29,272	29,305
Amounts held for others	133,459	1,058,944	1,054,380	138,023
Total liabilities	<u>\$ 188,812</u>	<u>\$ 1,114,730</u>	<u>\$ 1,109,733</u>	<u>\$ 193,809</u>
Building Inspection Fees Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 2,344</u>	<u>1,518</u>	<u>3,454</u>	<u>\$ 408</u>
Liabilities:				
Accrued liabilities	\$ 2,254	\$ 408	\$ 2,254	\$ 408
Amounts held for others	-	1,200	1,200	-
Total liabilities	<u>\$ 2,344</u>	<u>\$ 1,608</u>	<u>\$ 3,454</u>	<u>\$ 408</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 587,378	\$ 2,161,094	\$ 1,995,996	\$ 752,476
Investments	1,594	38	-	1,632
Accounts receivable	154,245	231,484	116,448	269,281
Due from other governmental units	-	13,965	-	13,965
Total assets	<u>\$ 743,217</u>	<u>\$ 2,406,581</u>	<u>\$ 2,112,444</u>	<u>\$ 1,037,354</u>
Liabilities:				
Accounts payable	\$ 36,907	\$ 63,976	\$ 36,907	\$ 63,976
Accrued liabilities	50,902	69,719	50,902	69,719
Reconciled overdraft payable	79,576	686,020	591,329	174,267
Amounts held for others	406,833	1,466,565	1,299,140	574,258
Amounts held for social services clients	168,909	120,391	134,166	155,134
Total liabilities	<u>\$ 743,127</u>	<u>\$ 2,406,671</u>	<u>\$ 2,112,444</u>	<u>\$ 1,037,354</u>

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2019

	School Operating Fund	School Grants Fund	School Capital Projects Fund	School Retiree Health Insurance Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,340,763	\$ -	\$ 472,992	\$ 45,487	\$ 2,859,242
Receivables (net of allowance for uncollectibles):					
Accounts receivable	37,789	500	5,557	-	43,846
Due from other governmental units	251,112	442,407	-	-	693,519
Prepaid items	28,380	-	143	-	28,523
Total assets	<u>\$ 2,658,044</u>	<u>\$ 442,907</u>	<u>\$ 478,692</u>	<u>\$ 45,487</u>	<u>\$ 3,625,130</u>
LIABILITIES					
Accounts payable	\$ 500,702	\$ 35,033	\$ 2,609	\$ -	\$ 538,344
Accrued liabilities	1,566,589	139,188	63,245	-	1,769,022
Reconciled overdraft payable	-	142,681	-	-	142,681
Total liabilities	<u>\$ 2,067,291</u>	<u>\$ 316,902</u>	<u>\$ 65,854</u>	<u>\$ -</u>	<u>\$ 2,450,047</u>
FUND BALANCES					
Nonspendable	\$ 28,380	\$ -	\$ -	\$ -	\$ 28,380
Committed	562,373	126,005	412,838	45,487	1,146,703
Total fund balances	<u>\$ 590,753</u>	<u>\$ 126,005</u>	<u>\$ 412,838</u>	<u>\$ 45,487</u>	<u>\$ 1,175,083</u>
Total liabilities and fund balances	<u>\$ 2,658,044</u>	<u>\$ 442,907</u>	<u>\$ 478,692</u>	<u>\$ 45,487</u>	<u>\$ 3,625,130</u>

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

Total fund balances per above	\$ 1,175,083
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, cost	\$ 22,990,439
Accumulated depreciation	<u>(14,387,945)</u>
	8,602,494
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>\$ 90,764</u>
Deferred outflows of resources are not available to pay for current period expenditures and therefore, are not reported in the funds.	
Pension related items	\$ 1,150,980
OPEB related items	<u>250,552</u>
	1,401,532
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Net OPEB liabilities	\$ (3,685,000)
Net Pension liability	(13,409,000)
Compensated absences	(468,622)
Capital leases payable	<u>(381,831)</u>
	(17,944,453)
Deferred inflows of resources are not available to pay for current period expenditures and therefore, are not reported in the funds.	
Pension related items	\$ (2,306,811)
OPEB related items	<u>(354,000)</u>
	(2,660,811)
Net position of governmental activities	<u>\$ (9,335,391)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2019

	School Operating Fund	School Grants Fund	School Cafeteria Fund	School Retiree Health Insurance Fund	Total Governmental Funds
REVENUES					
Charges for services	\$ -	\$ -	\$ 155,666	\$ 150,839	\$ 306,505
Miscellaneous	247,746	-	-	-	247,746
Intergovernmental:					
Local government	8,975,913	-	-	-	8,975,913
Commonwealth	9,270,424	-	13,514	-	9,283,938
Federal	-	1,544,574	850,963	-	2,395,537
Total revenues	<u>\$ 18,494,083</u>	<u>\$ 1,544,574</u>	<u>\$ 1,020,143</u>	<u>\$ 150,839</u>	<u>\$ 21,209,639</u>
EXPENDITURES					
Current:					
Education	\$ 18,370,924	\$ 1,544,574	\$ 1,141,551	\$ 150,155	\$ 21,207,204
Debt service:					
Principal retirement	205,687	-	-	-	205,687
Interest and other fiscal charges	12,772	-	-	-	12,772
Total expenditures	<u>\$ 18,589,383</u>	<u>\$ 1,544,574</u>	<u>\$ 1,141,551</u>	<u>\$ 150,155</u>	<u>\$ 21,425,663</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (95,300)	\$ -	\$ (121,408)	\$ 684	\$ (216,024)
Net change in fund balances	\$ (95,300)	\$ -	\$ (121,408)	\$ 684	\$ (216,024)
Fund balances - beginning	686,053	126,005	534,246	44,803	1,391,107
Fund balances - ending	<u>\$ 590,753</u>	<u>\$ 126,005</u>	<u>\$ 412,838</u>	<u>\$ 45,487</u>	<u>\$ 1,175,083</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 \$ (216,024)

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	\$ 694,689	
Depreciation expense	(890,764)	(196,075)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 751,897

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	\$ 205,687	205,687
--------------------	------------	---------

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	\$ 40,665	
OPEB expense	(101,284)	
Pension expense	997,841	937,222

Change in net position of governmental activities \$ 1,482,707

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, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	193,374	202,374	247,746	45,372
Intergovernmental:				
Local government	9,149,659	8,975,913	8,975,913	-
Commonwealth	9,209,497	9,279,590	9,270,424	(9,166)
Federal	-	-	-	-
Total revenues	\$ 18,552,530	\$ 18,457,877	\$ 18,494,083	\$ 36,206
EXPENDITURES				
Current:				
Education	\$ 18,754,049	\$ 18,534,718	\$ 18,370,924	\$ 163,794
Debt service:				
Principal retirement	205,687	205,687	205,687	-
Interest and other fiscal charges	12,772	12,772	12,772	-
Total expenditures	\$ 18,972,508	\$ 18,753,177	\$ 18,589,383	\$ 163,794
Excess (deficiency) of revenues over (under) expenditures	\$ (419,978)	\$ (295,300)	\$ (95,300)	\$ 200,000
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ 419,978	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ 419,978	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (295,300)	\$ (95,300)	\$ 200,000
Fund balances - beginning	-	295,300	686,053	390,753
Fund balances - ending	\$ -	\$ -	\$ 590,753	\$ 590,753

School Grants Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
-	-	-	-	
2,145,059	2,528,385	1,544,574	(983,811)	
\$ 2,145,059	\$ 2,528,385	\$ 1,544,574	\$ (983,811)	
\$ 2,145,059	\$ 2,528,385	\$ 1,544,574	\$ 983,811	
-	-	-	-	
-	-	-	-	
\$ 2,145,059	\$ 2,528,385	\$ 1,544,574	\$ 983,811	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
-	-	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, 2019

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 163,007	\$ 163,007	\$ 155,666	\$ (7,341)
Miscellaneous	-	-	-	-
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	11,769	11,769	13,514	1,745
Federal	764,388	834,388	850,963	16,575
Total revenues	<u>\$ 939,164</u>	<u>\$ 1,009,164</u>	<u>\$ 1,020,143</u>	<u>\$ 10,979</u>
EXPENDITURES				
Current:				
Education	\$ 969,164	\$ 1,209,164	\$ 1,141,551	\$ 67,613
Total expenditures	<u>\$ 969,164</u>	<u>\$ 1,209,164</u>	<u>\$ 1,141,551</u>	<u>\$ 67,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (30,000)</u>	<u>\$ (200,000)</u>	<u>\$ (121,408)</u>	<u>\$ 78,592</u>
Net change in fund balances	\$ (30,000)	\$ (200,000)	\$ (121,408)	\$ 78,592
Fund balances - beginning	30,000	200,000	534,246	334,246
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,838</u>	<u>\$ 412,838</u>

School Retiree Health Insurance Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ 150,839	\$ 150,839	
-	-	-	-	
-	-	-	-	
-	-	-	-	
\$ -	\$ -	\$ 150,839	\$ 150,839	
\$ -	\$ -	\$ 150,155	\$ (150,155)	
\$ -	\$ -	\$ 150,155	\$ (150,155)	
\$ -	\$ -	\$ 684	\$ 684	
\$ -	\$ -	\$ 684	\$ 684	
-	-	44,803	44,803	
\$ -	\$ -	\$ 45,487	\$ 45,487	

