

COUNTY OF NORTHUMBERLAND,
VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2022**

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NORTHUMBERLAND, VIRGINIA

Board of Supervisors

Richard F. Haynie, Chairperson

Thomas H. Tomlin
Ronald L. Jett

James W. Brann
James M. Long

School Board

Betty Christopher, Chairperson

Dr. Cheryl Davis
Dana O'Bier

Denise Mazyck
Gayle Sterrett

Board of Social Services

Thomas Tomlin, Chairperson

Merthia Haynie

Paul Carlson

Other Officials

Judge of the Circuit Court.....	R. Michael McKenney
Clerk of the Circuit Court	Deborah T. Bingham
Judge of General District Court	John S. Martin
Clerk of General District Court	Angela W. Tadlock
Commonwealth's Attorney	Jane B. Wrightson
Treasurer	Ellen Kirby
Sheriff	Johnny Beauchamp
Superintendent of Schools.....	Dr. Holly Wargo
Director of Social Services	Jackie Clayton
Commissioner of the Revenue	Todd E. Thomas
County Administrator	E. Luttrell Tadlock

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NORTHUMBERLAND, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Exhibit 1 Statement of Net Position	11
Exhibit 2 Statement of Activities	12-13
Fund Financial Statements	
Exhibit 3 Balance Sheet—Governmental Funds	14
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	16
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	17
Exhibit 7 Statement of Net Position – Proprietary Funds	18
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Funds	19
Exhibit 9 Statement of Cash Flows—Proprietary Funds	20
Exhibit 10 Statement of Fiduciary Net Position—Fiduciary Funds	21
Exhibit 11 Statement of Changes in Fiduciary Net Position—Fiduciary Funds	22
Notes to Financial Statements	23-96

COUNTY OF NORTHUMBERLAND, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 12 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	97
Exhibit 13 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios—Primary Government	98-99
Exhibit 14 Schedule of Changes in Net Pension Liability and Related Ratios—Component Unit School Board (nonprofessional)	100-101
Exhibit 15 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	102-103
Exhibit 16 Schedule of Employer Contributions—Pension Plans	104
Exhibit 17 Notes to Required Supplementary Information—Pension Plans	105
Exhibit 18 Schedule of County's and Component Unit School Board's Share of Net OPEB Liability—Group Life Insurance (GLI) Plan	106
Exhibit 19 Schedule of Employer Contributions—Group Life Insurance (GLI) Plan	107
Exhibit 20 Notes to Required Supplementary Information—Group Life Insurance (GLI) Plan	108
Exhibit 21 Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios—Health Insurance Credit (HIC) Plan—Primary Government	109
Exhibit 22 Schedule of Changes in the School Nonprofessional's Net OPEB Liability (Asset) and Related Ratios—Health Insurance Credit (HIC) Plan—Component Unit School Board	110
Exhibit 23 Schedule of Employer Contributions—Health Insurance Credit (HIC) Plan	111
Exhibit 24 Notes to Required Supplementary Information—Health Insurance Credit (HIC) Plan—Primary Government	112
Exhibit 25 Schedule of Component Unit School Board's Share of Net OPEB Liability—Teacher Employee Health Insurance Credit (HIC) Plan	113
Exhibit 26 Schedule of Employer Contributions—Teacher Employee Health Insurance Credit (HIC) Plan—Component Unit School Board	114
Exhibit 27 Notes to Required Supplementary Information—Teacher Employee Health Insurance Credit (HIC) Plan—Component Unit School Board	115

COUNTY OF NORTHUMBERLAND, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 28 Schedule of Changes in Total OPEB Liability and Related Ratios— Primary Government	116
Exhibit 29 Notes to Required Supplementary Information—County OPEB	117
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 30 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—County Capital Projects Fund	118
Exhibit 31 Combining Balance Sheet—Nonmajor Special Revenue Funds	119
Exhibit 32 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds	120
Exhibit 33 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	121-122
Exhibit 34 Combining Statement of Fiduciary Net Position - Fiduciary Funds	123
Exhibit 35 Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	124
Discretely Presented Component Unit School Board:	
Exhibit 36 Combining Balance Sheet—Governmental Funds	125
Exhibit 37 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	126
Exhibit 38 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—School Operating Fund	127
Exhibit 39 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Special Revenue Fund	128

COUNTY OF NORTHUMBERLAND, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>Other Supplementary Information: (Continued)</u>	
Supporting Schedules:	
Schedule 1 Governmental Funds—Schedule of Revenues—Budget and Actual	129-134
Schedule 2 Governmental Funds—Schedule of Expenditures—Budget and Actual	135-138
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function—Last Ten Fiscal Years	139
Table 2 Government-Wide Revenues—Last Ten Fiscal Years	140
Table 3 General Governmental Expenditures by Function—Last Ten Fiscal Years	141
Table 4 General Governmental Revenues by Source—Last Ten Fiscal Years	142
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	143
Table 6 Assessed Value of Taxable Property—Last Ten Fiscal Years	144
Table 7 Property Tax Rates—Last Ten Fiscal Years	145
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	146
<u>Compliance:</u>	
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	147-148
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	149-151
Schedule of Expenditures of Federal Awards	152-153
Notes to Schedule of Expenditures of Federal Awards	154
Schedule of Findings and Questioned Costs	155-157
Summary Schedule of Prior Audit Findings	158



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principles

As described in Note 22 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*, and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We

Required Supplementary Information (Continued)

have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of County of Northumberland, 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 Northumberland, Virginia’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Northumberland, Virginia’s internal control over financial reporting and compliance.



Richmond, Virginia
February 8, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Northumberland County
County of Northumberland, Virginia**

As management of the County of Northumberland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,919,334 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenue and other sources more than expenditures and other financing uses of \$261,822 (Exhibit 5) after making contributions totaling \$13,528,095 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$10,198,645, an increase of \$261,822 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,248,143, or 30% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$2,289,016 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

The Sanitary District Fund provides a centralized source for water/sewer services to County residents.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$17,919,334 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Northumberland, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 15,879,594	\$ 13,451,900	\$ 1,331,579	\$ 501,108	\$ 17,211,173	\$ 13,953,008
Capital assets	<u>31,745,090</u>	<u>32,711,952</u>	<u>8,282,769</u>	<u>4,783,029</u>	<u>40,027,859</u>	<u>37,494,981</u>
Total assets	<u>\$ 47,624,684</u>	<u>\$ 46,163,852</u>	<u>\$ 9,614,348</u>	<u>\$ 5,284,137</u>	<u>\$ 57,239,032</u>	<u>\$ 51,447,989</u>
Deferred outflows of resources	\$ <u>1,725,613</u>	\$ <u>2,199,288</u>	\$ <u>76,085</u>	\$ <u>95,768</u>	\$ <u>1,801,698</u>	\$ <u>2,295,056</u>
Current liabilities	\$ 2,054,416	\$ 2,808,571	\$ 888,409	\$ 79,114	\$ 2,942,825	\$ 2,887,685
Long-term liabilities outstanding	<u>27,167,795</u>	<u>31,961,317</u>	<u>5,052,267</u>	<u>2,547,761</u>	<u>32,220,062</u>	<u>34,509,078</u>
Total liabilities	<u>\$ 29,222,211</u>	<u>\$ 34,769,888</u>	<u>\$ 5,940,676</u>	<u>\$ 2,626,875</u>	<u>\$ 35,162,887</u>	<u>\$ 37,396,763</u>
Deferred inflows of resources	\$ <u>5,813,704</u>	\$ <u>134,268</u>	\$ <u>144,805</u>	\$ <u>1,773</u>	\$ <u>5,958,509</u>	\$ <u>136,041</u>
Net position:						
Net investment in capital assets	\$ 5,592,156	\$ 5,450,234	\$ 3,275,769	\$ 2,445,757	\$ 8,867,925	\$ 7,895,991
Restricted	1,100,983	971,806	6,624	-	1,107,607	971,806
Unrestricted	<u>7,621,243</u>	<u>7,036,944</u>	<u>322,559</u>	<u>305,500</u>	<u>7,943,802</u>	<u>7,342,444</u>
Total net position	<u>\$ 14,314,382</u>	<u>\$ 13,458,984</u>	<u>\$ 3,604,952</u>	<u>\$ 2,751,257</u>	<u>\$ 17,919,334</u>	<u>\$ 16,210,241</u>

Government-wide Financial Analysis (Continued)

The County's net position increased by \$1,709,093 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Northumberland, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 557,409	\$ 408,390	\$ 812,627	\$ 708,655	\$ 1,370,036	\$ 1,117,045
Operating grants and contributions	4,601,335	4,909,164	-	-	4,601,335	4,909,164
Capital grants and contributions	-	-	925,862	-	925,862	-
General revenues:						
General property taxes	21,541,089	20,583,436	-	-	21,541,089	20,583,436
Other local taxes	2,680,791	2,640,587	-	-	2,680,791	2,640,587
Grants and other contributions not restricted	1,383,522	1,376,542	-	-	1,383,522	1,376,542
Other general revenues	475,686	406,761	17,358	112,785	493,044	519,546
Transfers	(149,794)	(442,792)	149,794	442,792	-	-
Total revenues	\$ 31,090,038	\$ 29,882,088	\$ 1,905,641	\$ 1,264,232	\$ 32,995,679	\$ 31,146,320
Expenses:						
General government administration						
	\$ 2,150,495	\$ 1,764,986	\$ -	\$ -	\$ 2,150,495	\$ 1,764,986
Judicial administration	995,719	1,083,957	-	-	995,719	1,083,957
Public safety	6,571,946	7,240,720	-	-	6,571,946	7,240,720
Public works	1,702,580	1,732,578	-	-	1,702,580	1,732,578
Health and welfare	2,604,910	2,450,796	-	-	2,604,910	2,450,796
Education	14,697,381	13,385,222	-	-	14,697,381	13,385,222
Parks, recreation, and cultural	233,109	217,267	-	-	233,109	217,267
Community development	549,548	623,856	-	-	549,548	623,856
Interest and other fiscal charges	728,952	786,973	-	-	728,952	786,973
Utilities	-	-	1,051,946	1,213,292	1,051,946	1,213,292
Total expenses	\$ 30,234,640	\$ 29,286,355	\$ 1,051,946	\$ 1,213,292	\$ 31,286,586	\$ 30,499,647
Change in net position	\$ 855,398	\$ 595,733	\$ 853,695	\$ 50,940	\$ 1,709,093	\$ 646,673
Net position, beginning of year	13,458,984	12,863,251	2,751,257	2,700,317	16,210,241	15,563,568
Net position, end of year	\$ 14,314,382	\$ 13,458,984	\$ 3,604,952	\$ 2,751,257	\$ 17,919,334	\$ 16,210,241

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$10,198,645, an increase of \$261,822 in comparison with the prior year. Of this total, 91% constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$322,559. The total increase in net position was \$853,695. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year, revenues and other sources were more than budgetary estimates by \$1,671,749. Expenditures and other uses were less than budgetary estimates by \$1,636,326, resulting in a positive variance of \$3,308,075.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2022 amounts to \$31,745,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$29,484,886 (excludes bond premium). Of this amount, \$29,322,000 comprises debt backed by the full faith and credit of the County. The County's remaining debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The County's total debt outstanding increased by \$1,672,614 during the current fiscal year.

Additional information on the County of Northumberland, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indexes.

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

The fiscal year 2023 budget increased approximately 6.53% with no changes in property tax rates.

Requests for Information

This financial report is designed to provide a general overview of the County of Northumberland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 72 Monument Place, Heathsville, Virginia 22473.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
Statement of Net Position
June 30, 2022

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 10,982,421	\$ 487,832	\$ 11,470,253	\$ 162,267
Cash in custody of others	4,751	-	4,751	542,879
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,174,270	-	1,174,270	-
Accounts receivable	90,687	201,797	292,484	59,528
Notes receivable	10,345	-	10,345	-
Leases receivable	2,749,299	-	2,749,299	-
Interest receivable	5,325	-	5,325	-
Net Pension asset	128,240	5,673	133,913	-
Net OPEB asset	22,241	951	23,192	-
Due from other governmental units	712,015	635,326	1,347,341	1,518,257
Capital assets (net of accumulated depreciation):				
Land and land improvements	894,628	98,924	993,552	23,929
Buildings and improvements	29,139,197	4,193,014	33,332,211	5,950,774
Machinery and equipment	1,419,024	133,053	1,552,077	1,565,887
Leased improvements	16,144	-	16,144	-
Leased equipment	145,391	-	145,391	-
Construction in progress	130,706	3,857,778	3,988,484	-
Total assets	<u>\$ 47,624,684</u>	<u>\$ 9,614,348</u>	<u>\$ 57,239,032</u>	<u>\$ 9,823,521</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	\$ 224,433	\$ -	\$ 224,433	\$ -
Pension related items	1,341,871	63,152	1,405,023	3,074,112
OPEB related items	159,309	12,933	172,242	333,354
Total deferred outflows of resources	<u>\$ 1,725,613</u>	<u>\$ 76,085</u>	<u>\$ 1,801,698</u>	<u>\$ 3,407,466</u>
LIABILITIES				
Accounts payable	\$ 125,537	\$ 658,423	\$ 783,960	\$ 833,428
Accrued liabilities	-	-	-	856,183
Retainage payable	-	197,775	197,775	-
Accrued interest payable	383,176	32,211	415,387	-
Due to other governmental units	895,318	-	895,318	-
Unearned revenue	650,385	-	650,385	-
Long-term liabilities:				
Due within one year	1,316,916	-	1,316,916	37,627
Due in more than one year	25,850,879	5,052,267	30,903,146	10,170,083
Total liabilities	<u>\$ 29,222,211</u>	<u>\$ 5,940,676</u>	<u>\$ 35,162,887</u>	<u>\$ 11,897,321</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 76,722	\$ -	\$ 76,722	\$ -
Lease deferrals	2,720,312	-	2,720,312	-
Pension related items	2,785,483	124,228	2,909,711	6,294,314
OPEB related items	231,187	20,577	251,764	329,474
Total deferred inflows of resources	<u>\$ 5,813,704</u>	<u>\$ 144,805</u>	<u>\$ 5,958,509</u>	<u>\$ 6,623,788</u>
NET POSITION				
Net investment in capital assets	\$ 5,592,156	\$ 3,077,994	\$ 8,670,150	\$ 7,540,590
Restricted:				
Pension and OPEB assets	150,481	6,624	157,105	-
Other (Note 1)	950,502	-	950,502	-
Unrestricted (deficit)	7,621,243	520,334	8,141,577	(12,830,712)
Total net position	<u>\$ 14,314,382</u>	<u>\$ 3,604,952</u>	<u>\$ 17,919,334</u>	<u>\$ (5,290,122)</u>

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

County of Northumberland, Virginia
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,150,495	\$ 84,982	\$ 316,628	\$ -
Judicial administration	995,719	7,740	537,869	-
Public safety	6,571,946	152,316	2,129,608	-
Public works	1,702,580	-	-	-
Health and welfare	2,604,910	-	1,380,445	-
Education	14,697,381	-	-	-
Parks, recreation, and cultural	233,109	-	45,666	-
Community development	549,548	312,371	191,119	-
Interest on long-term debt	728,952	-	-	-
Total governmental activities	\$ 30,234,640	\$ 557,409	\$ 4,601,335	\$ -
Business-type activities:				
Sanitary District	\$ 1,051,946	\$ 812,627	\$ -	\$ 925,862
Total business-type activities	\$ 1,051,946	\$ 812,627	\$ -	\$ 925,862
Total primary government	\$ 31,286,586	\$ 1,370,036	\$ 4,601,335	\$ 925,862
COMPONENT UNIT:				
School Board	\$ 20,870,614	\$ 13,868	\$ 8,562,693	\$ -
Total component unit	\$ 20,870,614	\$ 13,868	\$ 8,562,693	\$ -