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2019

Private Purpose Trust Funds

	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ASSETS				
Investments	\$ 17,100	\$ 4,897	\$ 3,671	\$ 25,668
Total assets	<u>\$ 17,100</u>	<u>\$ 4,897</u>	<u>\$ 3,671</u>	<u>\$ 25,668</u>
NET POSITION				
Held in trust for scholarships	\$ 17,100	\$ 4,897	\$ 3,671	\$ 25,668
Total net position	<u>\$ 17,100</u>	<u>\$ 4,897</u>	<u>\$ 3,671</u>	<u>\$ 25,668</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2019

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ADDITIONS				
Contributions:				
Miscellaneous	\$ 375	\$ -	\$ -	\$ 375
Total contributions	\$ 375	\$ -	\$ -	\$ 375
Investment earnings:				
Interest	\$ 390	\$ 128	\$ 92	\$ 610
Total additions	\$ 765	\$ 128	\$ 92	\$ 985
DEDUCTIONS				
Scholarships	\$ 1,000	\$ 250	\$ 200	\$ 1,450
Total deductions	\$ 1,000	\$ 250	\$ 200	\$ 1,450
Change in net position	\$ (235)	\$ (122)	\$ (108)	\$ (465)
Net position - beginning	17,335	5,019	3,779	26,133
Net position - ending	\$ 17,100	\$ 4,897	\$ 3,671	\$ 25,668

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,092,988	\$ 15,092,988	\$ 15,370,877	\$ 277,889
Real and personal public service corporation taxes	446,457	446,457	483,434	36,977
Personal property taxes	2,575,365	2,575,365	2,774,972	199,607
Mobile home taxes	21,335	21,335	23,322	1,987
Penalties	159,000	159,000	194,565	35,565
Interest	125,000	125,000	151,098	26,098
Total general property taxes	<u>\$ 18,420,145</u>	<u>\$ 18,420,145</u>	<u>\$ 18,998,268</u>	<u>\$ 578,123</u>
Other local taxes:				
Local sales and use taxes	\$ 1,440,158	\$ 1,440,158	\$ 1,347,759	\$ (92,399)
Consumers' utility taxes	320,000	320,000	328,478	8,478
Business license taxes	38,500	38,500	38,126	(374)
Motor vehicle licenses	375,000	375,000	351,828	(23,172)
Bank stock taxes	35,000	35,000	32,055	(2,945)
Taxes on recordation and wills	170,000	170,000	191,341	21,341
Hotel and motel room taxes	375,000	375,000	468,790	93,790
Restaurant food taxes	350,000	350,000	375,222	25,222
Total other local taxes	<u>\$ 3,103,658</u>	<u>\$ 3,103,658</u>	<u>\$ 3,133,599</u>	<u>\$ 29,941</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,716	\$ (284)
Permits and other licenses	<u>153,800</u>	<u>153,800</u>	<u>117,036</u>	<u>(36,764)</u>
Total permits, privilege fees, and regulatory licenses	<u>\$ 155,800</u>	<u>\$ 155,800</u>	<u>\$ 118,752</u>	<u>\$ (37,048)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 760,000	\$ 760,000	\$ 639,442	\$ (120,558)
Total fines and forfeitures	<u>\$ 760,000</u>	<u>\$ 760,000</u>	<u>\$ 639,442</u>	<u>\$ (120,558)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 10,075	\$ 10,075	\$ 167,994	\$ 157,919
Revenue from use of property	<u>6,447</u>	<u>6,447</u>	<u>19,400</u>	<u>12,953</u>
Total revenue from use of money and property	<u>\$ 16,522</u>	<u>\$ 16,522</u>	<u>\$ 187,394</u>	<u>\$ 170,872</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 36,000	\$ 36,000	\$ 41,495	\$ 5,495
Charges for courthouse security	175,000	175,000	218,652	43,652
Charges for sheriff secondary employment	135,556	158,416	48,482	(109,934)
Charges for Commonwealth's Attorney	3,000	3,000	3,713	713
Charges for ambulance fees	180,000	180,000	254,086	74,086
Charges for sanitation and waste removal	623,100	623,100	728,839	105,739
Charges for parks and recreation	45,800	45,800	52,465	6,665
Total charges for services	<u>\$ 1,198,456</u>	<u>\$ 1,221,316</u>	<u>\$ 1,347,732</u>	<u>\$ 126,416</u>
Miscellaneous:				
Miscellaneous	\$ 6,500	\$ 64,253	\$ 85,293	\$ 21,040
Total miscellaneous	<u>\$ 6,500</u>	<u>\$ 64,253</u>	<u>\$ 85,293</u>	<u>\$ 21,040</u>
Recovered costs:				
General recovered costs	\$ 60,000	\$ 138,925	\$ 131,555	\$ (7,370)
Code enforcement	5,000	5,000	50,338	45,338
Treasurer recovered costs	55,958	55,958	-	(55,958)
Total recovered costs	<u>\$ 120,958</u>	<u>\$ 199,883</u>	<u>\$ 181,893</u>	<u>\$ (17,990)</u>
Total revenue from local sources	<u>\$ 23,782,039</u>	<u>\$ 23,941,577</u>	<u>\$ 24,692,373</u>	<u>\$ 750,796</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 2,500	\$ 2,500	\$ 1,835	\$ (665)
Mobile home titling tax	10,000	10,000	14,066	4,066
Motor vehicle rental tax	4,000	4,000	3,945	(55)
Communications tax	465,032	465,032	430,811	(34,221)
State recordation tax	45,491	45,491	47,438	1,947
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,948,990</u>	<u>\$ 1,948,990</u>	<u>\$ 1,920,062</u>	<u>\$ (28,928)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 240,911	\$ 240,911	\$ 208,412	\$ (32,499)
Sheriff	951,675	1,095,886	1,066,434	(29,452)
Commissioner of revenue	89,989	89,989	89,136	(853)
Treasurer	80,389	80,389	80,417	28
Registrar/electoral board	37,399	37,399	37,500	101
Clerk of the Circuit Court	196,880	196,880	243,064	46,184
Total shared expenses	<u>\$ 1,597,243</u>	<u>\$ 1,741,454</u>	<u>\$ 1,724,963</u>	<u>\$ (16,491)</u>
Other categorical aid:				
Four for Life	\$ 10,338	\$ 10,338	\$ 24,185	\$ 13,847
Litter control grant	10,100	10,100	10,343	243
VA rescue squad assistance grant	-	35,147	37,579	2,432
Library grant	-	6,875	6,875	-
Victim-witness grant	15,156	15,156	13,851	(1,305)
Other state funds	-	5,375	28,641	23,266
Fire programs	28,848	28,848	29,868	1,020
Total other categorical aid	<u>\$ 64,442</u>	<u>\$ 111,839</u>	<u>\$ 151,342</u>	<u>\$ 39,503</u>
Total categorical aid	<u>\$ 1,661,685</u>	<u>\$ 1,853,293</u>	<u>\$ 1,876,305</u>	<u>\$ 23,012</u>
Total revenue from the Commonwealth	<u>\$ 3,610,675</u>	<u>\$ 3,802,283</u>	<u>\$ 3,796,367</u>	<u>\$ (5,916)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 33,129</u>	<u>\$ 33,129</u>	<u>\$ 30,901</u>	<u>\$ (2,228)</u>
Categorical aid:				
Highway safety grant	\$ -	\$ 11,880	\$ 10,013	\$ (1,867)
Victim-witness grant	45,855	45,855	41,554	(4,301)
Emergency management	7,500	7,500	15,000	7,500
Total categorical aid	<u>\$ 53,355</u>	<u>\$ 65,235</u>	<u>\$ 66,567</u>	<u>\$ 1,332</u>
Total revenue from the federal government	<u>\$ 86,484</u>	<u>\$ 98,364</u>	<u>\$ 97,468</u>	<u>\$ (896)</u>
Total General Fund	<u>\$ 27,479,198</u>	<u>\$ 27,842,224</u>	<u>\$ 28,586,208</u>	<u>\$ 743,984</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 9,000	\$ 145,135	\$ 143,290	\$ (1,845)
Total charges for services	\$ 9,000	\$ 145,135	\$ 143,290	\$ (1,845)
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 6,917	\$ 6,917
Total miscellaneous	\$ -	\$ -	\$ 6,917	\$ 6,917
Recovered costs:				
Extradition costs	\$ 2,500	\$ 2,500	\$ 5,669	\$ 3,169
Total recovered costs	\$ 2,500	\$ 2,500	\$ 5,669	\$ 3,169
Total revenue from local sources	\$ 11,500	\$ 147,635	\$ 155,876	\$ 8,241
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,990,200	\$ 1,867,453	\$ 1,902,859	\$ 35,406
Other categorical aid:				
Local jails	\$ 270,000	\$ 270,000	\$ 226,352	\$ (43,648)
Total categorical aid	\$ 2,260,200	\$ 2,137,453	\$ 2,129,211	\$ (8,242)
Total revenue from the Commonwealth	\$ 2,260,200	\$ 2,137,453	\$ 2,129,211	\$ (8,242)
Total Eastern Shore Regional Jail Fund	\$ 2,271,700	\$ 2,285,088	\$ 2,285,087	\$ (1)
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 22,782	\$ 22,782
Total revenue from local sources	\$ -	\$ -	\$ 22,782	\$ 22,782
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 865,991	\$ 865,991	\$ 540,113	\$ (325,878)
Total categorical aid	\$ 865,991	\$ 865,991	\$ 540,113	\$ (325,878)
Total revenue from the Commonwealth	\$ 865,991	\$ 865,991	\$ 540,113	\$ (325,878)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,303,287	\$ 1,303,287	\$ 1,346,287	\$ 43,000
Total categorical aid	\$ 1,303,287	\$ 1,303,287	\$ 1,346,287	\$ 43,000
Total revenue from the federal government	\$ 1,303,287	\$ 1,303,287	\$ 1,346,287	\$ 43,000
Total Virginia Public Assistance Fund	\$ 2,169,278	\$ 2,169,278	\$ 1,909,182	\$ (260,096)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Forfeited Asset Sharing Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 4,102	\$ 4,102
Total revenue from the Commonwealth	\$ -	\$ -	\$ 4,102	\$ 4,102
Total Forfeited Asset Sharing Fund	\$ -	\$ -	\$ 4,102	\$ 4,102
CDBG Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Program income	\$ -	\$ -	\$ 4,989	\$ 4,989
Total miscellaneous	\$ -	\$ -	\$ 4,989	\$ 4,989
Total revenue from local sources	\$ -	\$ -	\$ 4,989	\$ 4,989
Total CDBG Projects Fund	\$ -	\$ -	\$ 4,989	\$ 4,989
Brownfield Community Assessment Fund:				
Revenue from the federal government:				
Categorical aid:				
Environmental Protection Agency grant	\$ -	\$ 300,000	\$ 68,618	\$ (231,382)
Total Brownfield Community Assessment Fund	\$ -	\$ 300,000	\$ 68,618	\$ (231,382)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Harbor Improvement Fund:				
Revenue from local sources:				
Charges for services:				
Boat slip rentals	\$ 14,460	\$ 14,460	\$ 14,242	\$ (218)
Total charges for services	<u>\$ 14,460</u>	<u>\$ 14,460</u>	<u>\$ 14,242</u>	<u>\$ (218)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA Port Authority Grant	\$ -	\$ 190,172	\$ 190,172	\$ -
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 190,172</u>	<u>\$ 190,172</u>	<u>\$ -</u>
Total Harbor Improvement Fund	<u>\$ 14,460</u>	<u>\$ 204,632</u>	<u>\$ 204,414</u>	<u>\$ (218)</u>
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 66,978	\$ 66,977	\$ (1)
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 66,978</u>	<u>\$ 66,977</u>	<u>\$ (1)</u>
Recovered costs:				
Other recovered costs	\$ 161,139	\$ 161,139	\$ 161,139	\$ -
Total revenue from local sources	<u>\$ 161,139</u>	<u>\$ 228,117</u>	<u>\$ 228,116</u>	<u>\$ (1)</u>
Total Debt Service Fund	<u>\$ 161,139</u>	<u>\$ 228,117</u>	<u>\$ 228,116</u>	<u>\$ (1)</u>
Capital Projects Funds:				
Capital Improvements Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ -	\$ 83,995	\$ 847,478	\$ 763,483
Total revenues from local governments	<u>\$ -</u>	<u>\$ 83,995</u>	<u>\$ 847,478</u>	<u>\$ 763,483</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Capital Improvements Fund: (Continued)				
Total County Capital Improvements Fund	\$ -	\$ 83,995	\$ 847,478	\$ 763,483
Total Primary Government	\$ 32,095,775	\$ 33,113,334	\$ 34,138,194	\$ 1,024,860
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 193,374	\$ 202,374	\$ 247,746	\$ 45,372
Total revenue from local sources	\$ 193,374	\$ 202,374	\$ 247,746	\$ 45,372
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 9,149,659	\$ 8,975,913	\$ 8,975,913	\$ -
Total revenues from local governments	\$ 9,149,659	\$ 8,975,913	\$ 8,975,913	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,801,924	\$ 1,801,924	\$ 1,826,639	\$ 24,715
Basic school aid	4,066,358	4,066,358	3,958,106	(108,252)
ISAP	7,859	7,859	8,355	496
Gifted and talented	39,003	39,003	38,215	(788)
Remedial education	258,694	258,694	253,469	(5,225)
Project graduation	4,020	4,020	4,020	-
English as a second language	103,920	103,920	87,660	(16,260)
Special education	497,488	497,488	530,265	32,777
Textbook payment	80,147	80,147	78,529	(1,618)
Virginia preschool initiative	138,377	142,919	142,918	(1)
Social security fringe benefits	245,162	245,162	240,210	(4,952)
Retirement fringe benefits	540,471	540,471	529,555	(10,916)
Group life insurance fringe benefits	16,176	16,716	16,378	(338)
SOL algebra	26,729	26,729	26,625	(104)
Early reading intervention	40,393	40,393	40,393	-
GED pass-thru grant	-	21,694	21,693	(1)
Homebound special education	2,845	2,845	3,783	938
National Board Certification incentive awards	-	7,500	-	(7,500)
Vocational educational	95,017	97,120	94,717	(2,403)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	\$ 345,322	\$ 345,322	\$ 376,483	\$ 31,161
Primary class size	365,522	365,522	370,571	5,049
Supplemental lottery per pupil allocation	259,197	259,197	284,002	24,805
Technology	180,000	180,000	166,949	(13,051)
Alternative education	94,873	94,873	94,873	-
Jobs for Virginia graduates	-	25,000	25,000	-
Other state funds	-	5,000	47,302	42,302
Mentor teacher programs	-	3,714	3,714	-
Total categorical aid	<u>\$ 9,209,497</u>	<u>\$ 9,279,590</u>	<u>\$ 9,270,424</u>	<u>\$ (9,166)</u>
Total revenue from the Commonwealth	<u>\$ 9,209,497</u>	<u>\$ 9,279,590</u>	<u>\$ 9,270,424</u>	<u>\$ (9,166)</u>
Total School Operating Fund	<u>\$ 18,552,530</u>	<u>\$ 18,457,877</u>	<u>\$ 18,494,083</u>	<u>\$ 36,206</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 163,007	\$ 163,007	\$ 155,666	\$ (7,341)
Total charges for services	<u>\$ 163,007</u>	<u>\$ 163,007</u>	<u>\$ 155,666</u>	<u>\$ (7,341)</u>
Total revenue from local sources	<u>\$ 163,007</u>	<u>\$ 163,007</u>	<u>\$ 155,666</u>	<u>\$ (7,341)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 11,769	\$ 11,769	\$ 13,514	\$ 1,745
Total categorical aid	<u>\$ 11,769</u>	<u>\$ 11,769</u>	<u>\$ 13,514</u>	<u>\$ 1,745</u>
Total revenue from the Commonwealth	<u>\$ 11,769</u>	<u>\$ 11,769</u>	<u>\$ 13,514</u>	<u>\$ 1,745</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 764,388	\$ 832,388	\$ 758,812	\$ (73,576)
Summer food program grant	-	2,000	17,248	15,248
USDA commodities	-	-	74,903	74,903
Total categorical aid	<u>\$ 764,388</u>	<u>\$ 834,388</u>	<u>\$ 850,963</u>	<u>\$ 16,575</u>
Total revenue from the federal government	<u>\$ 764,388</u>	<u>\$ 834,388</u>	<u>\$ 850,963</u>	<u>\$ 16,575</u>
Total School Cafeteria Fund	<u>\$ 939,164</u>	<u>\$ 1,009,164</u>	<u>\$ 1,020,143</u>	<u>\$ 10,979</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Grants Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 1,007,827	\$ 1,004,534	\$ 732,584	\$ (271,950)
Title I Part C (Migrant)	451,545	442,883	161,086	(281,797)
Title II Part A	99,412	98,682	87,143	(11,539)
Title III Part A	26,379	36,025	19,725	(16,300)
Title IV Part A	18,804	51,287	43,787	(7,500)
Title V Part A	26,380	46,098	-	(46,098)
Title VI-B Special education	404,228	437,001	383,677	(53,324)
Title VI-B preschool	31,865	31,773	28,384	(3,389)
Title VI-B rural and low income schools	-	-	22,758	22,758
CTE/Perkins grant	43,477	44,570	44,569	(1)
1003 A school improvement grant	-	299,438	674	(298,764)
Consortium incentive grants	35,142	36,094	20,187	(15,907)
Total categorical aid	<u>\$ 2,145,059</u>	<u>\$ 2,528,385</u>	<u>\$ 1,544,574</u>	<u>\$ (983,811)</u>
Total revenue from the federal government	<u>\$ 2,145,059</u>	<u>\$ 2,528,385</u>	<u>\$ 1,544,574</u>	<u>\$ (983,811)</u>
Total School Grants Fund	<u>\$ 2,145,059</u>	<u>\$ 2,528,385</u>	<u>\$ 1,544,574</u>	<u>\$ (983,811)</u>
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 150,839	\$ 150,839
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,839</u>	<u>\$ 150,839</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,839</u>	<u>\$ 150,839</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,636,753</u>	<u>\$ 21,995,426</u>	<u>\$ 21,209,639</u>	<u>\$ (785,787)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 41,017	\$ 137,162	\$ 122,797	\$ 14,365
General and financial administration:				
County administrator	\$ 350,180	\$ 509,660	\$ 509,659	\$ 1
County attorney	68,524	68,524	67,800	724
Commissioner of revenue	244,913	284,358	184,633	99,725
General reassessment	165,036	162,576	157,458	5,118
Treasurer	304,435	343,880	280,040	63,840
Finance	388,111	388,111	376,385	11,726
Department of information technology	338,886	338,886	329,158	9,728
Contingency	579,669	243,031	-	243,031
Other general and financial administration	195,428	199,115	199,115	-
Total general and financial administration	\$ 2,635,182	\$ 2,538,141	\$ 2,104,248	\$ 433,893
Board of elections:				
Electoral board and officials	\$ 182,052	\$ 182,052	\$ 164,926	\$ 17,126
Total board of elections	\$ 182,052	\$ 182,052	\$ 164,926	\$ 17,126
Total general government administration	\$ 2,858,251	\$ 2,857,355	\$ 2,391,971	\$ 465,384
Judicial administration:				
Courts:				
Circuit court	\$ 29,564	\$ 29,564	\$ 24,008	\$ 5,556
General district court	6,680	6,680	6,542	138
Magistrate	3,225	3,225	997	2,228
Juvenile and domestic relations district court	5,330	5,330	4,843	487
Clerk of the circuit court	312,060	318,935	305,276	13,659
Victim and witness assistance	61,140	61,140	55,962	5,178
Total courts	\$ 417,999	\$ 424,874	\$ 397,628	\$ 27,246
Commonwealth's attorney:				
Commonwealth's attorney	\$ 285,484	\$ 285,484	\$ 275,862	\$ 9,622
Total commonwealth's attorney	\$ 285,484	\$ 285,484	\$ 275,862	\$ 9,622
Total judicial administration	\$ 703,483	\$ 710,358	\$ 673,490	\$ 36,868
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,926,860	\$ 3,045,445	\$ 3,029,179	\$ 16,266
Total law enforcement and traffic control	\$ 2,926,860	\$ 3,045,445	\$ 3,029,179	\$ 16,266