General revenues:

- General property taxes
- Other local taxes:
 - Local sales and use taxes
 - Motor vehicle licenses
 - Taxes on recordation and wills
 - Consumer's utility taxes
 - Bank stock taxes
 - Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Contributions from Northumberland County
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning
- Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,748,885)		\$ (1,748,885)	
(450,110)		(450,110)	
(4,290,022)		(4,290,022)	
(1,702,580)		(1,702,580)	
(1,224,465)		(1,224,465)	
(14,697,381)		(14,697,381)	
(187,443)		(187,443)	
(46,058)		(46,058)	
(728,952)		(728,952)	
<u>\$ (25,075,896)</u>		<u>\$ (25,075,896)</u>	
	\$ 686,543	\$ 686,543	
	<u>\$ 686,543</u>	<u>\$ 686,543</u>	
		<u>\$ (24,389,353)</u>	
			\$ (12,294,053)
			<u>\$ (12,294,053)</u>
\$ 21,541,089	\$ -	\$ 21,541,089	\$ -
1,179,657	-	1,179,657	-
397,742	-	397,742	-
330,983	-	330,983	-
352,778	-	352,778	-
362,908	-	362,908	-
56,723	-	56,723	-
131,746	-	131,746	145
343,940	17,358	361,298	328,698
-	-	-	13,493,512
1,383,522	-	1,383,522	-
(149,794)	149,794	-	-
<u>\$ 25,931,294</u>	<u>\$ 167,152</u>	<u>\$ 26,098,446</u>	<u>\$ 13,822,355</u>
\$ 855,398	\$ 853,695	\$ 1,709,093	\$ 1,528,302
13,458,984	2,751,257	16,210,241	(6,818,424)
<u>\$ 14,314,382</u>	<u>\$ 3,604,952</u>	<u>\$ 17,919,334</u>	<u>\$ (5,290,122)</u>

THIS PAGE LEFT BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 10,047,663	\$ 798,959	\$ 135,799	\$ 10,982,421
Cash in custody of others	-	-	4,751	4,751
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,174,270	-	-	1,174,270
Accounts receivable	90,039	-	648	90,687
Notes receivable	-	-	10,345	10,345
Leases receivable	2,749,299	-	-	2,749,299
Interest receivable	5,325	-	-	5,325
Due from other governmental units	712,015	-	-	712,015
Total assets	<u>\$ 14,778,611</u>	<u>\$ 798,959</u>	<u>\$ 151,543</u>	<u>\$ 15,729,113</u>
LIABILITIES				
Accounts payable	\$ 125,537	\$ -	\$ -	\$ 125,537
Due to other governmental units	895,318	-	-	895,318
Unearned revenue	650,385	-	-	650,385
Total liabilities	<u>\$ 1,671,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671,240</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 1,138,916	\$ -	\$ -	\$ 1,138,916
Lease deferrals	2,720,312	-	-	2,720,312
Total deferred inflows of resources	<u>\$ 3,859,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,859,228</u>
FUND BALANCES				
Restricted	\$ -	\$ 798,959	\$ 151,543	\$ 950,502
Unassigned	9,248,143	-	-	9,248,143
Total fund balances	<u>\$ 9,248,143</u>	<u>\$ 798,959</u>	<u>\$ 151,543</u>	<u>\$ 10,198,645</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,778,611</u>	<u>\$ 798,959</u>	<u>\$ 151,543</u>	<u>\$ 15,729,113</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 10,198,645

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 52,336,976	
Accumulated depreciation	<u>(20,591,886)</u>	31,745,090

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

Unavailable property taxes	\$ 1,062,194	
Net Pension asset	128,240	
Net OPEB asset	22,241	
Deferred charges on refunding	<u>224,433</u>	1,437,108

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

Pension related items	\$ 1,341,871	
OPEB related items	<u>159,309</u>	1,501,180

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bond	\$ (24,315,000)	
Bond premium	(1,899,481)	
Net OPEB liabilities	(516,960)	
Accrued interest payable	(383,176)	
Lease liabilities	(162,886)	
Compensated absences	<u>(273,468)</u>	(27,550,971)

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

Pension related items	\$ (2,785,483)	
OPEB related items	<u>(231,187)</u>	(3,016,670)

Net position of governmental activities	\$ 14,314,382
---	---------------

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

County of Northumberland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 21,490,025	\$ -	\$ -	\$ 21,490,025
Other local taxes	2,680,791	-	-	2,680,791
Permits, privilege fees, and regulatory licenses	134,507	-	-	134,507
Fines and forfeitures	16,983	-	-	16,983
Revenue from the use of money and property	216,713	-	15	216,728
Charges for services	314,235	-	6,702	320,937
Miscellaneous	323,698	10,099	10,143	343,940
Recovered costs	129,090	-	-	129,090
Intergovernmental:				
Commonwealth	3,802,636	-	-	3,802,636
Federal	2,182,221	-	-	2,182,221
Total revenues	<u>\$ 31,290,899</u>	<u>\$ 10,099</u>	<u>\$ 16,860</u>	<u>\$ 31,317,858</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,195,202	\$ -	\$ -	\$ 2,195,202
Judicial administration	999,441	-	-	999,441
Public safety	6,958,493	-	8,648	6,967,141
Public works	1,666,600	-	-	1,666,600
Health and welfare	2,651,090	-	-	2,651,090
Education	13,537,381	-	-	13,537,381
Parks, recreation, and cultural	233,109	-	-	233,109
Community development	355,613	-	-	355,613
Capital projects	205,645	-	-	205,645
Debt service:				
Principal retirement	1,227,549	-	-	1,227,549
Interest and other fiscal charges	867,471	-	-	867,471
Total expenditures	<u>\$ 30,897,594</u>	<u>\$ -</u>	<u>\$ 8,648</u>	<u>\$ 30,906,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 393,305</u>	<u>\$ 10,099</u>	<u>\$ 8,212</u>	<u>\$ 411,616</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 46,874	\$ 7,259	\$ -	\$ 54,133
Transfers out	(157,053)	-	(46,874)	(203,927)
Total other financing sources (uses)	<u>\$ (110,179)</u>	<u>\$ 7,259</u>	<u>\$ (46,874)</u>	<u>\$ (149,794)</u>
Net change in fund balances	\$ 283,126	\$ 17,358	\$ (38,662)	\$ 261,822
Fund balances - beginning	8,965,017	781,601	190,205	9,936,823
Fund balances - ending	<u>\$ 9,248,143</u>	<u>\$ 798,959</u>	<u>\$ 151,543</u>	<u>\$ 10,198,645</u>

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

County of Northumberland, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds \$ 261,822

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. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 793,610	
Depreciation expense	(1,790,614)	
Transfer of joint tenancy assets to Component Unit from Primary Government	(200,293)	(1,197,297)

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

Increase(decrease) in unavailable property taxes		51,064
--	--	--------

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a summary of items supporting this adjustment:

Principal retired on school obligations	\$ 1,160,000	
Principal retired on lease liabilities	67,549	
Amortization of bond premium on lease revenue bond	126,632	1,354,181

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.

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ 33,380	
(Increase) decrease in accrued interest payable	26,849	
Amortization of deferred charges on refunding	(14,962)	
Change in pension related items	347,044	
Change in OPEB related items	(6,683)	385,628

Change in net position of governmental activities		\$ 855,398
---	--	------------

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

County of Northumberland, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	<u>Enterprise Fund Sanitary District</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 487,832
Accounts receivable, net of allowance for uncollectibles	201,797
Due from other governmental units	635,326
Total current assets	<u>\$ 1,324,955</u>
Noncurrent assets:	
Other assets:	
Net pension asset	\$ 5,673
Net OPEB asset	951
Total other assets	<u>\$ 6,624</u>
Capital assets:	
Land	\$ 98,924
Construction in progress	3,857,778
Utility plant in service	8,702,637
Machinery and equipment	571,540
Accumulated depreciation	(4,948,110)
Total capital assets	<u>\$ 8,282,769</u>
Total noncurrent assets	<u>\$ 8,289,393</u>
Total assets	<u>\$ 9,614,348</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 63,152
OPEB related items	12,933
Total deferred outflows of resources	<u>\$ 76,085</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 658,423
Retainage payable	197,775
Accrued interest payable	32,211
Total current liabilities	<u>\$ 888,409</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 5,007,000
Net OPEB liabilities	45,267
Total noncurrent liabilities	<u>\$ 5,052,267</u>
Total liabilities	<u>\$ 5,940,676</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 124,228
OPEB related items	20,577
Total deferred inflows of resources	<u>\$ 144,805</u>
NET POSITION	
Net investment in capital assets	\$ 3,077,994
Restricted for pension and OPEB assets	6,624
Unrestricted	520,334
Total net position	<u><u>\$ 3,604,952</u></u>

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

County of Northumberland, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Fund <u>Sanitary District</u>
OPERATING REVENUES	
Charges for services:	
Sanitary district fees	\$ 812,627
Miscellaneous	17,358
Total operating revenues	<u>\$ 829,985</u>
OPERATING EXPENSES	
Personnel services	\$ 233,161
Fringe benefits	81,293
Other supplies and expenses	359,761
Depreciation	324,232
Total operating expenses	<u>\$ 998,447</u>
Operating income (loss)	<u>\$ (168,462)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	\$ 30,154
Interest expense	(53,499)
Total nonoperating revenues (expenses)	<u>\$ (23,345)</u>
Income (loss) before contributions and transfers	<u>\$ (191,807)</u>
Capital contributions:	
American Rescue Plant Act capital contribution	\$ 64,495
USDA construction grant	831,213
Total capital contributions	\$ 895,708
Transfers in	157,053
Transfers out	(7,259)
Change in net position	<u>\$ 853,695</u>
Total net position - beginning	2,751,257
Total net position - ending	<u><u>\$ 3,604,952</u></u>

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

County of Northumberland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Fund Sanitary District
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 721,801
Payments to suppliers	(415,777)
Payments to and for employees	(322,553)
Net cash provided by (used for) operating activities	\$ (16,529)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	\$ 30,154
Transfers to other funds	(7,259)
Transfers from other funds	157,053
Net cash provided by (used for) noncapital financing activities	\$ 179,948
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (2,990,872)
Proceeds from issuance of debt	2,669,728
Capital contributions	260,382
Interest expense	(21,288)
Net cash provided by (used for) capital and related financing activities	\$ (82,050)
Net increase (decrease) in cash and cash equivalents	\$ 81,369
Cash and cash equivalents - beginning	406,463
Cash and cash equivalents - ending	\$ 487,832
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (168,462)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 324,232
(Increase) decrease in accounts receivable	(108,184)
(Increase) decrease in net pension asset	(5,673)
(Increase) decrease in deferred outflows of resources	19,683
Increase (decrease) in accounts payable	(56,016)
Increase (decrease) in net pension liability	(148,195)
Increase (decrease) in net OPEB asset	81
Increase (decrease) in net OPEB liability	(17,027)
Increase (decrease) in deferred inflows of resources	143,032
Total adjustments	\$ 151,933
Net cash provided by (used for) operating activities	\$ (16,529)
Noncash investing, capital, and financing activities:	
Contributions of capital assets from USDA	\$ 635,326

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

County of Northumberland, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 166,505
Total assets	<u>\$ 166,505</u>
NET POSITION	
Restricted:	
For individuals	\$ 111,346
For organizations	55,159
Total net position	<u>\$ 166,505</u>

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

County of Northumberland, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Miscellaneous:	
Collections	\$ 99,871
Investment earnings:	
Interest	39
Total additions	\$ 99,910
 DEDUCTIONS	
Recipient payments	\$ 59,984
Total deductions	\$ 59,984
 Net increase (decrease) in fiduciary net position	\$ 39,926
 Net position, beginning	126,579
Net position, ending	\$ 166,505

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022

Note 1—Summary of Significant Accounting Policies:

The County of Northumberland, 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 fire protection, recreational activities, cultural events, education, and social services.

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

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 the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of 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 Northumberland (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2022.

Discretely Presented Component Units. The School Board members are elected by the citizens of Northumberland 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 primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2022.

C. Other Related Organizations

Included in the County's Financial Report

None

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

C. Other Related Organizations (Continued)

Excluded from the County’s Annual Financial Report

Northern Neck Regional Jail Authority

The Northern Neck Regional Jail Authority is an intergovernmental (joint) venture, and therefore, its operations are not included in the County’s financial statements. The participating jurisdictions provide the financial support for the Authority and appoints its governing Board. The governing board can execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board’s funding or has oversight responsibility over its operations.

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

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

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

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

The government-wide Statement of Activities reflect 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.

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 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 of the specific expenditure. 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.

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds:

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for 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. The General Fund is considered a major fund for reporting purposes.

b. Capital Projects Funds

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

c. Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Law Library, Forfeited Assets, Economic Development, Courthouse Security and Sheriff's Funds are nonmajor special revenue funds.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Sanitary District Fund.

3. Fiduciary Funds (Trust and Custodial Funds)

Fiduciary Funds accounts for assets held by the County unit in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Custodial Funds. Private Purpose Trust and Custodial Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes the following funds: Special Welfare, Road Improvement Bond, 350th Anniversary, Tornado Relief, Fallen Heroes, and Animal Shelter.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government’s proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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 uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$142,976 at June 30, 2022 and is comprised of property taxes of \$95,273 and sanitary district fees of \$47,703.

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

The County bills and collects its own property taxes.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

H. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Plant, equipment, and systems	35-45
Motor vehicles	5-10
Leased equipment	3-5
Leased improvements	3-5
Machinery and equipment	2-15

I. Leases

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

I. Leases (Continued)

Lessee

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

Lessor

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

Key Estimates and Judgments

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

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

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

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

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected 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 non-vesting accumulated rights to be received for sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

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

K. Net Position

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, 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 two types of 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 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

M. Pensions

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

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

Medical and Dental 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 Medical and Dental Pay-As-You go Plan and the additions to/deductions from the County's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the County's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

O. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

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

P. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

P. Fund Balance: (Continued)

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

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

	General <u>Fund</u>	County Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Fund balances:				
Restricted:				
Construction	\$ -	\$ 798,959	\$ -	\$ 798,959
Law library	-	-	779	779
Forfeited assets	-	-	56,441	56,441
Economic development	-	-	24,868	24,868
Courthouse security	-	-	64,704	64,704
Sheriff	-	-	4,751	4,751
Total Restricted	\$ -	\$ 798,959	\$ 151,543	\$ 950,502
Unassigned	\$ 9,248,143	\$ -	\$ -	\$ 9,248,143
Total fund balances	\$ 9,248,143	\$ 798,959	\$ 151,543	\$ 10,198,645

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. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, VPA Fund, and the County Capital Improvements Funds of the primary government and the School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures did not exceed appropriations in any fund for the fiscal year ended June 30, 2022.