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 11,909	\$ 11,909	\$ 11,414	\$ 495
Fire prevention	190,503	190,503	189,409	1,094
Emergency medical services	1,865,169	1,962,166	1,962,158	8
Total fire and rescue services	<u>\$ 2,067,581</u>	<u>\$ 2,164,578</u>	<u>\$ 2,162,981</u>	<u>\$ 1,597</u>
Correction and detention:				
Judicial court services	\$ 53,580	\$ 53,580	\$ 19,064	\$ 34,516
Total correction and detention	<u>\$ 53,580</u>	<u>\$ 53,580</u>	<u>\$ 19,064</u>	<u>\$ 34,516</u>
Other protection:				
Animal control	\$ 116,679	\$ 117,314	\$ 117,310	\$ 4
Other emergency services	334,475	336,725	320,024	16,701
Contribution to animal control facility	35,600	35,600	22,243	13,357
Total other protection	<u>\$ 486,754</u>	<u>\$ 489,639</u>	<u>\$ 459,577</u>	<u>\$ 30,062</u>
Total public safety	<u>\$ 5,534,775</u>	<u>\$ 5,753,242</u>	<u>\$ 5,670,801</u>	<u>\$ 82,441</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,563,996	\$ 1,746,303	\$ 1,746,294	\$ 9
Administration	117,869	117,869	115,396	2,473
Total sanitation and waste removal	<u>\$ 1,681,865</u>	<u>\$ 1,864,172</u>	<u>\$ 1,861,690</u>	<u>\$ 2,482</u>
Maintenance of general buildings and grounds:				
General properties	\$ 757,816	\$ 854,674	\$ 854,651	\$ 23
Total maintenance of general buildings and grounds	<u>\$ 757,816</u>	<u>\$ 854,674</u>	<u>\$ 854,651</u>	<u>\$ 23</u>
Total public works	<u>\$ 2,439,681</u>	<u>\$ 2,718,846</u>	<u>\$ 2,716,341</u>	<u>\$ 2,505</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 404,300	\$ 404,300	\$ 404,300	\$ -
Total health	<u>\$ 404,300</u>	<u>\$ 404,300</u>	<u>\$ 404,300</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 74,561	\$ 74,561	\$ 74,561	\$ -
Total mental health and mental retardation	\$ 74,561	\$ 74,561	\$ 74,561	\$ -
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	165,000	165,000	148,372	16,628
Total welfare	\$ 166,800	\$ 166,800	\$ 150,172	\$ 16,628
Total health and welfare	\$ 645,661	\$ 645,661	\$ 629,033	\$ 16,628
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 20,723	\$ 20,723	\$ 20,723	\$ -
Contribution to County School Board	8,821,813	8,821,813	8,821,813	-
Total education	\$ 8,842,536	\$ 8,842,536	\$ 8,842,536	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 257,332	\$ 254,797	\$ 232,041	\$ 22,756
Harbors and boat ramps	27,359	35,568	35,567	1
Total parks and recreation	\$ 284,691	\$ 290,365	\$ 267,608	\$ 22,757
Library:				
Contribution to regional library	\$ 138,000	\$ 138,000	\$ 138,000	\$ -
Contribution to local library	20,000	20,000	20,000	-
Total library	\$ 158,000	\$ 158,000	\$ 158,000	\$ -
Total parks, recreation, and cultural	\$ 442,691	\$ 448,365	\$ 425,608	\$ 22,757
Community development:				
Planning and community development:				
Community development	\$ 71,780	\$ 71,780	\$ 68,946	\$ 2,834
Planning, permitting and enforcement	831,965	704,412	662,016	42,396
Wetlands board	2,100	2,100	1,925	175
Planning commission	5,294	6,794	5,683	1,111
Other economic development	287,574	283,887	275,612	8,275
Total planning and community development	\$ 1,198,713	\$ 1,068,973	\$ 1,014,182	\$ 54,791
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	\$ 90,859	\$ 107,609	\$ 89,799	17,810
Total cooperative extension program	\$ 90,859	\$ 107,609	\$ 89,799	\$ 17,810
Total community development	\$ 1,320,855	\$ 1,207,865	\$ 1,135,264	\$ 72,601

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Total General Fund	\$ 22,787,933	\$ 23,184,228	\$ 22,485,044	\$ 699,184
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 4,117,079	\$ 4,130,467	\$ 4,014,692	\$ 115,775
Total correction and detention	\$ 4,117,079	\$ 4,130,467	\$ 4,014,692	\$ 115,775
Total Eastern Shore Regional Jail Fund	\$ 4,117,079	\$ 4,130,467	\$ 4,014,692	\$ 115,775
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,353,637	\$ 2,365,489	\$ 2,098,953	\$ 266,536
Public assistance	150,681	150,681	73,388	77,293
Other welfare services	87,020	87,020	100,718	(13,698)
Total welfare and social services	\$ 2,591,338	\$ 2,603,190	\$ 2,273,059	\$ 330,131
Total health and welfare	\$ 2,591,338	\$ 2,603,190	\$ 2,273,059	\$ 330,131
Total Virginia Public Assistance Fund	\$ 2,591,338	\$ 2,603,190	\$ 2,273,059	\$ 330,131
Brownfield Community Assessment Fund:				
Community development:				
Planning and community development:				
IEPA grant assessments	\$ -	\$ 300,000	\$ 68,618	\$ 231,382
Total community development	\$ -	\$ 300,000	\$ 68,618	\$ 231,382
Total Brownfield Community Assessment Fund	\$ -	\$ 300,000	\$ 68,618	\$ 231,382

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Harbor Improvement Fund:				
Capital projects:				-
Harbors and boat ramps	\$ 14,460	\$ 347,325	\$ 347,108	217
Total capital projects	\$ 14,460	\$ 347,325	\$ 347,108	217
Total Harbor Improvement Fund	\$ 14,460	\$ 347,325	\$ 347,108	217
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,230,025	\$ 4,149,298	\$ 4,149,298	-
Interest and other fiscal charges	873,637	873,637	873,625	12
Total Debt Service Fund	\$ 3,103,662	\$ 5,022,935	\$ 5,022,923	12
Capital Projects Funds:				
Capital Improvements Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 67,800	\$ 154,100	\$ 154,100	-
Total education	\$ 67,800	\$ 154,100	\$ 154,100	-
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 296,419	\$ 296,419	-
School capital assets	-	769,311	547,103	222,208
Total capital projects	\$ -	\$ 1,065,730	\$ 843,522	222,208
Total Capital Improvements Fund	\$ 67,800	\$ 1,219,830	\$ 997,622	222,208
Total Primary Government	\$ 32,682,272	\$ 36,807,975	\$ 35,209,066	1,598,909

Schedule of Expenditures - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 2,005,458	\$ 1,527,434	\$ 1,457,727	\$ 69,707
Total administration of schools	\$ 2,005,458	\$ 1,527,434	\$ 1,457,727	\$ 69,707
Instruction costs:				
Elementary and secondary schools	\$ 12,854,387	\$ 13,331,461	\$ 12,699,900	\$ 631,561
Total instruction costs	\$ 12,854,387	\$ 13,331,461	\$ 12,699,900	\$ 631,561
Operating costs:				
Pupil transportation	\$ 1,793,534	\$ 1,403,787	\$ 1,331,818	\$ 71,969
Operation and maintenance of school plant	2,100,670	2,083,817	2,034,001	49,816
Total operating costs	\$ 3,894,204	\$ 3,487,604	\$ 3,365,819	\$ 121,785
Contribution to County Capital Projects Fund	\$ -	\$ 188,219	\$ 847,478	\$ (659,259)
Total education	\$ 18,754,049	\$ 18,534,718	\$ 18,370,924	\$ 163,794
Debt service:				
Principal retirement	\$ 205,687	\$ 205,687	\$ 205,687	\$ -
Interest and other fiscal charges	12,772	12,772	12,772	-
Total debt service	\$ 218,459	\$ 218,459	\$ 218,459	\$ -
Total School Operating Fund	\$ 18,972,508	\$ 18,753,177	\$ 18,589,383	\$ 163,794
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 969,164	\$ 1,209,164	\$ 1,066,648	\$ 142,516
USDA commodities	-	-	74,903	(74,903)
Total school food services	\$ 969,164	\$ 1,209,164	\$ 1,141,551	\$ 67,613
Total education	\$ 969,164	\$ 1,209,164	\$ 1,141,551	\$ 67,613
Total School Cafeteria Fund	\$ 969,164	\$ 1,209,164	\$ 1,141,551	\$ 67,613
School Grants Fund:				
Education:				
Instruction	\$ 2,145,059	\$ 2,528,385	\$ 1,544,574	\$ 983,811
Total School Grants Fund	\$ 2,145,059	\$ 2,528,385	\$ 1,544,574	\$ 983,811
School Retiree Health Insurance Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 150,155	\$ (150,155)
Total education	\$ -	\$ -	\$ 150,155	\$ (150,155)
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 150,155	\$ (150,155)
Total Discretely Presented Component Unit - School Board	\$ 22,086,731	\$ 22,490,726	\$ 21,425,663	\$ 1,065,063

[illegible]

Fiscal Year Ended June 30, 2019

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)

	2019	2018	2017	2016
Governmental activities				
Net investment in capital assets	\$ 11,822,786	\$ 13,426,790	\$ 13,075,221	\$ 13,311,004
Restricted	1,671,403	3,545,615	3,195,132	2,915,707
Unrestricted	13,221,915	11,733,339	11,922,127	9,069,441
Total governmental activities net position	<u>\$ 26,716,104</u>	<u>\$ 28,705,744</u>	<u>\$ 28,192,480</u>	<u>\$ 25,296,152</u>
Business-type activities				
Net investment in capital assets	\$ 34,741	\$ 41,742	\$ 16,149	\$ 18,036
Unrestricted	33,375	(36,699)	1,452	8,426
Total business-type activities net position	<u>\$ 68,116</u>	<u>\$ 5,043</u>	<u>\$ 17,601</u>	<u>\$ 26,462</u>
Primary government				
Net investment in capital assets	\$ 11,857,527	\$ 13,468,532	\$ 13,091,370	\$ 13,329,040
Restricted	1,671,403	3,545,615	3,195,132	2,915,707
Unrestricted	13,255,290	11,696,640	11,923,579	9,077,867
Total primary government net position	<u>\$ 26,784,220</u>	<u>\$ 28,710,787</u>	<u>\$ 28,210,081</u>	<u>\$ 25,322,614</u>

Table 1

2015	2014	2013	2012	2011	2010
\$ 13,002,316	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629	\$ 11,716,567	\$ 8,893,564
3,005,354	2,593,299	2,299,456	2,690,446	2,279,410	2,016,857
7,678,896	9,587,750	9,115,224	8,399,606	6,930,654	10,914,539
<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>	<u>\$ 21,824,960</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,136	\$ 8,849
9,561	2,702	2,702	(27,136)	(131,380)	(16,115)
<u>\$ 9,561</u>	<u>\$ 2,702</u>	<u>\$ 2,702</u>	<u>\$ (27,136)</u>	<u>\$ (124,244)</u>	<u>\$ (7,266)</u>
\$ 13,002,316	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629	\$ 11,723,703	\$ 8,902,413
3,005,354	2,593,299	2,299,456	2,690,446	2,279,410	2,016,857
7,688,457	9,590,452	9,117,926	8,372,470	6,799,274	10,898,424
<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>	<u>\$ 21,817,694</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2019	2018	2017	2016
Expenses				
Governmental activities:				
General government administration	\$ 3,050,836	\$ 2,846,063	\$ 2,635,928	\$ 2,413,847
Judicial administration	738,392	852,560	852,577	827,333
Public safety	9,602,687	9,589,223	9,215,297	8,739,709
Public works	2,850,905	2,583,136	2,483,413	2,545,525
Health and welfare	2,786,249	3,022,247	2,851,470	2,859,742
Education	10,493,929	9,638,974	9,341,711	10,018,401
Parks, recreation, culture	756,434	456,076	419,903	384,855
Community development	1,215,550	1,052,847	1,018,247	912,784
Interest on long-term debt	435,051	534,335	622,511	697,430
Total governmental activities expenses	<u>\$ 31,930,033</u>	<u>\$ 30,575,461</u>	<u>\$ 29,441,057</u>	<u>\$ 29,399,626</u>
Business-type activities:				
Public utilities	\$ 194,946	\$ 218,374	\$ 192,628	\$ 185,352
Total business-type activities expenses	<u>\$ 194,946</u>	<u>\$ 218,374</u>	<u>\$ 192,628</u>	<u>\$ 185,352</u>
Total Primary government expenses	<u>\$ 32,124,979</u>	<u>\$ 30,793,835</u>	<u>\$ 29,633,685</u>	<u>\$ 29,584,978</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	684,650	784,750	768,860	654,510
Public safety	783,262	694,031	469,439	304,566
Public works	728,839	806,547	574,315	575,089
Parks, recreation, culture	66,707	60,534	53,744	51,200
Community development	-	-	-	-
Operating grants and contributions	6,252,276	6,130,345	6,085,668	6,080,273
Capital grants and contributions	-	-	33,129	52,577
Total governmental activities program revenues	<u>\$ 8,515,734</u>	<u>\$ 8,476,207</u>	<u>\$ 7,985,155</u>	<u>\$ 7,718,215</u>
Business-type activities:				
Charges for services	\$ 262,294	\$ 196,844	\$ 187,630	\$ 180,235
Total business-type activities program revenues	<u>\$ 262,294</u>	<u>\$ 196,844</u>	<u>\$ 187,630</u>	<u>\$ 180,235</u>
Total primary government program revenue	<u>\$ 8,778,028</u>	<u>\$ 8,673,051</u>	<u>\$ 8,172,785</u>	<u>\$ 7,898,450</u>
Net(Expense)/Revenue				
Governmental activities	\$ (23,414,299)	\$ (22,099,254)	\$ (21,455,902)	\$ (21,681,411)
Business-type activities	67,348	(21,530)	(4,998)	(5,117)
Total primary government net expense	<u>\$ (23,346,951)</u>	<u>\$ (22,120,784)</u>	<u>\$ (21,460,900)</u>	<u>\$ (21,686,528)</u>

2015	2014	2013	2012	2011	2010
\$ 2,654,848	\$ 2,573,634	\$ 2,580,737	\$ 2,421,964	\$ 1,880,236	\$ 1,609,696
808,280	810,083	776,261	791,212	755,107	700,167
8,723,916	8,767,356	9,453,598	3,875,834	7,220,089	7,006,458
2,006,016	2,061,988	2,173,368	2,171,427	3,046,144	1,345,320
2,885,030	2,879,167	2,878,538	3,182,812	3,352,694	4,192,321
9,587,332	9,069,634	8,731,218	8,009,717	8,807,476	8,307,555
356,931	376,031	320,558	343,025	352,034	300,973
1,153,095	1,932,522	1,299,259	1,414,090	1,849,353	900,746
765,128	817,257	2,480,390	1,598,507	1,630,403	1,657,839
<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>	<u>\$ 26,021,075</u>
\$ 165,348	\$ 172,225	\$ 163,782	\$ 95,162	\$ 171,219	\$ 83,596
<u>\$ 165,348</u>	<u>\$ 172,225</u>	<u>\$ 163,782</u>	<u>\$ 95,162</u>	<u>\$ 171,219</u>	<u>\$ 83,596</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>	<u>\$ 26,104,671</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
722,594	748,040	562,536	309,943	246,548	236,585
267,459	302,044	348,892	182,244	180,166	294,899
535,686	506,268	451,294	448,334	397,766	330,862
58,630	58,479	46,528	71,060	43,447	49,180
40	20	188	108	372	-
6,137,361	5,815,182	5,604,379	6,586,173	7,542,861	6,591,543
-	741,305	1,482,705	139,418	150,000	6,269,953
<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>	<u>\$ 13,773,022</u>
\$ 165,486	\$ 160,946	\$ 174,910	\$ -	\$ 54,241	\$ 57,489
<u>\$ 165,486</u>	<u>\$ 160,946</u>	<u>\$ 174,910</u>	<u>\$ -</u>	<u>\$ 54,241</u>	<u>\$ 57,489</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>	<u>\$ 13,830,511</u>
\$ (21,218,806)	\$ (21,116,334)	\$ (22,197,405)	\$ (16,071,308)	\$ (20,332,376)	\$ (12,248,053)
138	(11,279)	11,128	(95,162)	(116,978)	(26,107)
<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>	<u>\$ (12,274,160)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2019	2018	2017	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 18,776,883	\$ 18,283,266	\$ 18,041,615	\$ 17,065,329
Local sales and use tax	1,347,759	1,278,342	1,206,730	1,178,112
Communication sales tax		-	-	-
Consumer utility tax	328,478	325,996	323,498	318,769
Business license taxes	38,126	39,667	38,221	37,220
Hotel and meals taxes	844,012	828,344	624,632	598,525
Other local taxes	575,224	545,693	583,525	576,843
Unrestricted revenues from use of money and property	254,371	131,362	107,437	174,263
Miscellaneous	119,981	(158,082)	376,240	237,483
Grants and contributions not restricted to specific programs	1,920,062	1,953,926	1,972,832	1,975,885
Gain(loss) on disposal of capital assets	-	-	-	-
Transfers	851,753	546,170	1,077,500	991,545
Total governmental activities	\$ 25,056,649	\$ 23,774,684	\$ 24,352,230	\$ 23,153,974
Business-type activities:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Transfers	(4,275)	5,225	(3,863)	22,018
Total business-type activities	\$ (4,275)	\$ 5,225	\$ (3,863)	\$ 22,018
Total primary government	\$ 25,052,374	\$ 23,779,909	\$ 24,348,367	\$ 23,175,992
Change in Net Position				
Governmental activities	\$ 1,642,350	\$ 1,675,430	\$ 2,896,328	\$ 1,472,563
Business-type activities	63,073	(16,305)	(8,861)	16,901
Total primary government	\$ 1,705,423	\$ 1,659,125	\$ 2,887,467	\$ 1,489,464