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 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2022 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool (LGIP)	\$ 71,531
Virginia Investment Pool	501,658
Total	<u>\$ 573,189</u>

Interest Rate Risk

According to the County's investment policy, at no time shall the maturity or duration of an investment exceed five years.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool (LGIP)	\$ 71,531	\$ 71,531
Virginia Investment Pool	501,658	501,658
Total	<u>\$ 573,189</u>	<u>\$ 573,189</u>

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the County to have the option to have access to withdrawal funds twice a month with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

External Investment Pool

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 4—Due to/from Other Governments:

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

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Northumberland	\$ -	\$ 895,318
Commonwealth of Virginia:		
Local sales tax	201,357	-
Welfare	40,993	-
Children's services act	65,489	-
Rolling stock tax	4	-
State Sales Tax	-	299,969
Constitutional officer reimbursements	133,288	-
DMV license agent	2,536	-
Mobile home titling tax	7,910	-
Health department	15,360	-
Wireless grant	8,935	-
Communications tax	43,711	-
Clerk records grant	45,666	-
Juror grant	5,520	-
Federal Government:		
School fund grants	-	231,096
School cafeteria fund grants	-	91,874
Rural development	635,326	-
Victim witness	14,561	-
Welfare	77,966	-
Community development block grant	48,719	-
Total due from other governments	<u>\$ 1,347,341</u>	<u>\$ 1,518,257</u>

On June 30, 2022, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Northumberland County School Board	<u>\$ 895,318</u>	<u>\$ -</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 5—Capital Assets:

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

	Balance July 1, 2021	GASB 87 Adjustments	Adjusted Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<i>Primary Government:</i>						
<i>Governmental Activities:</i>						
Capital assets not subject to depreciation:						
Land and land improvements	\$ 894,628	\$ -	\$ 894,628	\$ -	\$ -	\$ 894,628
Construction in progress	-	-	-	130,706	-	130,706
Total capital assets not subject to depreciation	\$ 894,628	\$ -	\$ 894,628	\$ 130,706	\$ -	\$ 1,025,334
Capital assets subject to depreciation:						
Buildings and improvements	\$ 7,156,055	\$ -	\$ 7,156,055	\$ -	\$ -	\$ 7,156,055
Machinery and equipment	4,600,454	-	4,600,454	662,904	81,725	5,181,633
Leased improvements	-	24,951	24,951	-	-	24,951
Leased equipment	-	205,484	205,484	-	-	205,484
Jointly owned assets	39,050,547	-	39,050,547	-	307,028	38,743,519
Total capital assets subject to depreciation	\$50,807,056	\$ 230,435	\$51,037,491	\$ 662,904	\$ 388,753	\$ 51,311,642
Accumulated depreciation:						
Buildings and improvements	\$ 1,969,788	\$ -	\$ 1,969,788	\$ 362,070	\$ -	\$ 2,331,858
Machinery and equipment	3,444,397	-	3,444,397	399,937	81,725	3,762,609
Leased improvements	-	-	-	8,807	-	8,807
Leased equipment	-	-	-	60,093	-	60,093
Jointly owned assets	13,575,547	-	13,575,547	959,707	106,735	14,428,519
Total accumulated depreciation	\$18,989,732	\$ -	\$18,989,732	\$ 1,790,614	\$ 188,460	\$ 20,591,886
Total capital assets subject to depreciation, net	\$31,817,324	\$ 230,435	\$ 32,047,759	\$ (1,127,710)	\$ 200,293	\$ 30,719,756
Governmental activities capital assets, net	\$32,711,952	\$ 230,435	\$ 32,942,387	\$ (997,004)	\$ 200,293	\$ 31,745,090

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 5—Capital Assets: (Continued)

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 98,924	\$ -	\$ -	\$ 98,924
Construction in progress	177,500	3,680,278	-	3,857,778
Total capital assets not subject to depreciation	\$ 276,424	\$ 3,680,278	\$ -	\$ 3,956,702
Capital assets subject to depreciation:				
Utility plant in service	\$ 8,636,484	\$ 66,153	\$ -	\$ 8,702,637
Machinery and equipment	532,223	77,541	38,224	571,540
Total capital assets subject to depreciation	\$ 9,168,707	\$ 143,694	\$ 38,224	\$ 9,274,177
Accumulated depreciation:				
Utility plant in service	\$ 4,236,333	\$ 273,290	\$ -	\$ 4,509,623
Machinery and equipment	425,769	50,942	38,224	438,487
Total accumulated depreciation	\$ 4,662,102	\$ 324,232	\$ 38,224	\$ 4,948,110
Total capital assets subject to depreciation, net	\$ 4,506,605	\$ (180,538)	\$ -	\$ 4,326,067
Business-type capital assets, net	\$ 4,783,029	\$ 3,499,740	\$ -	\$ 8,282,769

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 5—Capital Assets: (Continued)

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 23,929	\$ -	\$ -	\$ 23,929
Total capital assets not subject to depreciation	\$ 23,929	\$ -	\$ -	\$ 23,929
Capital assets subject to depreciation:				
Machinery and equipment	\$ 4,029,218	\$ 243,646	\$ -	\$ 4,272,864
Jointly owned assets	9,174,935	307,028	-	9,481,963
Total capital assets subject to depreciation	\$13,204,153	\$ 550,674	\$ -	\$ 13,754,827
Accumulated depreciation:				
Machinery and equipment	\$ 2,530,083	\$ 176,894	\$ -	\$ 2,706,977
Jointly owned assets	3,189,578	234,876	(106,735)	3,531,189
Total accumulated depreciation	\$ 5,719,661	\$ 411,770	\$ (106,735)	\$ 6,238,166
Total capital assets subject to depreciation, net	\$ 7,484,492	\$ 138,904	\$ 106,735	\$ 7,516,661
Component unit school board capital assets, net	\$ 7,508,421	\$ 138,904	\$ 106,735	\$ 7,540,590

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 99,372
Judicial administration	102,181
Public safety	566,056
Public works	40,049
Health and welfare	21,019
Education	959,707
Community development	2,230
Total depreciation expense - governmental activities	\$ 1,790,614
Business type activities:	
Sanitary District	\$ 324,232
Total depreciation expense - primary government	\$ 2,114,846
Component Unit School Board:	
Depreciation expense	\$ 411,770

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 6—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General	\$ 46,874	\$ 157,053
County Capital Projects	7,259	-
Courthouse Security Fund	-	46,874
Sanitary District	157,053	7,259
Total Primary Government	<u>\$ 211,186</u>	<u>\$ 211,186</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

The following is a summary of due to/from other funds on June 30, 2022:

Fund	Interfund Receivables	Interfund Payables
Component Unit-School Board:		
School Operating	\$ 203,700	\$ -
School Cafeteria	-	203,700
Total Component Unit - School Board	<u>\$ 203,700</u>	<u>\$ 203,700</u>

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	GASB 87 Adjustments	Adjusted Balance at June 30, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Primary Government Obligations:							
Governmental Activities Obligations:							
Incurred by County:							
Compensated absences	\$ 306,848	\$ -	\$ 306,848	\$ -	\$ 33,380	\$ 273,468	\$ 27,347
Net pension liability (Payable by General Fund)	3,414,196	-	3,414,196	2,453,256	5,867,452	-	-
Net OPEB liabilities (Payable by General Fund)	739,160	-	739,160	198,113	420,313	516,960	-
Lease liabilities	-	230,435	230,435	-	67,549	162,886	69,569
Total incurred by County	\$ 4,460,204	\$ 230,435	\$ 4,690,639	\$ 2,651,369	\$ 6,388,694	\$ 953,314	\$ 96,916
Incurred by School Board:							
Direct borrowings and placements:							
Refunding general obligation bond	\$25,475,000	\$ -	\$25,475,000	\$ -	\$ 1,160,000	\$24,315,000	\$ 1,220,000
Bond premium	2,026,113	-	2,026,113	-	126,632	1,899,481	-
Total incurred by School Board	\$27,501,113	\$ -	\$27,501,113	\$ -	\$ 1,286,632	\$26,214,481	\$ 1,220,000
Total Governmental Activities Obligations	\$31,961,317	\$ 230,435	\$32,191,752	\$ 2,651,369	\$ 7,675,326	\$27,167,795	\$ 1,316,916
Business-type Activities Obligations:							
Net pension liability	\$ 148,195	\$ -	\$ 148,195	\$ 116,282	\$ 264,477	\$ -	\$ -
Net OPEB liabilities	62,294	-	62,294	20,707	37,734	45,267	-
Direct borrowings and placements:							
Revenue bond	2,337,272	-	2,337,272	2,669,728	-	5,007,000	-
Total Business-type Activities Obligations	\$ 2,547,761	\$ -	\$ 2,547,761	\$ 2,806,717	\$ 302,211	\$ 5,052,267	\$ -
Total Primary Government Obligations	\$34,509,078	\$ 230,435	\$34,739,513	\$ 5,458,086	\$ 7,977,537	\$32,220,062	\$ 1,316,916

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	Governmental Activities			
	Direct Borrowings and Direct Placements		Lease Liabilities	
	General Obligation Bond		Principal	Interest
	Principal	Interest		
2023	\$ 1,220,000	\$ 805,215	\$ 69,569	\$ 1,249
2024	1,285,000	741,964	43,340	761
2025	1,350,000	675,430	34,138	382
2026	1,420,000	605,487	14,809	108
2027	1,490,000	532,010	1,030	10
2028	1,550,000	478,500	-	-
2029	1,585,000	438,441	-	-
2030	1,630,000	395,525	-	-
2031	1,670,000	351,312	-	-
2032	1,720,000	303,915	-	-
2033	1,770,000	254,993	-	-
2034	1,825,000	202,450	-	-
2035	1,875,000	148,306	-	-
2036	1,935,000	90,204	-	-
2037	1,990,000	30,348	-	-
Total	\$ 24,315,000	\$ 6,054,100	\$ 162,886	\$ 2,510

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	Business-type Activities	
	Direct Borrowings and Direct Placements	
	Revenue Bonds	
	Principal	Interest
2022	\$ -	\$ 64,423
2023	-	64,423
2024	-	64,423
2025	5,007,000	64,423
Total	<u>\$ 5,007,000</u>	<u>\$ 257,692</u>

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Incurring Entity	Notes	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Incurring by the County:							
Compensated absences (payable from the General Fund)						\$ 273,468	\$ 27,347
Net OPEB liabilities (payable from the General Fund)						\$ 516,960	\$ -
Lease liabilities:							
Postage equipment lease payable		1.06%	7/1/2021	10/01/22	\$ 643	\$ 129	\$ 129
Copier lease payable		0.89%	7/1/2021	08/01/25	5,720	4,363	1,364
Copier lease payable		0.89%	7/1/2021	08/01/25	29,447	22,463	7,025
Postage equipment lease payable		1.06%	7/1/2021	04/01/26	20,177	16,184	3,982
Postage equipment lease payable		1.06%	7/1/2021	02/01/26	12,164	9,637	2,533
Copier lease payable		2.37%	3/1/2022	03/01/27	6,302	6,224	1,253
Copier lease payable		0.89%	7/1/2021	08/01/25	28,599	21,815	6,823
Copier lease payable		0.73%	7/1/2021	08/01/24	2,409	1,653	760
Copier lease payable		0.89%	7/1/2021	08/01/25	3,342	2,550	797
Copier lease payable		0.89%	7/1/2021	04/01/25	20,994	15,575	5,452
Copier lease payable		1.06%	7/1/2021	05/01/26	24,522	19,620	4,932
Postage equipment lease payable		0.73%	7/1/2021	07/01/24	1,097	761	337
Solid waste equipment lease payable		0.51%	7/1/2021	06/01/23	50,066	25,335	25,335
Tower lease payable		0.73%	7/1/2021	04/01/24	24,952	16,577	8,847
Total lease liabilities						\$ 162,886	\$ 69,569
Incurring by the School Board:							
Direct borrowings and placements:							
<u>General Obligation Bond:</u>							
VPSA School Bond, plus unamortized premium of \$1,899,481	(a)	2.05% - 5.05%	5/17/2016	07/15/36	\$ 29,580,000	\$ 26,214,481	\$ 1,220,000
Total outstanding debt - governmental activities						\$ 27,167,795	\$ 1,316,916
(a) No other terms specified in the debt agreement							

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	<u>Total Amount</u>
<u>Business-type Activities:</u>	
<u>Direct Borrowings and Direct Placements:</u>	
<u>Revenue Bond:</u>	
\$5,007,000 Revenue Bond issued June 25, 2021, principal due in full on January 15, 2025, interest due semi-annually through January 15, 2025 at 1.44%.	\$ 5,007,000
Net OPEB liabilities	<u>45,267</u>
Total Long-Term Obligations, Business-type Activities	<u>\$ 5,052,267</u>
Total Long-Term Obligations, Primary Government	<u>\$ 32,220,062</u>

The County's outstanding direct placements and borrowings related to governmental activities of \$24,315,000 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

The County's outstanding direct placements and borrowings related to business-type activities are secured by a lien on the net revenues of the sewer system.

Component Unit - School Board:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2022:

	<u>Balance at July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:					
Compensated absences					
(Payable by School Operating Fund)	\$ 407,434	\$ 9,578	\$ 40,743	\$ 376,269	\$ 37,627
Net pension liabilities					
(Payable by School Operating Fund)	15,140,341	3,489,362	10,676,488	7,953,215	-
Net OPEB liabilities					
(Payable by School Operating Fund)	2,128,542	420,961	671,277	1,878,226	-
Total Component Unit-School Board	<u>\$17,676,317</u>	<u>\$ 3,919,901</u>	<u>\$11,388,508</u>	<u>\$10,207,710</u>	<u>\$ 37,627</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 8—Unearned and Deferred/Unavailable Revenue:

Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessments for future periods are deferred. The County reports unavailable revenue totaling \$1,138,916 and deferred revenue totaling \$76,722 which is comprised of the following:

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,062,194
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>76,722</u>	<u>76,722</u>
Total deferred/unavailable revenue	<u>\$ 76,722</u>	<u>\$ 1,138,916</u>

Note 9—Contingent Liabilities:

Federal programs in which the County and 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 this 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 10—Litigation:

At June 30, 2022, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 11—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; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

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

Note 12—Pension Plans:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	60	31
Inactive members:		
Vested inactive members	11	7
Non-vested inactive members	19	12
Inactive members active elsewhere in VRS	44	7
Total inactive members	74	26
Active members	107	15
Total covered employees	<u>241</u>	<u>72</u>

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 10.4% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$539,115 and \$490,166 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 12.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$61,521 and \$54,934 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 21,473,754	\$ 17,911,363	\$ 3,562,391
Changes for the year:			
Service cost	\$ 538,894	\$ -	\$ 538,894
Interest	1,415,435	-	1,415,435
Assumption changes	595,329	-	595,329
Differences between expected and actual experience	(637,944)	-	(637,944)
Contributions - employer	-	490,165	(490,165)
Contributions - employee	-	233,922	(233,922)
Net investment income	-	4,895,597	(4,895,597)
Benefit payments, including refunds	(1,008,700)	(1,008,700)	-
Administrative expenses	-	(12,128)	12,128
Other changes	-	462	(462)
Net changes	\$ 903,014	\$ 4,599,318	\$ (3,696,304)
Balances at June 30, 2021	\$ 22,376,768	\$ 22,510,681	\$ (133,913)

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 4,756,655	\$ 3,720,720	\$ 1,035,935
Changes for the year:			
Service cost	\$ 33,526	\$ -	\$ 33,526
Interest	308,514	-	308,514
Assumption changes	171,507	-	171,507
Differences between expected and actual experience	(89,609)	-	(89,609)
Contributions - employer	-	54,934	(54,934)
Contributions - employee	-	20,195	(20,195)
Net investment income	-	977,492	(977,492)
Benefit payments, including refunds	(372,156)	(372,156)	-
Administrative expenses	-	(2,651)	2,651
Other changes	-	90	(90)
Net changes	\$ 51,782	\$ 677,904	\$ (626,122)
Balances at June 30, 2021	\$ 4,808,437	\$ 4,398,624	\$ 409,813