	2015	2014	2013	2012	2011	2010
\$	16,695,685	\$ 16,646,517	\$ 16,777,134	\$ 15,640,011	\$ 15,457,110	\$ 15,591,694
	1,091,493	1,089,704	1,080,525	1,177,340	1,064,382	1,041,256
	-	-	-	-	-	316,850
	322,591	320,126	316,666	313,641	316,147	512,946
	38,132	41,232	39,679	40,968	44,943	42,978
	553,510	527,093	520,300	265,688	258,405	483,995
	500,753	527,676	586,363	695,252	682,452	494,685
	77,791	71,502	-	-	-	86,717
	166,823	170,401	62,378	128,069	79,445	87,554
	2,012,975	2,022,633	246,097	190,464	76,049	1,349,942
	-	-	1,844,798	1,796,331	1,794,768	-
	394,521	578,848	747,803	(199,406)	436,301	(26,107)
\$	<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>	<u>19,982,510</u>
\$	-	\$ -	\$ -	\$ (7,136)	\$ -	\$ -
	-	18,000	18,710	199,406	-	26,107
\$	<u>-</u>	<u>18,000</u>	<u>18,710</u>	<u>192,270</u>	<u>-</u>	<u>26,107</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>	<u>20,008,617</u>
\$	635,468	\$ 879,398	\$ 24,338	\$ 3,977,050	\$ (122,374)	\$ 7,734,457
	138	6,721	29,838	97,108	(116,978)	-
\$	<u>635,606</u>	<u>886,119</u>	<u>54,176</u>	<u>4,074,158</u>	<u>(239,352)</u>	<u>7,734,457</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2019	2018	2017	2016
General Fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	2,963	782	1,748
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	139,908	139,908	66,000
Unassigned	11,495,155	10,332,116	9,464,231	7,763,364
Total General Fund	\$ 11,495,155	\$ 10,474,987	\$ 9,604,921	\$ 7,831,112
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	1,671,403	3,545,615	3,195,132	2,915,707
Committed	6,642,429	6,902,495	6,684,163	5,735,985
Assigned	98,719	141,413	142,280	160,978
Unassigned	(22,010)	(22,010)	(192,866)	(191,846)
Total all other governmental funds	\$ 8,390,541	\$ 10,567,513	\$ 9,828,709	\$ 8,620,824

Note: The County implemented GASB Statement number 54, for fund balance reporting in FY11. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB Statement number 54 is not available, but will be accumulated over time.

Table 3

2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,582,698
874	874	674	-	-	-
-	-	-	-	1,334,815	-
190,175	-	-	-	-	-
-	139,168	-	-	-	-
7,804,166	7,898,674	8,058,543	6,598,339	4,191,411	-
<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>	<u>\$ 4,582,698</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,016,857
-	-	-	-	-	55,070
-	-	-	-	-	7,518,666
-	-	-	-	624,228	-
3,005,354	2,593,299	2,299,456	2,690,446	1,123,573	-
4,691,846	4,854,183	4,600,157	4,378,522	4,410,088	-
-	-	-	-	-	-
(203,262)	(182,910)	(170,856)	(168,211)	(176,288)	-
<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>	<u>\$ 9,590,593</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2019	2018	2017	2016
REVENUES				
General property taxes	\$ 18,998,268	\$ 18,272,125	\$ 18,039,197	\$ 17,212,661
Other local taxes	3,133,599	3,018,042	2,776,606	2,709,469
Permits, privilege fees, and regulatory licenses	118,752	141,646	167,599	168,928
Fines and forfeitures	639,442	781,255	553,690	442,889
Revenue from the use of money and property	254,371	131,362	107,437	174,263
Charges for services	1,505,264	1,422,961	1,145,069	973,548
Miscellaneous	119,981	44,584	347,709	209,667
Recovered costs	348,701	282,924	483,456	402,761
Intergovernmental revenues	9,019,816	8,635,666	9,165,266	9,122,298
Total revenues	\$ 34,138,194	\$ 32,730,565	\$ 32,786,029	\$ 31,416,484
EXPENDITURES				
Current:				
General government administration	\$ 2,391,971	\$ 2,098,866	\$ 2,109,381	\$ 2,150,567
Judicial administration	673,490	685,186	689,380	677,613
Public safety	9,685,493	9,139,783	8,735,849	8,240,146
Public works	2,716,341	2,488,639	2,262,325	2,130,659
Health and welfare	2,902,092	2,938,337	2,813,823	2,892,299
Education	8,996,636	8,687,800	8,739,800	8,754,047
Parks, recreation, and cultural	425,608	430,593	376,247	366,068
Community development	1,203,882	1,000,540	988,099	977,163
Capital projects	1,190,630	656,236	176,072	983,315
Debt service:				
Principal retirement	4,149,298	1,912,130	1,822,131	2,269,250
Interest and other fiscal charges	873,625	970,634	1,054,591	1,127,579
Total expenditures	\$ 35,209,066	\$ 31,008,744	\$ 29,767,698	\$ 30,568,706
Excess (deficiency) of revenues over (under) expenditures	\$ (1,070,872)	\$ 1,721,821	\$ 3,018,331	\$ 847,778
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,717,906	\$ 5,955,599	\$ 5,214,133	\$ 5,805,122
Transfers out	(5,766,131)	(6,008,824)	(5,250,770)	(5,867,640)
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Issuance of capital leases	-	-	-	-
Total other financing sources (uses)	\$ (48,225)	\$ (53,225)	\$ (36,637)	\$ (62,518)
Net change in fund balances	\$ (1,119,097)	\$ 1,668,596	\$ 2,981,694	\$ 785,260
Fund balances - beginning	21,004,793	19,373,904	16,451,936	15,666,676
Fund balances - ending	\$ 19,885,696	\$ 21,042,500	\$ 19,433,630	\$ 16,451,936
Debt Service as a percentage of noncapital expenditures	14.81%	9.58%	9.80%	11.33%

Table 4

2015	2014	2013	2012	2011	2010
\$ 16,682,266	\$ 16,717,264	\$ 17,199,372	\$ 15,691,764	\$ 15,420,768	\$ 15,077,656
2,506,479	2,505,831	2,543,533	2,492,889	2,366,329	2,892,710
109,011	115,874	128,550	134,793	125,374	192,564
510,887	537,765	378,652	162,917	117,466	114,132
77,791	71,502	62,378	128,069	111,289	78,806
964,511	961,212	902,236	713,979	625,459	604,829
130,164	138,158	264,511	109,602	76,049	87,554
213,750	272,875	255,303	3,719,863	346,093	428,125
8,544,857	9,175,968	9,698,395	8,994,551	9,923,930	8,258,638
<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>	<u>\$ 27,735,014</u>
\$ 1,961,308	\$ 2,038,882	\$ 1,968,506	\$ 1,934,342	\$ 1,714,692	\$ 1,770,821
648,852	623,134	607,948	584,726	592,779	584,458
8,118,561	8,019,032	7,214,604	6,546,031	6,594,780	6,119,994
2,120,556	2,142,149	2,001,046	1,847,921	1,777,069	1,725,082
2,893,156	2,835,881	2,800,420	3,124,653	3,312,480	4,104,825
8,176,890	8,306,488	7,984,224	7,675,452	7,625,997	7,656,078
338,095	353,402	298,448	281,966	258,761	313,905
1,430,497	1,770,565	1,297,764	1,370,772	1,849,972	1,003,195
812,998	755,337	1,647,734	2,654,844	3,849,415	2,492,436
1,861,182	1,856,774	36,705,041	2,530,680	2,523,955	3,825,226
1,191,756	1,256,768	2,461,003	1,589,911	1,784,540	1,810,090
<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>	<u>\$ 31,406,110</u>
\$ 185,865	\$ 538,037	\$ (33,553,808)	\$ 2,007,129	\$ (2,771,683)	\$ (3,671,096)
\$ 5,733,914	\$ 5,947,535	\$ 6,159,676	\$ 5,659,288	\$ 6,089,652	\$ 6,449,976
(5,733,914)	(6,115,535)	(6,178,386)	(5,858,694)	(6,089,652)	(6,476,083)
-	-	-	-	-	1,390,000
-	-	29,720,000	-	-	-
-	-	4,986,840	-	-	-
-	145,277	154,466	183,606	106,219	79,232
<u>\$ -</u>	<u>\$ (22,723)</u>	<u>\$ 34,842,596</u>	<u>\$ (15,800)</u>	<u>\$ 106,219</u>	<u>\$ 1,443,125</u>
\$ 185,865	\$ 515,314	\$ 1,288,788	\$ 1,991,329	\$ (2,665,464)	(2,227,971)
15,303,288	14,787,974	13,499,156	11,507,827	14,173,291	16,401,262
<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>	<u>\$ 14,173,291</u>
<u>10.50%</u>	<u>10.70%</u>	<u>60.59%</u>	<u>15.07%</u>	<u>15.28%</u>	<u>23.62%</u>

Principal Property Tax Payers
Current and Ten Years Ago

Taxpayer	December 31, 2018			December 31, 2008		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bay Creek South LLC	\$ 42,406,100	1	1.94%	\$		
Cape Charles Properties, LLC (Bayshore Concrete Products Corporation)	11,391,000	2	0.52%	9,805,600	8	0.38%
Peacock Holdings Va LLC	11,001,700	3	0.50%			
Daniel A. Hoffler	10,672,400	4	0.49%	16,549,000	3	0.64%
Ballard Brothers Fish Company	10,120,300	5	0.46%	10,174,800	7	0.39%
The Nature Conservancy	7,775,400	6	0.36%	14,104,200	4	0.54%
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				37,348,800	1	1.43%
Richard S. Foster				18,336,100	2	0.70%
Baymark Construction Corporation				13,265,200	5	0.51%
BECO Tower Hill, LLC				12,043,100	6	0.46%
John W. Wescoat, Sr.				9,044,000	9	0.35%
Cherrydale by the Sea, LLC				7,826,100	10	0.30%
	<u>\$ 112,258,700</u>		<u>5.13%</u>	<u>\$ 148,496,900</u>		<u>5.70%</u>

Source: Northampton County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjust- ments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2009	\$ 16,846,757	\$ (168,103)	\$ 16,678,654	\$ 15,371,677	91.24%	\$ 1,300,514	\$ 16,672,191	99.96%
2010	15,107,275	(177,560)	14,929,715	13,833,403	91.57%	1,090,090	14,923,493	99.96%
2011	15,306,788	(124,457)	15,182,331	14,247,384	93.08%	902,196	15,149,580	99.78%
2012	15,537,407	(152,306)	15,385,101	14,423,649	92.83%	917,356	15,341,005	99.71%
2013	16,645,168	(128,482)	16,516,686	15,806,828	94.96%	622,589	16,429,417	99.47%
2014	16,681,616	(303,828)	16,377,788	15,517,549	93.02%	749,953	16,267,502	99.33%
2015	16,680,247	(157,884)	16,522,363	15,696,840	94.10%	664,624	16,361,464	99.03%
2016	17,090,782	(152,614)	16,938,168	16,084,981	94.11%	541,354	16,626,335	98.16%
2017	18,374,970	-	18,374,970	17,395,680	94.67%	164,267.00	17,559,947	95.56%

COUNTY OF NORTHAMPTON, VIRGINIA

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

Fiscal Year Ended	Real Property					Motor			
	(Class 1, 2 & 3) Residential Property	(Class 4) Commercial Property	(Class 5 & 6) Raw Land	Public Service Property	Tax Rate per \$100	Vehicles and Tangibles	Tax Rate per \$100	Public Service Property	Tax Rate per \$100
2010	\$ 1,730,453,549	\$ 163,617,300	\$ 595,142,800	\$ 48,255,100	\$ 0.49	\$ 111,995,167	\$ 4.10	\$ 1,825,600	\$ 4.10
2011	2,104,602,800	179,176,900	584,621,300	42,929,400	0.4900	84,183,800	4.10	1,148,100	4.10
2012	2,122,658,500	179,480,200	581,313,900	52,454,600	0.4900	66,661,000	4.10	1,148,100	4.10
2013	2,123,731,600	179,476,700	580,084,700	49,322,500	0.4900	67,553,600	4.10	385,600	4.10
2014	1,644,540,300	172,302,700	484,359,100	47,337,675	0.5400	68,377,100	3.85	52,623	3.85
2015	1,645,307,200	161,885,000	479,901,300	48,854,329	0.6728	68,775,700	3.85	50,980	3.85
2016	1,645,468,057	159,026,800	476,301,901	52,285,130	0.6805	73,842,300	3.90	12,074	3.90
2017	1,384,987,850	141,462,300	389,505,900	51,653,101	0.8300	94,006,200	3.90	8,726	3.90
2018	1,448,771,200	153,521,800	380,059,700	58,245,081	0.8300	98,671,200	3.90	-	3.90
2019	1,463,601,100	159,402,100	376,098,200	56,636,303	0.8300	106,809,627	3.90	-	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								Total Taxable Assessed Value	Direct Tax Rate per \$100
Machinery and Tools	Tax Rate per \$100	Farm Machinery	Tax Rate per \$100	Heavy Equipment	Tax Rate \$100	Boats	Tax Rate per \$100		
\$ 2,495,150	\$ 2.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,653,784,666	\$ 0.647
2,703,300	2.25	-	-	-	-	-	-	2,999,365,600	0.595
4,417,400	2.25	-	-	-	-	-	-	3,008,133,700	0.575
4,387,300	2.25	-	-	-	-	-	-	3,004,942,000	0.574
4,145,000	2.00	-	-	-	-	-	-	2,421,114,498	0.636
3,867,100	2.00	-	-	-	-	9,428,100	0.99	2,418,069,709	0.767
4,621,400	2.00	-	-	-	-	9,484,600	0.99	2,421,042,262	0.782
4,062,400	2.00	-	-	-	-	9,561,600	0.99	2,075,248,077	0.972
4,721,200	2.00	9,263,300	1.43	963,600	2.86	10,699,200	0.99	2,164,916,281	0.977
4,015,300	2.00	8,643,900	1.20	1,468,400	2.86	11,229,100	0.99	2,187,904,030	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
2010	\$ 0.469	\$ 0.173	\$ 0.004	\$ 0.002	\$ -	\$ -	\$ -	\$ 0.647
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	0.782	0.178	-	0.004	0.006	0.001	0.005	0.977
2019	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
2010	\$ 0.018	\$ 0.250	\$ 0.183	\$ 2.000	\$ 0.120	\$ 0.490	\$ 0.040
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

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds				Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Less: Amounts Restricted to Repaying Principal	Total	Per Capita(a)	
2010	\$ 43,895,337	\$ 2,016,857	\$ 41,878,480	\$ 3,122	1.58%
2011	41,747,232	2,279,410	39,467,822	2,933	1.32%
2012	39,489,635	2,568,542	36,921,093	2,983	1.23%
2013	37,906,670	2,145,866	35,760,804	2,925	1.19%
2014	36,023,096	2,450,550	33,572,546	2,769	1.39%
2015	34,079,522	2,762,716	31,316,806	2,584	1.30%
2016	31,651,888	2,752,047	28,899,841	2,333	1.19%
2017	29,578,315	3,057,346	26,520,969	2,185	1.28%
2018	27,414,742	3,371,311	24,043,431	2,030	1.11%
2019	23,014,001	1,518,958	21,495,043	1,832	0.98%

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

Fiscal Year	Governmental Activities			Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases Payable	Total Primary Government		
2010	\$ 43,895,337	\$ 784,845	\$ 44,680,182	12.30%	\$ 3,331
2011	41,747,232	528,290	42,275,522	13.52%	3,142
2012	39,489,635	451,577	39,941,212	14.14%	3,227
2013	37,906,670	341,477	38,248,147	13.87%	3,128
2014	36,023,096	262,111	36,285,207	12.75%	2,993
2015	34,079,522	93,059	34,172,581	12.04%	2,819
2016	31,651,888	-	31,651,888	11.36%	2,555
2017	29,578,315	-	29,578,315	10.44%	2,437
2018	27,414,742	-	27,414,742	9.32%	2,314
2019	23,014,001	-	23,014,001	8.08%	1,961

Note: Debt refinanced in July 2013.