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

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Increase	Current Discount	1% Decrease
	(5.75%)	(6.75%)	(7.75%)
County's Net Pension Liability (Asset)	\$ 2,864,228	\$ (133,913)	\$ (2,591,514)
Component Unit School Board's (Nonprofessional) Net Pension Liability	\$ 881,209	\$ 409,813	\$ 7,046

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2022, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$178,394 and \$30,175, respectively. On June 30, 2022, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 327,582	\$ 464,117	\$ 234	\$ 13,669
Change in assumptions	534,429	-	26,162	-
Changes in proportionate share of net position liability	3,897	3,897	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,441,697	-	478,174
Employer contributions subsequent to the measurement date	539,115	-	61,521	-
Total	\$ 1,405,023	\$ 2,909,711	\$ 87,917	\$ 491,843

\$539,115 and \$61,521 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2023	\$ (267,511)	\$ (98,639)
2024	(459,705)	(108,438)
2025	(577,272)	(111,080)
2026	(739,315)	(147,290)
2027	-	-
Thereafter	-	-

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,493,839 and \$1,374,710 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

On June 30, 2022, the school division reported a liability of \$7,543,402 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the school division's proportion was 0.09717% as compared to 0.09692% at June 30, 2020.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—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)

For the year ended June 30, 2022, the school division recognized pension expense of \$67,184. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 642,501
Change in assumptions	1,321,584	-
Net difference between projected and actual earnings on pension plan investments	-	4,753,650
Changes in proportion and differences between employer contributions and proportionate share of contributions	170,772	406,320
Employer contributions subsequent to the measurement date	<u>1,493,839</u>	<u>-</u>
Total	<u>\$ 2,986,195</u>	<u>\$ 5,802,471</u>

\$1,493,839 reported as deferred outflows of resources related to pensions resulting from the school division's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (989,494)
2024	(944,532)
2025	(1,038,371)
2026	(1,339,075)
2027	1,357

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

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

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 85.46%

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 NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 12—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 6.75%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 14,558,357	\$ 7,543,402	\$ 1,772,665

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,405,023	\$ 2,909,711	\$ (133,913)	\$ 178,394	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	87,917	491,843	409,813	30,175
School Board Professional	-	-	-	-	2,986,195	5,802,471	7,543,402	67,184
Totals	<u>\$ 1,405,023</u>	<u>\$ 2,909,711</u>	<u>\$ (133,913)</u>	<u>\$ 178,394</u>	<u>\$ 3,074,112</u>	<u>\$ 6,294,314</u>	<u>\$ 7,953,215</u>	<u>\$ 97,359</u>

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year,

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$29,161 and \$26,590 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$50,340 and \$46,715 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the GLI from the Component Unit School Board nonprofessional group were \$2,744 and \$2,493 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

On June 30, 2022, the County reported a liability of \$277,679 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$487,830 and \$26,080, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County’s proportion was 0.02380% as compared to 0.02360% on June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups’ proportions were 0.04190% and 0.00220%, respectively as compared to 0.04140% and 0.00340%, respectively, on June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$18,274. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of \$19,927. For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$2,840). 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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (Professional)		Component School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,670	\$ 2,116	\$ 55,639	\$ 3,717	\$ 2,974	\$ 199
Net difference between projected and actual earnings on GLI OPEB plan investments	-	66,276	-	116,434	-	6,225
Change in assumptions	15,308	37,992	26,894	66,746	1,438	3,568
Changes in proportionate share	19,211	-	16,081	21,212	-	18,202
Employer contributions subsequent to the measurement date	29,161	-	50,340	-	2,744	-
Total	\$ 95,350	\$ 106,384	\$ 148,954	\$ 208,109	\$ 7,156	\$ 28,194

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$29,161, \$50,340, and \$2,744, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Professional)	Component Unit School Board (Nonprofessional)
2023	\$ (6,781)	\$ (24,091)	\$ (5,193)
2024	(5,555)	(19,542)	(4,904)
2025	(6,934)	(21,969)	(4,891)
2026	(18,039)	(37,905)	(5,546)
2027	(2,886)	(5,988)	(3,248)
Thereafter	-	-	-

Actuarial Assumptions

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

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

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

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

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 405,699	\$ 277,679	\$ 174,297
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 712,737	\$ 487,830	\$ 306,207
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 38,103	\$ 26,080	\$ 16,370

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	4	27
Inactive members:		
Vested inactive members	-	2
Total inactive members	<u>4</u>	<u>29</u>
Active members	<u>36</u>	<u>15</u>
Total covered employees	<u><u>40</u></u>	<u><u>44</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County’s and School Board’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.12% and 1.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 County to the HIC Plan were \$2,111 and \$1,914 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the School Board to the HIC Plan were \$5,640 and \$5,078 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Asset

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

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 40,757	\$ 50,599	\$ (9,842)
Changes for the year:			
Service cost	\$ 2,241	\$ -	\$ 2,241
Interest	2,664	-	2,664
Differences between expected and actual experience	(2,602)	-	(2,602)
Assumption changes	(650)	-	(650)
Contributions - employer	-	1,914	(1,914)
Net investment income	-	13,245	(13,245)
Benefit payments, including refunds	(2,562)	(2,562)	-
Administrative expenses	-	(156)	156
Net changes	\$ (909)	\$ 12,441	\$ (13,350)
Balances at June 30, 2021	\$ 39,848	\$ 63,040	\$ (23,192)

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Asset)

	<u>Component Unit School Board (Nonprofessional)</u>		
	<u>Increase (Decrease)</u>		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 116,524	\$ -	\$ 116,524
Changes for the year:			
Service cost	\$ 434	\$ -	\$ 434
Interest	7,866	-	7,866
Differences between expected and actual experience	(1)	-	(1)
Assumption changes	3,341	-	3,341
Contributions - employer	-	5,078	(5,078)
Net investment income	-	645	(645)
Administrative expenses	-	(22)	22
Net changes	\$ 11,640	\$ 5,701	\$ 5,939
Balances at June 30, 2021	\$ 128,164	\$ 5,701	\$ 122,463

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the County’s HIC Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the County and School Board’s HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the County’s net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government:			
Net HIC OPEB Liability (Asset) \$	(18,503) \$	(23,192) \$	(27,143)
Component Unit School Board (Nonprofessional):			
Net HIC OPEB Liability (Asset) \$	132,454 \$	122,463 \$	113,718

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2022, the County and School Board recognized HIC Plan OPEB expense of (\$1,989) and \$9,734. At June 30, 2022, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County’s HIC Plan 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 \$	-	6,545 \$	-	-
Net difference between projected and actual earnings on HIC OPEB plan investments	-	6,397	-	379
Change in assumptions	558	1,079	1,662	-
Employer contributions subsequent to the measurement date	2,111	-	5,640	-
Total	\$ 2,669	\$ 14,021	\$ 7,302	\$ 379

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (Continued)

\$2,111 and \$5,640 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and School Board’s contributions after the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2023	\$ (3,270)	\$ 1,567
2024	(3,208)	(95)
2025	(2,952)	(95)
2026	(3,050)	(94)
2027	(707)	-
Thereafter	(276)	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$112,561 and \$103,535 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

On June 30, 2022, the school division reported a liability of \$1,241,853 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.09675% as compared to 0.09700% on June 30, 2020.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

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

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$96,449. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 21,670
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	16,359
Change in assumptions	33,570	4,991
Change in proportionate share	23,811	49,772
Employer contributions subsequent to the measurement date	<u>112,561</u>	<u>-</u>
Total	<u>\$ 169,942</u>	<u>\$ 92,792</u>

\$112,561 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (6,209)
2024	(6,395)
2025	(6,367)
2026	(9,468)
2027	(5,650)
Thereafter	(1,322)

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

Actuarial Assumptions

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%
---	--------

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (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 Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,397,983	\$ 1,241,853	\$ 1,109,731

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 12, the group life benefits described in Note 13, and the HIC benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Northumberland 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.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees and their eligible spouses or dependents. Benefits include medical, dental, and vision coverage. Benefits end at the earlier of the retiree’s age 65 or the retiree’s death. The monthly premiums below are effective for the year beginning July 1, 2017.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

County: (Continued)

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

	Primary Government
Total active employees with coverage	111
Total retirees and spouses with coverage	2
Total	<u>113</u>

Contributions

The County does not pre-fund 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. The amounts paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$32,671.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 for the County.

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 County actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	The salary increase rate starts at a 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Discount Rate	3.54%

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

County: (Continued)

Actuarial Assumptions (Continued)

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2021; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2021; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2021; males 115% of rates; females 130% of rates.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2017 valuation of the Virginia Retirement System.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond GO Index as of June 30, 2022.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balance at June 30, 2021	\$ 408,444
Changes for the year:	
Service cost	34,984
Interest	9,415
Difference between expected and actual experience	(114,100)
Changes in assumptions	(39,030)
Benefit payments	(15,165)
Net changes	\$ (123,896)
Balance at June 30, 2022	\$ <u>284,548</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

County: (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	Rate		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Primary Government:			
Total OPEB liability	\$ 312,343	\$ 284,548	\$ 259,375

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

The following presents the total OPEB liability of the County, 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 (3.90%) or one percentage point higher (5.90%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.90%)	Healthcare Cost Trend (4.90%)	1% Increase (5.90%)
Primary Government:			
Total OPEB liability	\$ 245,548	\$ 284,548	\$ 331,167

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

County: (Continued)

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$42,484. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 97,033
Changes in assumptions	74,223	34,326
Total	<u>\$ 74,223</u>	<u>\$ 131,359</u>

Amounts reported as deferred outflows of resources and deferred inflow of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2023	\$ (1,915)
2024	(2,110)
2025	(2,199)
2026	(17,412)
2027	(23,926)
Thereafter	(9,574)

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

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 17—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

	Primary Government					Component Unit School Board			
	Net OPEB Asset	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:									
Group Life Insurance Plan (Note 13):									
County	\$ -	\$ 95,350	\$ 106,384	\$ 277,679	\$ 18,274	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	-	7,156	28,194	26,080	(2,840)
School Board Professional	-	-	-	-	-	148,954	208,109	487,830	19,927
County Health Insurance Credit Plan (Note 14)	23,192	2,669	14,021	-	(1,989)	-	-	-	-
Nonprofessional Teacher Health Insurance Credit Plan (Note 14)	-	-	-	-	-	7,302	379	122,463	9,734
Teacher Health Insurance Credit Plan (Note 15)	-	-	-	-	-	169,942	92,792	1,241,853	96,449
County Stand-Alone Plan (Note 16)	-	74,223	131,359	284,548	42,484	-	-	-	-
Totals	\$ 23,192	\$ 172,242	\$ 251,764	\$ 562,227	\$ 58,769	\$ 333,354	\$ 329,474	\$ 1,878,226	\$ 123,270

Note 18—Surety Bonds:

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Deborah T. Bingham, Clerk of the Circuit Court	\$ 103,000
Ellen Kirby, Treasurer	400,000
Todd E. Thomas, Commissioner of the Revenue	3,000
Johnny Beauchamp, Sheriff	30,000
Fidelity and Deposit Company of Maryland - Surety:	
Board of Supervisors and County Administrator	1,000
Association of Counties Group Self Insurance Risk Pool:	
Public Officials Liability	2,000,000
Employee Dishonesty Policy	250,000

Note 19—Postclosure Costs:

Old County Landfill

The County demonstrated financial assurance requirements for postclosure care and corrective action costs, if any, through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA20-70 of the Virginia Administrative Code. In addition, the County closed its landfill in August 1996 and is liable for the postclosure monitoring for a period of ten years. The County's ten-year period has expired but they are still required to complete an annual landfill assurance calculation. The amount reported as landfill postclosure liability on June 30, 2022 represents the estimated liability for postclosure monitoring of \$0 over a period of one year. This amount is based on what it would cost to perform all postclosure care in 2022. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 20—Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2022 was \$42,153.

Note 21— Leases Receivable:

The County leases land for cell tower sites under lease contracts. In fiscal year 2022, the County recognized lease and interest revenue in the amount of \$84,982 and \$34,713, respectively. A description of the leases are as follows:

Lease Description	Interest Rate	Installments	Start Date	End Date	Payment Frequency	Ending Balance
Cell Tower Sites (3)	0.59%	\$ 4,917	7/1/2021	6/1/2055	Monthly	\$ 1,940,264
Cell Tower Site	2.96%	1,030	7/1/2021	11/1/2039	Monthly	221,954
Cell Tower Site	2.80%	1,150	7/1/2021	3/1/2063	Monthly	587,081
There are no variable payments for the leases receivable above						\$ 2,749,299

The remainder of this page left blank intentionally.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 21— Leases Receivable: (Continued)

Expected future payments at June 30, 2022 are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 54,145	\$ 32,133	\$ 86,278
2024	55,015	33,204	88,219
2025	55,916	32,703	88,619
2026	58,626	32,176	90,802
2027	59,604	31,623	91,227
2028-2032	317,637	159,090	476,727
2033-2037	378,265	133,807	512,072
2038-2042	385,996	108,322	494,319
2043-2047	382,149	89,970	472,119
2048-2052	433,726	68,884	502,610
2053-2057	348,322	43,000	391,322
2058-2062	188,581	18,362	206,943
2063-2067	31,318	343	31,661
Total	<u>\$ 2,749,299</u>	<u>\$ 783,616</u>	<u>\$ 3,532,916</u>

Note 22—Adoption of Accounting Principles:

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

Primary Government:

	Governmental Activities	General Fund
Lessee activity:		
Leased improvements & equipment	\$ 230,435	\$ -
Lease liabilities	\$ 230,435	\$ -
Lessor activity:		
Leases receivable	\$ 2,805,294	\$ 2,805,294
Deferred inflows of resources - leases	\$ 2,805,294	\$ 2,805,294

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 23—Upcoming Pronouncements:

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

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

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

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

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

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

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

Note 24—COVID-19 Pandemic Funding and Subsequent Events:

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

Note 24—COVID-19 Pandemic Funding and Subsequent Events: (Continued)

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

On July 21, 2022, the County received its share of the second half of the CSLFRF funds in the amount of \$1,174,656. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. \$650,385 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2021 and added \$81.9 billion to the ESF. In March 2022, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

The remainder of this page left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 20,678,654	\$ 20,789,712	\$ 21,490,025	\$ 700,313
Other local taxes	1,922,663	1,922,663	2,680,791	758,128
Permits, privilege fees, and regulatory licenses	99,800	99,800	134,507	34,707
Fines and forfeitures	22,000	22,000	16,983	(5,017)
Revenue from the use of money and property	150,000	150,000	216,713	66,713
Charges for services	232,089	232,089	314,235	82,146
Miscellaneous	319,612	319,612	323,698	4,086
Recovered costs	156,815	156,815	129,090	(27,725)
Intergovernmental:				
Commonwealth	3,470,526	3,470,526	3,802,636	332,110
Federal	795,001	1,969,657	2,182,221	212,564
Total revenues	<u>\$ 27,847,160</u>	<u>\$ 29,132,874</u>	<u>\$ 31,290,899</u>	<u>\$ 2,158,025</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,547,212	\$ 2,409,431	\$ 2,195,202	\$ 214,229
Judicial administration	984,378	985,376	999,441	(14,065)
Public safety	5,329,614	6,659,458	6,958,493	(299,035)
Public works	1,402,924	1,407,854	1,666,600	(258,746)
Health and welfare	2,615,676	2,741,263	2,651,090	90,173
Education	13,210,987	13,210,987	13,537,381	(326,394)
Parks, recreation, and cultural	228,655	228,655	233,109	(4,454)
Community development	395,162	396,585	355,613	40,972
Capital projects	698,150	2,217,880	205,645	2,012,235
Debt service:				
Principal retirement	1,160,000	1,227,549	1,227,549	-
Interest and other fiscal charges	865,310	866,771	867,471	(700)
Total expenditures	<u>\$ 29,438,068</u>	<u>\$ 32,351,809</u>	<u>\$ 30,897,594</u>	<u>\$ 1,454,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,590,908)</u>	<u>\$ (3,218,935)</u>	<u>\$ 393,305</u>	<u>\$ 3,612,240</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 533,150	\$ 533,150	\$ 46,874	\$ (486,276)
Transfers out	(307,601)	(339,164)	(157,053)	182,111
Total other financing sources (uses)	<u>\$ 225,549</u>	<u>\$ 193,986</u>	<u>\$ (110,179)</u>	<u>\$ (304,165)</u>
Net change in fund balances	\$ (1,365,359)	\$ (3,024,949)	\$ 283,126	\$ 3,308,075
Fund balances - beginning	7,500,000	9,159,590	8,965,017	(194,573)
Fund balances - ending	<u>\$ 6,134,641</u>	<u>\$ 6,134,641</u>	<u>\$ 9,248,143</u>	<u>\$ 3,113,502</u>

County of Northumberland, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 538,894	\$ 493,599
Interest	1,415,435	1,318,889
Differences between expected and actual experience	(637,944)	588,602
Changes of assumptions	595,329	-
Benefit payments, including refunds	(1,008,700)	(932,875)
Net change in total pension liability	<u>\$ 903,014</u>	<u>\$ 1,468,215</u>
Total pension liability - beginning	<u>21,473,754</u>	<u>20,005,539</u>
Total pension liability - ending (a)	<u><u>\$ 22,376,768</u></u>	<u><u>\$ 21,473,754</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 490,165	\$ 425,399
Contributions - employee	233,922	232,735
Net investment income	4,895,597	346,211
Benefit payments	(1,008,700)	(932,875)
Administrator charges	(12,128)	(11,592)
Other	462	(404)
Net change in plan fiduciary net position	<u>\$ 4,599,318</u>	<u>\$ 59,474</u>
Plan fiduciary net position - beginning	<u>17,911,363</u>	<u>17,851,889</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 22,510,681</u></u>	<u><u>\$ 17,911,363</u></u>
 County's net pension liability (asset) - ending (a) - (b)	 \$ (133,913)	 \$ 3,562,391
 Plan fiduciary net position as a percentage of the total pension liability	 100.60%	 83.41%
 Covered payroll	 \$ 4,920,373	 \$ 4,845,805
 County's net pension liability as a percentage of covered payroll	 -2.72%	 73.51%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 13

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	449,055	\$ 437,178	\$ 440,974	\$ 413,402	\$ 383,185	\$ 379,392
	1,253,243	1,210,694	1,149,231	1,110,893	1,084,417	1,031,873
	316,890	(90,183)	321,626	(71,832)	(282,284)	-
	561,833	-	(123,405)	-	-	-
	(957,915)	(941,779)	(878,971)	(930,594)	(683,580)	(637,699)
\$	<u>1,623,106</u>	<u>\$ 615,910</u>	<u>\$ 909,455</u>	<u>\$ 521,869</u>	<u>\$ 501,738</u>	<u>\$ 773,566</u>
	18,382,433	17,766,523	16,857,068	16,335,199	15,833,461	15,059,895
\$	<u><u>20,005,539</u></u>	<u><u>\$ 18,382,433</u></u>	<u><u>\$ 17,766,523</u></u>	<u><u>\$ 16,857,068</u></u>	<u><u>\$ 16,335,199</u></u>	<u><u>\$ 15,833,461</u></u>
\$	400,802	\$ 354,445	\$ 343,327	\$ 428,319	\$ 408,319	\$ 439,811
	218,731	205,563	198,437	184,084	176,948	168,381
	1,132,408	1,194,966	1,794,139	252,892	658,638	1,965,945
	(957,915)	(941,779)	(878,971)	(930,594)	(683,580)	(637,699)
	(11,289)	(10,433)	(10,491)	(9,367)	(8,983)	(10,518)
	(713)	(1,059)	(1,590)	(109)	(137)	104
\$	<u>782,024</u>	<u>\$ 801,703</u>	<u>\$ 1,444,851</u>	<u>\$ (74,775)</u>	<u>\$ 551,205</u>	<u>\$ 1,926,024</u>
	17,069,865	16,268,162	14,823,311	14,898,086	14,346,881	12,420,857
\$	<u><u>17,851,889</u></u>	<u><u>\$ 17,069,865</u></u>	<u><u>\$ 16,268,162</u></u>	<u><u>\$ 14,823,311</u></u>	<u><u>\$ 14,898,086</u></u>	<u><u>\$ 14,346,881</u></u>
\$	2,153,650	\$ 1,312,568	\$ 1,498,361	\$ 2,033,757	\$ 1,437,113	\$ 1,486,580
	89.23%	92.86%	91.57%	87.94%	91.20%	90.61%
\$	4,538,900	\$ 4,253,585	\$ 4,098,796	\$ 3,763,252	\$ 3,565,027	\$ 3,367,620
	47.45%	30.86%	36.56%	54.04%	40.31%	44.14%

County of Northumberland, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (Nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 33,526	\$ 68,409
Interest	308,514	303,495
Differences between expected and actual experience	(89,609)	47,076
Changes of assumptions	171,507	-
Benefit payments, including refunds	(372,156)	(317,098)
Net change in total pension liability	\$ 51,782	\$ 101,882
Total pension liability - beginning	4,756,655	4,654,773
Total pension liability - ending (a)	\$ 4,808,437	\$ 4,756,655
 Plan fiduciary net position		
Contributions - employer	\$ 54,934	\$ 76,009
Contributions - employee	20,195	30,729
Net investment income	977,492	72,405
Benefit payments	(372,156)	(317,098)
Administrator charges	(2,651)	(2,598)
Other	90	(84)
Net change in plan fiduciary net position	\$ 677,904	\$ (140,637)
Plan fiduciary net position - beginning	3,720,720	3,861,357
Plan fiduciary net position - ending (b)	\$ 4,398,624	\$ 3,720,720
 School Division's net pension liability - ending (a) - (b)	\$ 409,813	\$ 1,035,935
 Plan fiduciary net position as a percentage of the total pension liability	91.48%	78.22%
 Covered payroll	\$ 457,521	\$ 679,471
 School Division's net pension liability as a percentage of covered payroll	89.57%	152.46%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 14

	2019	2018	2017	2016	2015	2014
\$	72,845	\$ 74,512	\$ 72,261	\$ 70,447	\$ 69,172	\$ 66,406
	299,235	298,234	293,570	285,665	273,641	268,066
	51,460	(69,604)	(21,072)	(11,964)	84,598	-
	107,540	-	(25,266)	-	-	-
	(302,181)	(275,497)	(230,250)	(232,167)	(279,140)	(230,511)
\$	228,899	\$ 27,645	\$ 89,243	\$ 111,981	\$ 148,271	\$ 103,961
	4,425,874	4,398,229	4,308,986	4,197,005	4,048,734	3,944,773
\$	4,654,773	\$ 4,425,874	\$ 4,398,229	\$ 4,308,986	\$ 4,197,005	\$ 4,048,734
\$	81,474	\$ 94,352	\$ 92,456	\$ 86,287	\$ 83,473	\$ 70,655
	33,629	34,897	34,330	32,341	31,292	31,088
	246,459	267,465	406,550	57,310	152,762	479,575
	(302,181)	(275,497)	(230,250)	(232,167)	(279,140)	(230,511)
	(2,592)	(2,385)	(2,398)	(2,173)	(2,217)	(2,674)
	(154)	(236)	(360)	(25)	(32)	25
\$	56,635	\$ 118,596	\$ 300,328	\$ (58,427)	\$ (13,862)	\$ 348,158
	3,804,722	3,686,126	3,385,798	3,444,225	3,458,087	3,109,929
\$	3,861,357	\$ 3,804,722	\$ 3,686,126	\$ 3,385,798	\$ 3,444,225	\$ 3,458,087
\$	793,416	\$ 621,152	\$ 712,103	\$ 923,188	\$ 752,780	\$ 590,647
	82.95%	85.97%	83.81%	78.58%	82.06%	85.41%
\$	709,632	\$ 726,516	\$ 707,889	\$ 659,462	\$ 637,904	\$ 636,555
	111.81%	85.50%	100.60%	139.99%	118.01%	92.79%

County of Northumberland, Virginia

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan

For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability	0.09717%	0.09692%
Employer's Proportionate Share of the Net Pension Liability	\$ 7,543,402	\$ 14,104,406
Employer's Covered Payroll	8,556,626	8,503,803
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	88.16%	165.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 15

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.09882%	0.10322%	0.09995%	0.09844%	0.10121%	0.10127%
\$	13,005,274	\$ 12,139,000	\$ 12,292,000	\$ 13,795,000	\$ 12,739,000	\$ 12,238,000
	8,282,014	8,314,729	8,183,043	8,498,329	7,260,159	7,383,190
	157.03%	145.99%	150.21%	162.33%	175.46%	165.75%
	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

County of Northumberland, Virginia
Schedule of Employer Contributions
Pension Plans

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

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					
2022	\$ 539,115	\$ 539,115	\$ -	\$ 5,400,232	9.98%
2021	490,166	490,166	-	4,920,373	9.96%
2020	425,399	425,399	-	4,845,805	8.78%
2019	400,801	400,801	-	4,538,900	8.83%
2018	354,445	354,445	-	4,253,585	8.33%
2017	352,087	352,087	-	4,098,796	8.59%
2016	432,398	432,398	-	3,763,252	11.49%
2015	409,622	409,622	-	3,565,027	11.49%
2014	439,811	439,811	-	3,367,620	13.06%
2013	430,566	430,566	-	3,296,831	13.06%
Component Unit School Board (Nonprofessional)					
2022	\$ 61,521	\$ 61,521	\$ -	\$ 508,121	12.11%
2021	54,934	54,934	-	457,521	12.01%
2020	76,135	76,135	-	679,471	11.21%
2019	81,475	81,475	-	709,632	11.48%
2018	94,352	94,352	-	726,516	12.99%
2017	93,795	93,795	-	707,889	13.25%
2016	86,917	86,917	-	659,462	13.18%
2015	84,076	84,076	-	637,904	13.18%
2014	72,313	72,313	-	636,555	11.36%
2013	74,653	74,653	-	657,157	11.36%
Component Unit School Board (Professional)					
2022	\$ 1,493,839	\$ 1,493,839	\$ -	\$ 9,307,179	16.05%
2021	1,374,710	1,374,710	-	8,556,626	16.07%
2020	1,287,931	1,287,931	-	8,503,803	15.15%
2019	1,266,384	1,266,384	-	8,282,014	15.68%
2018	1,334,984	1,334,984	-	8,314,729	16.32%
2017	1,154,604	1,154,604	-	8,183,043	14.66%
2016	1,194,865	1,194,865	-	8,498,329	14.06%
2015	1,052,723	1,052,723	-	7,260,159	14.50%
2014	860,880	860,880	-	7,383,190	11.66%
2013	782,648	782,648	-	6,712,247	11.66%

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

County of Northumberland, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

County of Northumberland, Virginia
Schedule of County's and Component Unit School Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2021	0.02380% \$	277,679 \$	4,924,051	5.64%	67.45%
2020	0.02360%	393,010	4,845,805	8.11%	52.64%
2019	0.02315%	376,712	4,538,900	8.30%	52.00%
2018	0.02237%	339,000	4,253,586	7.97%	51.22%
2017	0.02228%	366,000	4,109,386	8.91%	48.86%
Component Unit School Board (nonprofessional):					
2021	0.00220% \$	26,080 \$	461,603	5.65%	67.45%
2020	0.00340%	55,906	690,059	8.10%	52.64%
2019	0.00366%	59,558	718,210	8.29%	52.00%
2018	0.00382%	58,000	726,516	7.98%	51.22%
2017	0.00384%	58,000	707,889	8.19%	48.86%
Component Unit School Board (professional):					
2021	0.04190% \$	487,830 \$	8,650,954	5.64%	67.45%
2020	0.04140%	690,731	8,518,025	8.11%	52.64%
2019	0.04225%	687,520	8,282,014	8.30%	52.00%
2018	0.04373%	665,000	8,316,322	8.00%	51.22%
2017	0.04253%	640,000	7,844,121	8.16%	48.86%

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

County of Northumberland, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

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					
2022	\$ 29,161	\$ 29,161	\$ -	\$ 5,400,232	0.54%
2021	26,590	26,590	-	4,924,051	0.54%
2020	25,198	25,198	-	4,845,805	0.52%
2019	23,602	23,602	-	4,538,900	0.52%
2018	22,119	22,119	-	4,253,586	0.52%
2017	21,369	21,369	-	4,109,386	0.52%
2016	18,064	18,064	-	3,763,252	0.48%
2015	17,152	17,152	-	3,573,335	0.48%
2014	16,165	16,165	-	3,367,620	0.48%
2013	15,825	15,825	-	3,296,831	0.48%
Component Unit School Board (nonprofessional)					
2022	\$ 2,744	\$ 2,744	\$ -	\$ 508,121	0.54%
2021	2,493	2,493	-	461,603	0.54%
2020	3,588	3,588	-	690,059	0.52%
2019	3,735	3,735	-	718,210	0.52%
2018	3,778	3,778	-	726,516	0.52%
2017	3,681	3,681	-	707,889	0.52%
2016	3,165	3,165	-	659,462	0.48%
2015	3,073	3,073	-	640,217	0.48%
2014	3,055	3,055	-	636,555	0.48%
2013	3,154	3,154	-	657,157	0.48%
Component Unit School Board (professional)					
2022	\$ 50,340	\$ 50,340	\$ -	\$ 9,322,260	0.54%
2021	46,715	46,715	-	8,650,954	0.54%
2020	44,294	44,294	-	8,518,025	0.52%
2019	43,066	43,066	-	8,282,014	0.52%
2018	43,245	43,245	-	8,316,322	0.52%
2017	40,789	40,789	-	7,844,121	0.52%
2016	36,233	36,233	-	7,548,590	0.48%
2015	36,197	36,197	-	7,541,035	0.48%
2014	35,548	35,548	-	7,405,916	0.48%
2013	32,374	32,374	-	6,744,618	0.48%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Northumberland, Virginia
Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	\$ 2,241	\$ 2,098	\$ 1,816	\$ 1,725	\$ 1,170
Interest	2,664	2,572	2,764	2,850	2,857
Differences between expected and actual experience	(2,602)	(724)	(4,400)	-	-
Changes of assumptions	(650)	-	954	(2,990)	(1,959)
Benefit payments	(2,562)	(2,581)	(2,463)	(3,152)	(1,215)
Net change in total HIC OPEB liability	\$ (909)	\$ 1,365	\$ (1,329)	\$ (1,567)	\$ 853
Total HIC OPEB Liability - beginning	40,757	39,392	40,721	42,288	41,435
Total HIC OPEB Liability - ending (a)	\$ 39,848	\$ 40,757	\$ 39,392	\$ 40,721	\$ 42,288
Plan fiduciary net position					
Contributions - employer	\$ 1,914	\$ 2,147	\$ 1,826	\$ 220	\$ 212
Net investment income	13,245	1,022	3,055	3,326	4,984
Benefit payments	(2,562)	(2,581)	(2,463)	(3,152)	(1,215)
Administrator charges	(156)	(97)	(67)	(75)	(80)
Other	-	-	(3)	(256)	256
Net change in plan fiduciary net position	\$ 12,441	\$ 491	\$ 2,348	\$ 63	\$ 4,157
Plan fiduciary net position - beginning	50,599	50,108	47,760	47,697	43,540
Plan fiduciary net position - ending (b)	\$ 63,040	\$ 50,599	\$ 50,108	\$ 47,760	\$ 47,697
County's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (23,192)	\$ (9,842)	\$ (10,716)	\$ (7,039)	\$ (5,409)
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	158.20%	124.15%	127.20%	117.29%	112.79%
Covered payroll	\$ 1,594,979	\$ 1,533,906	\$ 1,304,373	\$ 1,100,266	\$ 1,058,674
County's net HIC OPEB liability (asset) as a percentage of covered payroll	-1.45%	-0.64%	-0.82%	-0.64%	-0.51%