Demographic and Economic Statistics
Last Ten Available Calendar Years

Calendar Year End	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (3)	Unemployment Rate (2)
2009	12,460	\$ 452,410	\$ 36,309	42.4	1,853	5.50%
2010	12,409	435,941	35,131	42.4	1,788	7.90%
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	1,515	5.40%

Sources:

- (1) U.S. Census Bureau
- (2) Virginia Employment Commission
- (3) Northampton County Schools

Principal Employers
Current Year and Ten Years Ago

Employer	2019			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northampton County Schools	250-499	1	4.91%	250-499	2	4.29%
County of Northampton	100-249	2	2.95%	100-249	4	1.71%
Ballard Fish & Oyster Company Inc	100-249	3	2.95%			
Chesapeake Bay Bridge Tunnel	100-249	4	2.95%	100-249	5	1.71%
Heritage Hall	100-249	5	2.95%	100-249	6	1.71%
Food Lion	100-249	6	2.95%	100-249	8	1.71%
New Ravena Inc.	100-249	7	2.95%	100-249	7	1.71%
David's Nursery	100-249	8	2.95%			
Tankards Nurseries	50-99	9	0.98%	-		
Bay Creek Golf Management, LLC	50-99	10	0.98%			
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%
Total County Employees (Q2 2018 & Q2 2009)	5,091		27.50%	5,197		24.84%

Source: Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	20	20	19	19	19	19	19	19	18	19
Judicial	8	7	7	7	7	7	7	7	7	7
Public Safety	116	113	113	113	109	107	105	104	97	101
Public Works	13	10	10	10	10	10	9	9	10	9
Public Utilities	2	2	2	2	2	2	2	1	1	1
Health and Welfare	30	33	33	33	33	33	33	34	33	34
Parks, Recreation & Cultural	2	2	2	1	1	1	1	1	1	1
Community Development	9	11	9	9	9	10	12	11	11	12
TOTAL	200	198	195	194	190	189	188	186	178	184

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2019	2018	2017
General Administration			
Treasurer			
Tax bills printed	32,209	40,234	39,786
Deposits	2,237	2,217	2,223
Finance			
Paychecks and direct deposit notices	9,054	8,762	9,280
Accounts payable checks	3,733	3,725	3,561
Judicial Administration			
Clerk of the Circuit Court			
Criminal cases commenced	763	814	738
Law cases commenced	347	209	128
Deeds recorded	2,043	2157	2128
Public Safety			
Sheriff			
Calls for service	3,214	3,380	3,209
Arrests made	165	240	298
Traffic summons	6,970	7,552	7,372
Civil processes	2,329	2,324	2,723
Local prisoner days	30,729	33,966	32,920
Inmate transports	259	274	268
Out of state extraditions	20	14	14
EMS			
EMS dispatched	2,895	2,790	2,628
Avg daytime response time in minutes	8.57	8.52	8.53
Avg nighttime response time in minutes	10.29	10.24	10.41
Building inspections			
Plan reviews/Permits issued	293	489	303
Inspections	961	766	663
Public Works			
Solid waste services			
Tons received at landfill	17,791	17,889	17,171
Per capital waster generation (lbs/p/d)	7.59	7.41	6.34
Tipping fee per ton	\$ 72.00	\$ 69.00	\$69.00
Community Development			
Code compliance			
Abandoned vehicle/Inoperable vehicles	5	0	2
Overgrown grass	43	42	12
Dangerous structures	41	20	2
Assignment 911 addresses	26	32	20

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2016	2015	2014	2013	2012	2011	2010
31,652	38833	38,630	46,125	46,100	46,000	48,000
2,177	2,172	2,247	3,915	3,875	3,850	3,800
8,646	8,112	8,371	7,948	7,665	7,650	7,652
3,452	3,574	3,566	3,411	3,580	3,550	3,508
497	487	N/A	N/A	N/A	N/A	N/A
173	194	N/A	N/A	N/A	N/A	N/A
2,045	2,138	N/A	N/A	N/A	N/A	N/A
3,379	N/A	N/A	N/A	N/A	N/A	N/A
296	N/A	N/A	N/A	N/A	N/A	N/A
7,048	N/A	N/A	N/A	N/A	N/A	N/A
2,646	N/A	N/A	N/A	N/A	N/A	N/A
38,596	40,155	38,125	53,025	55,000	53,077	33,100
288	235	295	300	300	255	315
8	11	13	9	15	13	9
2,699	2,842	2,759	2,758	2,760	2,702	2,692
10.00	9.00	9.04	9.00	9.17	9.17	10.29
10.00	10.00	10.97	11.00	11.72	12.37	13.87
254	332	331	367	189	190	324
765	780	1,025	1,074	879	549	1,049
15,687	17,075	15,737	14,088	18,665	15,318	17,000
6.23	6.31	6.05	6.23	5.72	5.44	4.62
\$ 69.00	\$ 65.00	\$ 65.00	\$ 65.00	\$ 63.00	\$ 63.00	\$ 61.00
8	11	9	90	170	240	200
10	61	54	74	76	46	50
6	31	44	19	55	24	40
36	39	51	-	-	-	80

COUNTY OF NORTHAMPTON, VIRGINIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2019	2018	2017	2016
General Administration				
County Administration				
Eastville historic buildings	1	1	1	1
Eastville Inn	1	1	1	1
Temporary Admin. Bldg-Old Middle School	-	-	-	-
Former Middle School	1	1	1	1
1899 Courthouse building	1	1	1	1
Old Jail Building	-	-	1	1
Judicial Administration				
1899 Courthouse building	-	-	-	-
2006 Courthouse	-	-	-	-
Public Safety				
Old jail building	-	-	-	-
THU (Converted to Sheriff's Admin)	1	1	1	1
Eastern Shore Regional Jail	1	1	1	1
Sheriff's vehicles	47	46	44	44
Public Works				
Landfill	1	1	1	1
Transfer station	1	1	1	1
Convenience centers	6	6	6	6
Community Development				
Social services building (old)	-	-	1	1
Social services building (new)	1	1	1	1
Parks, Recreation and Cultural				
Parks	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1
Schools				
Attendance centers, Elementary	2	2	2	2
Attendance centers, Middle	1	1	1	1
Attendance centers, Secondary	1	1	1	1
Number of classrooms, Elementary	78	78	77	77
Number of classrooms, Middle	10	10	12	11
Number of classrooms, Secondary	53	53	51	51.50

Sources: Various departments in the County of Northampton.

Table 15

2015	2014	2013	2012	2011	2010
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	-
-	-	-	-	-	1
-	-	-	-	-	1
-	-	-	-	-	1
1	1	1	1	1	1
1	1	1	1	1	1
46	45	45	40	37	33
1	1	1	1	1	1
1	1	1	1	1	1
6	6	5	4	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
2	2	2	2	2	2
1	1	-	-	-	-
1	1	1	1	1	1
77	78	88	88	88	88
11	10	-	-	-	-
51	51	51	51	51	51



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**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, 2019, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated November 19, 2019.

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) to determine the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associate

Richmond, Virginia
November 19, 2019



**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, 2019. 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, 2019.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 19, 2019

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 13,765
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400109/0400110	239,764
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	169
Low-Income Home Energy Assistance	93.568	0600409/0600410	40,599
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	43,977
Chafee Education and Training Vouchers Program	93.599	0760109/0760110	1,050
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	290
Foster Care - Title IV-E	93.658	1100109/1100110	115,105
Adoption Assistance	93.659	1100109/1100110	13,128
Social Services Block Grant	93.667	1000109/1000110	196,358
Chafee Foster Care Independence Program	93.674	9150108-9150110	2,553
Children's Health Insurance Program	93.767	0540109/0540110	7,161
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	353,829
Total Department of Health and Human Services			\$ 1,027,748
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution--School (Child Nutrition Cluster)	10.555	Not available	\$ 74,903
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	539,246
Sub-total CFDA 10.555			\$ 614,149
Department of Agriculture:			
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	Not available	\$ 1,061
Direct Payments:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	\$ 16,187
Sub-total CFDA 10.559			\$ 17,248
Pass Through Payments:			
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 219,566
Child Nutrition Cluster			\$ 850,963

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110	\$ 318,539
Total Department of Agriculture			\$ 1,169,502
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	3900100-CJS86015	\$ 41,554
Total Department of Justice			\$ 41,554
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-52749	\$ 15,000
Total Department of Homeland Security			\$ 15,000
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-51279,51280	\$ 10,013
Total Department of Transportation			\$ 10,013
Environmental Protection Agency:			
Direct Payments:			
Brownfields Assessment and Cleanup Grant Program	66.818	N/A	\$ 68,618
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 733,258
Migrant Education - State Grant Program	84.011	1790100-42910	161,086
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	44,569
Special Education Cluster:			
Special Education Grants to States	84.027	1790100-43071-61234	383,677
Special Education Preschool Grants	84.173	1790100-82521	28,384
Special Education Cluster			\$ 412,061
Migrant Education - Coordination Program	84.144	1790100-61399	20,187
Rural Education	84.358	1790100-43481	22,758
English Language Acquisition State Grants	84.365	1790100-60512	19,725
Supporting Effective Instruction State Grant	84.367	1790100-61480	87,143
Student Support and Academic Enrichment Program	84.424	Not available	43,787
Total Department of Education			\$ 1,544,574
Total Expenditures of Federal Awards			\$ 3,877,009

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, 2019

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, 2019. 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	\$	97,468
Special Revenue Funds:		
Virginia Public Assistance Fund		1,346,287
Brownfield Community Assessment Fund		68,618
Total primary government	\$	<u>1,512,373</u>
Component Unit School Board:		
School Cafeteria Fund	\$	850,963
School Grants Fund		1,544,574
Total component unit School Board	\$	<u>2,395,537</u>
Total federal expenditures per basic financial statements	\$	<u>3,907,910</u>

Less: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards	\$	<u>(30,901)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>3,877,009</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

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, 2019

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:

CFDA Numbers

10.553/10.555/10.559

84.010

Name of Federal Program or Cluster

Child Nutrition Cluster

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, 2019

There were no prior year findings.