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

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

	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability		
Service cost	\$ 434	\$ -
Interest	7,866	-
Changes of benefit terms	-	116,524
Differences between expected and actual experience	(1)	-
Changes of assumptions	3,341	-
Net change in total HIC OPEB liability	<u>\$ 11,640</u>	<u>\$ 116,524</u>
Total HIC OPEB Liability - beginning	116,524	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 128,164</u></u>	<u><u>\$ 116,524</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 5,078	\$ -
Net investment income	645	-
Administrator charges	(22)	-
Net change in plan fiduciary net position	<u>\$ 5,701</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u><u>\$ 5,701</u></u>	<u><u>\$ -</u></u>
 School Board's net HIC OPEB liability (asset) - ending (a) - (b)	 \$ 122,463	 \$ 116,524
 Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	 4.45%	 0.00%
 Covered payroll	 \$ 457,521	 \$ -
 School Board's net HIC OPEB liability (asset) as a percentage of covered payroll	 26.77%	 0.00%

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

County of Northumberland, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

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:					
2022	\$ 2,111	\$ 2,111	-	\$ 1,758,959	0.12%
2021	1,914	1,914	-	1,594,979	0.12%
2020	2,147	2,147	-	1,533,906	0.14%
2019	1,826	1,826	-	1,304,373	0.14%
2018	220	220	-	1,100,266	0.02%
2017	212	212	-	1,058,674	0.02%
2016	166	166	-	827,898	0.02%
2015	140	140	-	698,781	0.02%
2014	67	67	-	665,561	0.01%
2013	330	330	-	3,295,534	0.01%
Component Unit School Board (Nonprofessional)					
2022	\$ 5,640	\$ 5,640	-	\$ 508,121	1.11%
2021	5,078	5,078	-	457,521	1.11%

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation is not available for the Component Unit School Board (nonprofessional). However, additional years will be included as they become available.

County of Northumberland, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Primary Government
For the Year Ended June 30, 2022

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.09675%	\$ 1,241,853	\$ 8,556,626	14.51%	13.15%
2020	0.09700%	1,265,381	8,503,803	14.88%	9.95%
2019	0.09874%	1,292,602	8,282,014	15.61%	8.97%
2018	0.10269%	1,303,000	8,304,933	15.69%	8.08%
2017	0.09939%	1,260,000	7,844,121	16.06%	7.04%

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

County of Northumberland, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 Component Unit School Board
 For the Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 112,561	\$ 112,561	\$ -	\$ 9,302,600	1.21%
2021	103,535	103,535	-	8,556,626	1.21%
2020	102,046	102,046	-	8,503,803	1.20%
2019	99,384	99,384	-	8,282,014	1.20%
2018	102,151	102,151	-	8,304,933	1.23%
2017	87,070	87,070	-	7,844,121	1.11%
2016	79,562	79,562	-	7,505,844	1.06%
2015	79,762	79,762	-	7,524,739	1.06%
2014	82,206	82,206	-	7,405,916	1.11%
2013	73,766	73,766	-	6,645,594	1.11%

County of Northumberland, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Component Unit School Board
For the Year Ended June 30, 2022

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

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

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

County of Northumberland, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2018 through June 30, 2021

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 34,984	\$ 42,905	\$ 24,124	\$ 17,929	\$ 18,372
Interest	9,415	9,149	9,179	9,687	8,711
Changes of assumptions	(39,030)	1,737	136,262	7,199	(6,764)
Differences between expected and actual experience	(114,100)	-	(1,451)	-	-
Benefit payments	(15,165)	(32,671)	(37,556)	(20,663)	(16,271)
Net change in total OPEB liability	\$ (123,896)	\$ 21,120	\$ 130,558	\$ 14,152	\$ 4,048
Total OPEB liability - beginning	408,444	387,324	256,766	242,614	238,566
Total OPEB liability - ending	\$ 284,548	\$ 408,444	\$ 387,324	\$ 256,766	\$ 242,614
Covered-employee payroll	\$ 5,322,510	\$ 4,971,243	\$ 4,860,234	\$ 4,158,383	\$ 4,158,383
County's total OPEB liability as a percentage of covered-employee payroll	5.35%	8.22%	7.97%	6.17%	5.83%

Schedule is intended to show information for 10 years. Information prior to 2018 is not available. However, additional years will be included as they become available.

County of Northumberland, Virginia
 Notes to Required Supplementary Information - County OPEB
 For the Year Ended June 30, 2022

Valuation Date: 1/1/2022
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.54%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts 4.90% in 2022, then gradually declines to 4.00% for the year 2073 and later
Salary Increase Rates	The salary increase rate starts at a 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. 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; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 10,099	\$ 10,099
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,099</u>	<u>\$ 10,099</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 10,099	\$ 10,099
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 7,259	\$ 7,259
Transfers out	(523,150)	(523,150)	-	523,150
Total other financing sources (uses)	<u>\$ (523,150)</u>	<u>\$ (523,150)</u>	<u>\$ 7,259</u>	<u>\$ 530,409</u>
Net change in fund balances	\$ (523,150)	\$ (523,150)	\$ 17,358	\$ 540,508
Fund balances - beginning	523,150	523,150	781,601	258,451
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,959</u>	<u>\$ 798,959</u>

County of Northumberland, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	<u>Law Library Fund</u>	<u>Forfeited Assets Fund</u>	<u>Economic Development Fund</u>	<u>Courthouse Security Fund</u>	<u>Sheriff's Fund</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 779	\$ 56,441	\$ 14,523	\$ 64,056	\$ -	\$ 135,799
Cash in custody of others	-	-	-	-	4,751	4,751
Receivables (net of allowance for uncollectibles):						
Accounts receivable	-	-	-	648	-	648
Notes receivable	-	-	10,345	-	-	10,345
Total assets	<u>\$ 779</u>	<u>\$ 56,441</u>	<u>\$ 24,868</u>	<u>\$ 64,704</u>	<u>\$ 4,751</u>	<u>\$ 151,543</u>
FUND BALANCES						
Restricted	\$ 779	\$ 56,441	\$ 24,868	\$ 64,704	\$ 4,751	\$ 151,543
Total fund balances	<u>\$ 779</u>	<u>\$ 56,441</u>	<u>\$ 24,868</u>	<u>\$ 64,704</u>	<u>\$ 4,751</u>	<u>\$ 151,543</u>

County of Northumberland, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	<u>Law Library Fund</u>	<u>Forfeited Assets Fund</u>	<u>Economic Development Fund</u>	<u>Courthouse Security Fund</u>	<u>Sheriff's Fund</u>	<u>Total</u>
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ 15
Charges for services	-	-	-	6,702	-	6,702
Miscellaneous	-	6,995	-	-	3,148	10,143
Total revenues	<u>\$ -</u>	<u>\$ 6,995</u>	<u>\$ 15</u>	<u>\$ 6,702</u>	<u>\$ 3,148</u>	<u>\$ 16,860</u>
EXPENDITURES						
Current:						
Public safety	\$ -	\$ 6,420	\$ -	\$ -	\$ 2,228	\$ 8,648
Total expenditures	<u>\$ -</u>	<u>\$ 6,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>	<u>\$ 8,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 575</u>	<u>\$ 15</u>	<u>\$ 6,702</u>	<u>\$ 920</u>	<u>\$ 8,212</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	\$ -	\$ -	\$ -	\$ (46,874)	\$ -	\$ (46,874)
Net change in fund balances	\$ -	\$ 575	\$ 15	\$ (40,172)	\$ 920	\$ (38,662)
Fund balances - beginning	779	55,866	24,853	104,876	3,831	190,205
Fund balances - ending	<u>\$ 779</u>	<u>\$ 56,441</u>	<u>\$ 24,868</u>	<u>\$ 64,704</u>	<u>\$ 4,751</u>	<u>\$ 151,543</u>

County of Northumberland, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	Law Library Fund			Variance with Final Budget Positive (Negative)	Forfeited Assets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	6,995	6,995
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,995	\$ 6,995
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,420	\$ 6,420	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,420	\$ 6,420	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,420)	\$ 575	\$ 6,995
OTHER FINANCING SOURCES (USES)								
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,420)	\$ 575	\$ 6,995
Fund balances - beginning	-	-	779	779	-	6,420	55,866	49,446
Fund balances - ending	\$ -	\$ -	\$ 779	\$ 779	\$ -	\$ -	\$ 56,441	\$ 56,441

Economic Development Fund				Courthouse Security Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ -	\$ -
-	-	-	-	10,000	10,000	6,702	(3,298)
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 15	\$ 15	\$ 10,000	\$ 10,000	\$ 6,702	\$ (3,298)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 15	\$ 15	\$ 10,000	\$ 10,000	\$ 6,702	\$ (3,298)
\$ -	\$ -	\$ -	\$ -	\$ (10,000)	\$ (10,000)	\$ (46,874)	\$ (36,874)
\$ -	\$ -	\$ -	\$ -	\$ (10,000)	\$ (10,000)	\$ (46,874)	\$ (36,874)
\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ (40,172)	\$ (40,172)
-	-	24,853	24,853	-	-	104,876	104,876
\$ -	\$ -	\$ 24,868	\$ 24,868	\$ -	\$ -	\$ 64,704	\$ 64,704

County of Northumberland, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds						
	<u>Special Welfare</u>	<u>Road Improvement Bond</u>	<u>350th Anniversary</u>	<u>Tornado Relief</u>	<u>Fallen Heroes</u>	<u>Animal Shelter</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 47,395	\$ 63,951	\$ 104	\$ 10,137	\$ 173	\$ 44,745	\$ 166,505
Total assets	<u>\$ 47,395</u>	<u>\$ 63,951</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 173</u>	<u>\$ 44,745</u>	<u>\$ 166,505</u>
NET POSITION							
Restricted for:							
Individuals	\$ 47,395	\$ 63,951	\$ -	\$ -	\$ -	\$ -	\$ 111,346
Organizations	-	-	104	10,137	173	44,745	55,159
Total net position	<u>\$ 47,395</u>	<u>\$ 63,951</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 173</u>	<u>\$ 44,745</u>	<u>\$ 166,505</u>

County of Northumberland, Virginia
 Combining Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2022

	Custodial Funds						Total
	Special Welfare	Road Improvement Bond	350th Anniversary	Tornado Relief	Fallen Heroes	Animal Shelter	
ADDITIONS							
Miscellaneous:							
Collections	\$ 58,052	\$ 29,600	\$ -	\$ -	\$ -	\$ 12,219	\$ 99,871
Investment earnings:							
Interest	23	16	-	-	-	-	39
Total additions	<u>\$ 58,075</u>	<u>\$ 29,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,219</u>	<u>\$ 99,910</u>
DEDUCTIONS							
Recipient paymens	\$ 57,184	\$ 2,800	\$ -	\$ -	\$ -	\$ -	\$ 59,984
Total deductions	<u>\$ 57,184</u>	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,984</u>
Net increase (decrease) in fiduciary net position	\$ 891	\$ 26,816	\$ -	\$ -	\$ -	\$ 12,219	\$ 39,926
Net position, beginning	46,504	37,135	104	10,137	173	32,526	126,579
Net position, ending	<u>\$ 47,395</u>	<u>\$ 63,951</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 173</u>	<u>\$ 44,745</u>	<u>\$ 166,505</u>

THIS PAGE LEFT BLANK INTENTIONALLY

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
 Combining Balance Sheet
 Discretely Presented Component Unit - School Board - Governmental Funds
 June 30, 2022

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,000	\$ 160,267	\$ -	\$ -	\$ 162,267
Cash in custody of others	-	-	294,704	248,175	542,879
Receivables (net of allowance for uncollectibles):					
for uncollectibles:					
Accounts receivable	59,528	-	-		59,528
Due from other funds	203,700	-	-	-	203,700
Due from other governmental units	1,426,383	-	91,874	-	1,518,257
Total assets	<u>\$ 1,691,611</u>	<u>\$ 160,267</u>	<u>\$ 386,578</u>	<u>\$ 248,175</u>	<u>\$ 2,486,631</u>
LIABILITIES					
Accounts payable	\$ 833,428	\$ -	\$ -	\$ -	\$ 833,428
Accrued liabilities	856,183	-	-	-	856,183
Due to other funds	-	-	203,700	-	203,700
Total liabilities	<u>\$ 1,689,611</u>	<u>\$ -</u>	<u>\$ 203,700</u>	<u>\$ -</u>	<u>\$ 1,893,311</u>
FUND BALANCES					
Committed:					
School Operating Fund	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
School Cafeteria Fund	-	-	182,878	-	182,878
Assigned:					
Health Insurance Recovery Fund	-	160,267	-	-	160,267
School Activity Fund	-	-	-	248,175	248,175
Total fund balances	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 182,878</u>	<u>\$ 248,175</u>	<u>\$ 593,320</u>
Total liabilities and fund balances	<u>\$ 1,691,611</u>	<u>\$ 160,267</u>	<u>\$ 386,578</u>	<u>\$ 248,175</u>	<u>\$ 2,486,631</u>

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

Total fund balances per above	\$ 593,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:	
Capital assets, cost	\$ 13,778,756
Accumulated depreciation	<u>(6,238,166)</u>
	7,540,590
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 3,074,112
OPEB related items	<u>333,354</u>
	3,407,466
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (376,269)
Net pension liability	(7,953,215)
Net OPEB liabilities	<u>(1,878,226)</u>
	(10,207,710)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (6,294,314)
OPEB related items	<u>(329,474)</u>
	(6,623,788)
Net position of governmental activities	<u>\$ (5,290,122)</u>

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

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ -	\$ -	\$ 145	\$ -	\$ 145
Charges for services	-	-	13,868	-	13,868
Miscellaneous	171,625	-	-	157,073	328,698
Intergovernmental:					
Local government	13,528,095	-	-	-	13,528,095
Commonwealth	5,344,786	-	28,508	-	5,373,294
Federal	2,374,448	-	755,343	-	3,129,791
Total revenues	<u>\$ 21,418,954</u>	<u>\$ -</u>	<u>\$ 797,864</u>	<u>\$ 157,073</u>	<u>\$ 22,373,891</u>
EXPENDITURES					
Current:					
Education	\$ 18,410,320	\$ -	\$ 899,353	\$ 157,880	\$ 19,467,553
Capital projects	3,008,634	-	-	-	3,008,634
Total expenditures	<u>\$ 21,418,954</u>	<u>\$ -</u>	<u>\$ 899,353</u>	<u>\$ 157,880</u>	<u>\$ 22,476,187</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (101,489)	\$ (807)	\$ (102,296)
Net change in fund balances	\$ -	\$ -	\$ (101,489)	\$ (807)	\$ (102,296)
Fund balances - beginning	2,000	160,267	284,367	248,982	695,616
Fund balances - ending	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 182,878</u>	<u>\$ 248,175</u>	<u>\$ 593,320</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					\$ (102,296)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:					
Capital outlay			\$ 243,646		
Depreciation expense			(176,894)		
Transfer of joint tenancy assets to Component Unit from Primary Government			<u>(34,583)</u>		32,169
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds					59,608
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:					
Decrease (increase) in compensated absences			\$ 31,165		
Change in pension related items			1,459,349		
Change in OPEB related items			<u>48,307</u>		1,538,821
Change in net position of governmental activities					<u>\$ 1,528,302</u>

County of Northumberland, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Miscellaneous	151,050	151,050	171,625	20,575
Recovered costs	145,000	145,000	-	(145,000)
Intergovernmental:				
Local government	13,201,701	13,201,701	13,528,095	326,394
Commonwealth	5,256,285	5,292,285	5,344,786	52,501
Federal	979,156	7,117,771	2,374,448	(4,743,323)
Total revenues	<u>\$ 19,735,692</u>	<u>\$ 25,910,307</u>	<u>\$ 21,418,954</u>	<u>\$ (4,491,353)</u>
EXPENDITURES				
Current:				
Education	\$ 19,688,692	\$ 24,350,307	\$ 18,410,320	\$ 5,939,987
Capital projects	47,000	1,547,000	3,008,634	(1,461,634)
Total expenditures	<u>\$ 19,735,692</u>	<u>\$ 25,897,307</u>	<u>\$ 21,418,954</u>	<u>\$ 4,478,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$ (13,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (13,000)	\$ -	\$ 13,000
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	2,000	2,000
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

County of Northumberland, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 40	\$ 40	\$ 145	\$ 105
Charges for services	151,495	151,495	13,868	(137,627)
Miscellaneous	27,975	27,975	-	(27,975)
Intergovernmental:				
Commonwealth	5,375	5,375	28,508	23,133
Federal	439,826	492,923	755,343	262,420
Total revenues	<u>\$ 624,711</u>	<u>\$ 677,808</u>	<u>\$ 797,864</u>	<u>\$ 120,056</u>
EXPENDITURES				
Current:				
Education	\$ 624,711	\$ 690,808	\$ 899,353	\$ (208,545)
Total expenditures	<u>\$ 624,711</u>	<u>\$ 690,808</u>	<u>\$ 899,353</u>	<u>\$ (208,545)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (13,000)</u>	<u>\$ (101,489)</u>	<u>\$ (88,489)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 13,000	\$ -	\$ (13,000)
Net change in fund balances	\$ -	\$ -	\$ (101,489)	\$ (101,489)
Fund balances - beginning	-	-	284,367	284,367
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,878</u>	<u>\$ 182,878</u>

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,818,615	\$ 16,929,673	\$ 17,008,322	\$ 78,649
Real and personal public service corporation taxes	315,650	315,650	334,753	19,103
Personal property taxes	2,546,364	2,546,364	3,015,626	469,262
Custom house boat taxes	522,000	522,000	513,772	(8,228)
Mobile home taxes	28,025	28,025	28,513	488
Machinery and tools taxes	234,000	234,000	276,977	42,977
Merchant's capital taxes	44,000	44,000	41,225	(2,775)
Penalties	110,000	110,000	154,277	44,277
Interest	60,000	60,000	116,560	56,560
Total general property taxes	<u>\$ 20,678,654</u>	<u>\$ 20,789,712</u>	<u>\$ 21,490,025</u>	<u>\$ 700,313</u>
Other local taxes:				
Local sales and use taxes	\$ 801,663	\$ 801,663	\$ 1,179,657	\$ 377,994
Consumers' utility taxes	340,000	340,000	352,778	12,778
Consumption tax	46,000	46,000	56,723	10,723
Motor vehicle licenses	360,000	360,000	397,742	37,742
Bank stock taxes	175,000	175,000	362,908	187,908
Taxes on recordation and wills	200,000	200,000	330,983	130,983
Total other local taxes	<u>\$ 1,922,663</u>	<u>\$ 1,922,663</u>	<u>\$ 2,680,791</u>	<u>\$ 758,128</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 14,721	\$ (279)
Land use application fees	2,000	2,000	960	(1,040)
Transfer fees	1,000	1,000	1,264	264
Permits and other licenses	81,800	81,800	117,562	35,762
Total permits, privilege fees, and regulatory licenses	<u>\$ 99,800</u>	<u>\$ 99,800</u>	<u>\$ 134,507</u>	<u>\$ 34,707</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 22,000	\$ 22,000	\$ 16,983	\$ (5,017)
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 70,000	\$ 86,587	\$ 16,587
Revenue from use of property	80,000	80,000	130,126	50,126
Total revenue from use of money and property	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 216,713</u>	<u>\$ 66,713</u>
Charges for services:				
Sheriff's fees	\$ 539	\$ 539	\$ 539	\$ -
Court costs	2,500	2,500	(771)	(3,271)
Courthouses maintenance fees	2,000	2,000	1,188	(812)
Charges for Commonwealth's Attorney	900	900	621	(279)
Charges for correction and detention	1,000	1,000	287	(713)
Charges for other protection	150	150	-	(150)
Charges for EMS	225,000	225,000	312,371	87,371
Total charges for services	<u>\$ 232,089</u>	<u>\$ 232,089</u>	<u>\$ 314,235</u>	<u>\$ 82,146</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 319,612	\$ 319,612	\$ 323,698	\$ 4,086
Recovered costs:				
Judge reimbursement	\$ 57,206	\$ 57,206	\$ 57,205	\$ (1)
Health department	-	-	15,360	15,360
Game reimbursements	-	-	2,380	2,380
DMV License Agent fee	24,000	24,000	24,090	90
Animal shelter	-	-	1,455	1,455
School resource officer	70,809	70,809	25,000	(45,809)
Multi-Jurisdictional Task Force	4,800	4,800	3,600	(1,200)
Total recovered costs	\$ 156,815	\$ 156,815	\$ 129,090	\$ (27,725)
Total revenue from local sources	\$ 23,581,633	\$ 23,692,691	\$ 25,306,042	\$ 1,613,351
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 370,000	\$ 370,000	\$ 273,261	\$ (96,739)
Motor vehicle carriers' tax	-	-	4	4
Mobile home titling tax	10,000	10,000	13,747	3,747
Recordation and grantors tax	57,000	57,000	109,432	52,432
Personal property tax relief funds	930,000	930,000	983,004	53,004
ATV & moped tax	-	-	41	41
Games of skill tax	-	-	3,168	3,168
Auto rental tax	-	-	865	865
Total noncategorical aid	\$ 1,367,000	\$ 1,367,000	\$ 1,383,522	\$ 16,522
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 236,098	\$ 236,098	\$ 236,029	\$ (69)
Sheriff	827,742	827,742	825,491	(2,251)
Commissioner of revenue	126,311	126,311	126,254	(57)
Treasurer	126,485	126,485	126,419	(66)
Registrar/electoral board	36,000	36,000	63,705	27,705
Clerk of the Circuit Court	276,739	276,739	285,245	8,506
Total shared expenses	\$ 1,629,375	\$ 1,629,375	\$ 1,663,143	\$ 33,768
Other categorical aid:				
Public assistance and welfare administration	\$ 394,151	\$ 394,151	\$ 368,986	\$ (25,165)
Animal friendly plates	-	-	250	250
Victim witness program	28,000	28,000	-	(28,000)
Clerk's records grant	-	-	45,666	45,666
EMS - Four for life	12,000	12,000	18,448	6,448
Children's services act	-	-	218,112	218,112
Fire programs fund	40,000	40,000	49,906	9,906
E911 wireless grant	-	-	54,603	54,603

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Total other categorical aid	\$ 474,151	\$ 474,151	\$ 755,971	\$ 281,820
Total categorical aid	\$ 2,103,526	\$ 2,103,526	\$ 2,419,114	\$ 315,588
Total revenue from the Commonwealth	\$ 3,470,526	\$ 3,470,526	\$ 3,802,636	\$ 332,110
Revenue from the federal government:				
Noncategorical aid:				
COVID-19 CARES Act	\$ -	\$ -	\$ 674,946	\$ 674,946
American Recue Plan Act		1,174,656	501,760	(672,896)
Total noncategorical aid	\$ -	\$ 1,174,656	\$ 1,176,706	\$ 2,050
Categorical aid:				
Public assistance and welfare administration	\$ 789,001	\$ 789,001	\$ 793,347	\$ 4,346
Community development block grant	-	-	191,119	191,119
Ground transportation	6,000	6,000	-	(6,000)
Victim witness program	-	-	14,561	14,561
Justice assistance grant			2,034	2,034
Juvneile justice grant	-	-	4,454	4,454
Total categorical aid	\$ 795,001	\$ 795,001	\$ 1,005,515	\$ 210,514
Total revenue from the federal government	\$ 795,001	\$ 1,969,657	\$ 2,182,221	\$ 212,564
Total General Fund	\$ 27,847,160	\$ 29,132,874	\$ 31,290,899	\$ 2,158,025
Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 6,995	\$ 6,995
Total Forfeited Assets Fund	\$ -	\$ -	\$ 6,995	\$ 6,995

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Economic Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15	\$ 15
Total Economic Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</u>
Courthouse Security Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse security fees	\$ 10,000	\$ 10,000	\$ 6,702	\$ (3,298)
Total Courthouse Security Fund	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,702</u>	<u>\$ (3,298)</u>
Sheriff's Fund:				
Revenue from local sources:				
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 3,148	\$ 3,148
Total Sheriff's Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,148</u>	<u>\$ 3,148</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 10,099	\$ 10,099
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,099</u>	<u>\$ 10,099</u>
Total Primary Government	<u>\$ 27,857,160</u>	<u>\$ 29,142,874</u>	<u>\$ 31,317,858</u>	<u>\$ 2,174,984</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Total revenue from use of money and property	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ (2,500)</u>
Miscellaneous:				
Miscellaneous	\$ 151,050	\$ 151,050	\$ 171,625	\$ 20,575
Recovered costs:				
Medicaid reimbursements	\$ 21,000	\$ 21,000	\$ -	\$ (21,000)
Northern Neck Regional Special Education	120,000	120,000	-	(120,000)
Other recovered costs	4,000	4,000	-	(4,000)
Total recovered costs	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>
Total revenue from local sources	<u>\$ 298,550</u>	<u>\$ 298,550</u>	<u>\$ 171,625</u>	<u>\$ (126,925)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northumberland, Virginia	\$ 13,201,701	\$ 13,201,701	\$ 13,528,095	\$ 326,394

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,525,054	\$ 1,525,054	\$ 1,896,450	\$ 371,396
Basic school aid	1,962,316	1,962,316	1,732,872	(229,444)
At risk 4 year olds	153,000	153,000	153,101	101
At risk payments	216,189	216,189	202,763	(13,426)
Community provider	15,000	15,000		(15,000)
Early reading intervention	14,354	14,354	41,010	26,656
English as a second language	7,864	7,864	8,692	828
Albuterol	-	-	186	186
GED funding			8,233	8,233
Gifted and talented	18,342	18,342	17,202	(1,140)
Homebound	5,050	5,050	1,140	(3,910)
Mentor teacher program	1,351	1,351	198	(1,153)
Dual enrollment	-		2,212	2,212
National board certification	-		5,000	5,000
Positive behavior intervention	-	36,000	36,000	-
Primary class size	104,364	104,364	102,028	(2,336)
Project Graduation	3,366	3,366	3,274	(92)
Remedial education	78,906	78,906	74,003	(4,903)
Remedial summer education	8,330	8,330	59,256	50,926
School fringes	370,998	370,998	347,944	(23,054)
Special education	210,763	210,763	197,666	(13,097)
Supplemental lottery funds	200,000	200,000	200,000	-
Standards of Learning algebra readiness	17,683	17,683	10,353	(7,330)
Textbook payment	37,193	37,193	34,882	(2,311)
Technology VPSA	128,000	128,000	-	(128,000)
Vocational education	53,642	53,642	93,479	39,837
Compensation supplement	124,520	124,520	116,842	(7,678)
Regional programs	-			-
Total categorical aid	<u>\$ 5,256,285</u>	<u>\$ 5,292,285</u>	<u>\$ 5,344,786</u>	<u>\$ 52,501</u>
Total revenue from the Commonwealth	<u>\$ 5,256,285</u>	<u>\$ 5,292,285</u>	<u>\$ 5,344,786</u>	<u>\$ 52,501</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 473,734	\$ 473,734	\$ 142,291	\$ (331,443)
Vocational education	30,676	30,676	33,843	3,167
Title IV	-	37,679	23,155	(14,524)
Title VIB	317,883	317,883	1,394	(316,489)
Title II Part A	71,452	71,452	119,997	48,545
Title III	-	2,301	-	(2,301)
JROTC grant	63,500	63,500	65,404	1,904
ESSERF	-	6,098,635	1,938,397	(4,160,238)
Title VI - rural education	21,911	21,911	49,967	28,056
Total categorical aid	<u>\$ 979,156</u>	<u>\$ 7,117,771</u>	<u>\$ 2,374,448</u>	<u>\$ (4,743,323)</u>
Total revenue from the federal government	<u>\$ 979,156</u>	<u>\$ 7,117,771</u>	<u>\$ 2,374,448</u>	<u>\$ (4,743,323)</u>
Total School Operating Fund	<u>\$ 19,735,692</u>	<u>\$ 25,910,307</u>	<u>\$ 21,418,954</u>	<u>\$ (4,491,353)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 40	\$ 40	\$ 145	\$ 105
Total revenue from use of money and property	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 145</u>	<u>\$ 105</u>
Charges for services:				
Cafeteria sales	\$ 151,495	\$ 151,495	\$ 13,868	\$ (137,627)
Miscellaneous:				
Miscellaneous	\$ 27,975	\$ 27,975	\$ -	\$ (27,975)
Total revenue from local sources	<u>\$ 179,510</u>	<u>\$ 179,510</u>	<u>\$ 14,013</u>	<u>\$ (165,497)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 5,375	\$ 5,375	\$ 28,508	\$ 23,133
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 53,097	\$ 53,097	\$ -
School nutrition program	439,826	439,826	702,246	262,420
Total categorical aid	<u>\$ 439,826</u>	<u>\$ 492,923</u>	<u>\$ 755,343</u>	<u>\$ 262,420</u>
Total revenue from the federal government	<u>\$ 439,826</u>	<u>\$ 492,923</u>	<u>\$ 755,343</u>	<u>\$ 262,420</u>
Total School Cafeteria Fund	<u><u>\$ 624,711</u></u>	<u><u>\$ 677,808</u></u>	<u><u>\$ 797,864</u></u>	<u><u>\$ 120,056</u></u>
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 157,073	\$ 157,073
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,073</u>	<u>\$ 157,073</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,073</u>	<u>\$ 157,073</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 20,360,403</u></u>	<u><u>\$ 26,588,115</u></u>	<u><u>\$ 22,373,891</u></u>	<u><u>\$ (4,214,224)</u></u>

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

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 631,375	\$ 458,478	\$ 295,995	\$ 162,483
General and financial administration:				
County administrator	\$ 424,971	\$ 420,321	\$ 395,840	\$ 24,481
Information Technology	294,803	312,348	336,911	(24,563)
Legal services	72,000	72,000	72,000	-
Commissioner of revenue	362,417	373,244	383,685	(10,441)
Legislative audit	56,811	56,811	52,191	4,620
Treasurer	415,709	427,103	448,207	(21,104)
Total general and financial administration	<u>\$ 1,626,711</u>	<u>\$ 1,661,827</u>	<u>\$ 1,688,834</u>	<u>\$ (27,007)</u>
Board of elections:				
Electoral board and officials	\$ 152,473	\$ 152,473	\$ 71,622	\$ 80,851
Registrar	136,653	136,653	138,751	(2,098)
Total board of elections	<u>\$ 289,126</u>	<u>\$ 289,126</u>	<u>\$ 210,373</u>	<u>\$ 78,753</u>
Total general government administration	<u>\$ 2,547,212</u>	<u>\$ 2,409,431</u>	<u>\$ 2,195,202</u>	<u>\$ 214,229</u>
Judicial administration:				
Courts:				
Circuit court	\$ 87,909	\$ 87,908	\$ 88,218	\$ (310)
General district court	5,520	5,520	2,769	2,751
Victim witness protection program	55,860	55,860	60,280	(4,420)
Juvenile and domestic relations district court	69,333	69,333	77,829	(8,496)
Clerk of the circuit court	398,791	396,560	397,798	(1,238)
Total courts	<u>\$ 617,413</u>	<u>\$ 615,181</u>	<u>\$ 626,894</u>	<u>\$ (11,713)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 366,965	\$ 370,195	\$ 372,547	\$ (2,352)
Total judicial administration	<u>\$ 984,378</u>	<u>\$ 985,376</u>	<u>\$ 999,441</u>	<u>\$ (14,065)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,556,069	\$ 2,705,950	\$ 2,995,494	\$ (289,544)
Fire and rescue services:				
Fire department	\$ 557,745	\$ 557,745	\$ 567,511	\$ (9,766)
Ambulance and rescue services	1,504,313	1,984,852	2,004,790	(19,938)
Total fire and rescue services	<u>\$ 2,062,058</u>	<u>\$ 2,542,597</u>	<u>\$ 2,572,301</u>	<u>\$ (29,704)</u>
Inspections:				
Building	\$ 242,918	\$ 243,775	\$ 219,518	\$ 24,257

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 304,141	\$ 315,163	\$ 315,762	\$ (599)
Emergency services	164,078	851,623	855,358	(3,735)
Medical examiner	350	350	60	290
Total other protection	<u>\$ 468,569</u>	<u>\$ 1,167,136</u>	<u>\$ 1,171,180</u>	<u>\$ (4,044)</u>
Total public safety	<u>\$ 5,329,614</u>	<u>\$ 6,659,458</u>	<u>\$ 6,958,493</u>	<u>\$ (299,035)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,360	\$ 18,360	\$ 18,719	\$ (359)
Sanitation and waste removal:				
Refuse disposal	\$ 10,000	\$ 10,000	\$ 8,171	\$ 1,829
Refuse collection	1,124,403	1,099,496	1,303,701	(204,205)
Total sanitation and waste removal	<u>\$ 1,134,403</u>	<u>\$ 1,109,496</u>	<u>\$ 1,311,872</u>	<u>\$ (202,376)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 250,161	\$ 279,998	\$ 336,009	\$ (56,011)
Total public works	<u>\$ 1,402,924</u>	<u>\$ 1,407,854</u>	<u>\$ 1,666,600</u>	<u>\$ (258,746)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 177,160	\$ 199,430	\$ 199,430	\$ -
Mental health and mental retardation:				
Community services board	\$ 50,690	\$ 50,690	\$ 50,690	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,387,826	\$ 2,380,085	\$ 1,968,186	\$ 411,899
Children's services act	-	-	321,726	(321,726)
Tax relief for the elderly	-	111,058	111,058	-
Total welfare	<u>\$ 2,387,826</u>	<u>\$ 2,491,143</u>	<u>\$ 2,400,970</u>	<u>\$ 90,173</u>
Total health and welfare	<u>\$ 2,615,676</u>	<u>\$ 2,741,263</u>	<u>\$ 2,651,090</u>	<u>\$ 90,173</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 9,286	\$ 9,286	\$ 9,286	\$ -
Contribution to County School Board	13,201,701	13,201,701	13,528,095	(326,394)
Total education	<u>\$ 13,210,987</u>	<u>\$ 13,210,987</u>	<u>\$ 13,537,381</u>	<u>\$ (326,394)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 50,000	\$ 50,000	\$ 54,454	\$ (4,454)

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to county library	\$ 178,655	\$ 178,655	\$ 178,655	\$ -
Total parks, recreation, and cultural	\$ 228,655	\$ 228,655	\$ 233,109	\$ (4,454)
Community development:				
Planning and community development:				
Planning and zoning	\$ 251,973	\$ 253,396	\$ 240,332	\$ 13,064
Economic development	33,500	33,500	27,493	6,007
Planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 294,973	\$ 296,396	\$ 277,325	\$ 19,071
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Wetlands	19,389	19,389	11,158	8,231
Forestry	5,700	5,700	5,700	-
Total environmental management	\$ 40,089	\$ 40,089	\$ 31,858	\$ 8,231
Cooperative extension program:				
Extension office	\$ 60,100	\$ 60,100	\$ 46,430	\$ 13,670
Total community development	\$ 395,162	\$ 396,585	\$ 355,613	\$ 40,972
Capital projects:				
Callao revitalization	\$ -	\$ 345,074	\$ 201,585	\$ 143,489
County owned facilities	75,000	75,000	4,060	70,940
Capital projects	623,150	1,797,806	-	1,797,806
Total capital projects	\$ 698,150	\$ 2,217,880	\$ 205,645	\$ 2,012,235
Debt service:				
Principal retirement	\$ 1,160,000	\$ 1,227,549	\$ 1,227,549	\$ -
Interest and other fiscal charges	865,310	866,771	867,471	(700)
Total debt service	\$ 2,025,310	\$ 2,094,320	\$ 2,095,020	\$ (700)
Total General Fund	\$ 29,438,068	\$ 32,351,809	\$ 30,897,594	\$ 1,454,215
Forfeited Assets Fund:				
Public safety:				
Sheriff:				
Forfeited assets	\$ -	\$ 6,420	\$ 6,420	\$ -
Total Forfeited Assets Fund	\$ -	\$ 6,420	\$ 6,420	\$ -
Sheriff's Fund				
Public safety:				
Sheriff:				
Other protection	\$ -	\$ -	\$ 2,228	\$ (2,228)
Total public safety	-	-	2,228	(2,228)
Total Courthouse Security Fund	\$ -	\$ -	\$ 2,228	\$ (2,228)
Total Primary Government	\$ 29,438,068	\$ 32,358,229	\$ 30,906,242	\$ 1,451,987

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,222,002	\$ 1,222,002	\$ 1,307,145	\$ (85,143)
Instruction costs	14,310,194	16,082,955	13,051,589	3,031,366
Pupil transportation	1,323,803	1,662,358	1,241,619	420,739
Operation and maintenance of school plant	1,888,652	3,718,801	1,945,589	1,773,212
Technology	944,041	1,664,191	864,378	799,813
Total education	<u>\$ 19,688,692</u>	<u>\$ 24,350,307</u>	<u>\$ 18,410,320</u>	<u>\$ 5,939,987</u>
Capital projects:				
Capital Outlay	\$ 47,000	\$ 1,547,000	\$ 3,008,634	\$ (1,461,634)
Total School Operating Fund	<u>\$ 19,735,692</u>	<u>\$ 25,897,307</u>	<u>\$ 21,418,954</u>	<u>\$ 4,478,353</u>
School Cafeteria Fund:				
Education:				
School food services:				
School food	\$ 624,711	\$ 690,808	\$ 899,353	\$ (208,545)
Total School Cafeteria Fund	<u>\$ 624,711</u>	<u>\$ 690,808</u>	<u>\$ 899,353</u>	<u>\$ (208,545)</u>
School Activity Fund:				
Education:				
Elementary and secondary schools	\$ -	\$ -	\$ 157,880	\$ (157,880)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,880</u>	<u>\$ (157,880)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,880</u>	<u>\$ (157,880)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,360,403</u>	<u>\$ 26,588,115</u>	<u>\$ 22,476,187</u>	<u>\$ 4,111,928</u>

OTHER STATISTICAL INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

County of Northumberland, Virginia
 Government-Wide Expenses by Function
 Last Ten Fiscal Years

Fiscal Year	General Government Administration										Total
	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	
2012-13	\$ 1,887,494	\$ 748,238	\$ 3,340,665	\$ 1,209,904	\$ 1,991,739	\$ 11,598,124	\$ 161,418	\$ 754,292	\$ 1,608,524	\$ 836,447	\$ 24,136,845
2013-14	1,745,031	729,034	3,489,876	1,341,207	2,034,759	13,264,282	160,216	632,469	1,565,816	780,519	25,743,209
2014-15	1,752,971	668,958	3,638,800	1,261,806	2,254,600	10,703,493	234,380	392,796	1,509,002	912,461	23,329,267
2015-16	1,565,248	787,486	4,167,123	1,373,510	2,381,542	14,239,193	193,173	359,072	1,542,994	1,065,484	27,674,825
2016-17	1,553,729	963,843	4,306,715	1,480,539	2,373,831	11,771,380	191,995	368,178	1,101,641	1,096,077	25,207,928
2017-18	1,573,195	914,671	4,275,981	1,478,033	2,393,486	12,723,019	232,225	334,174	944,956	1,001,468	25,871,208
2018-19	2,044,349	893,461	4,590,304	1,636,075	2,429,433	12,744,896	322,613	360,106	894,562	1,115,713	27,031,512
2019-20	1,896,227	1,003,459	5,716,966	1,586,507	2,291,488	13,537,202	208,401	596,669	841,642	1,201,052	28,879,613
2020-21	1,764,986	1,083,957	7,240,720	1,732,578	2,450,796	13,385,222	217,267	623,857	786,973	1,168,545	30,454,901
2021-22	2,150,495	995,719	6,571,946	1,702,580	2,604,910	14,697,381	233,109	549,548	728,952	1,051,946	31,286,586

Table 2

County of Northumberland, Virginia
 Government-Wide Revenues
 Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2012-13	\$ 612,221	\$ 2,507,321	\$ 298,775	\$ 16,199,114	\$ 1,749,597	\$ 170,617	\$ 233,532	\$ 1,440,348	\$ 23,211,525	
2013-14	590,151	2,707,605	138,084	16,291,941	1,787,209	157,150	139,608	1,430,889	23,242,637	
2014-15	582,684	2,926,608	137,940	17,085,338	1,853,559	148,763	59,502	1,430,436	24,224,830	
2015-16	520,600	3,107,559	-	17,109,646	1,812,625	135,194	176,920	1,431,224	24,293,768	
2016-17	719,838	3,140,722	-	18,905,618	1,860,367	144,597	186,909	1,454,303	26,412,354	
2017-18	1,044,413	3,270,979	-	19,516,880	1,905,317	165,219	157,041	1,457,415	27,517,264	
2018-19	1,110,329	3,017,728	-	20,039,580	1,949,417	287,546	160,385	1,377,543	27,942,528	
2019-20	1,193,566	3,255,933	-	21,096,700	2,192,579	252,562	270,257	1,419,505	29,681,102	
2020-21	1,117,045	3,494,294	-	20,583,436	2,640,587	151,875	322,924	2,791,412	31,101,573	
2021-22	1,370,036	4,601,335	925,862	21,541,089	2,680,791	131,746	361,298	1,383,522	32,995,679	

Table 5

**County of Northumberland, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2012-13	\$ 16,995,677	\$ 16,679,439	98.14%	\$ 203,352	\$ 16,882,791	99.34%	\$ 647,572	3.81%
2013-14	17,106,506	16,736,919	97.84%	261,762	16,998,681	99.37%	710,759	4.15%
2014-15	17,840,566	17,569,040	98.48%	273,210	17,842,250	100.01%	685,239	3.84%
2015-16	17,941,860	17,621,608	98.22%	281,548	17,903,156	99.78%	647,344	3.61%
2016-17	19,591,804	19,169,559	97.84%	401,482	19,571,041	99.89%	610,191	3.11%
2017-18	20,239,412	19,933,512	98.49%	363,644	20,297,156	100.29%	725,861	3.59%
2018-19	20,520,510	20,193,277	98.41%	390,812	20,584,089	100.31%	786,872	3.83%
2019-20	21,565,193	21,231,258	98.45%	394,622	21,625,880	100.28%	929,549	4.31%
2020-21	21,042,425	20,748,328	98.60%	492,190	21,240,518	100.94%	1,070,964	5.09%
2021-22	22,033,794	21,745,320	98.69%	456,872	22,202,192	100.76%	1,055,116	4.79%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 3

County of Northumberland, Virginia
 General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

Fiscal Year	General Government				Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural			Debt Service	Total
	Administration	Judicial Administration	Public Safety	Public Works					Education (2)	Community Development	Debt Service		
2012-13	\$ 1,611,371	\$ 746,282	\$ 3,761,020	\$ 1,209,452	\$ 2,026,063	\$ 15,803,625	\$ 160,000	\$ 434,021	\$ 2,716,454	\$ 28,468,288			
2013-14	1,525,218	726,972	3,592,050	1,343,060	2,041,404	15,929,537	160,000	398,097	2,701,296	28,417,634			
2014-15	1,465,848	703,337	4,384,453	1,278,360	2,245,848	16,346,444	233,132	370,274	2,384,030	29,411,726			
2015-16	1,700,773	742,368	4,565,904	1,379,597	2,396,073	16,923,056	193,263	355,043	2,332,679	30,588,756			
2016-17	1,540,938	841,441	4,172,472	1,487,091	2,459,477	16,649,355	193,263	367,975	1,727,528	29,439,540			
2017-18	1,590,404	860,773	4,683,605	1,491,756	2,458,919	17,941,925	193,263	337,495	2,028,615	31,586,755			
2018-19	2,081,399	889,196	5,170,072	1,631,454	2,463,341	18,414,288	322,263	337,889	2,029,378	33,339,280			
2019-20	1,887,601	909,539	5,171,684	1,586,060	2,239,945	18,578,335	207,600	345,312	2,027,615	32,953,691			
2020-21	1,991,464	948,861	6,871,684	1,710,828	2,389,748	19,086,695	217,267	370,686	2,029,219	35,616,452			
2021-22	2,195,202	999,441	6,967,141	1,666,600	2,651,090	19,476,839	233,109	355,613	2,095,020	36,640,055			

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

County of Northumberland, Virginia
 General Governmental Revenues by Source (1)
 Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permits, Privilege Fees, Regulatory Licenses		Fines and Forfeitures		Revenue from the Use of Money and Property		Charges for Services		Miscellaneous		Recovered Costs		Inter-governmental (2)		Total
	\$		\$		\$		\$		\$		\$		\$		\$		\$		
2012-13	16,134,615	1,749,597	127,195	27,611	169,793	197,537	359,880	102,265	8,904,032	27,772,525									
2013-14	16,246,598	1,787,209	107,766	28,476	156,447	149,392	353,604	111,246	9,100,199	28,040,937									
2014-15	17,102,085	1,853,559	112,582	27,675	154,421	162,050	291,499	124,422	10,167,053	29,995,346									
2015-16	17,175,133	1,812,625	102,714	20,871	142,032	187,144	312,655	393,090	9,939,582	30,085,846									
2016-17	18,802,915	1,860,367	105,581	33,817	147,492	298,605	138,069	239,059	10,132,755	31,758,660									
2017-18	19,536,736	1,905,317	128,861	35,607	167,873	482,714	131,516	814,557	10,413,030	33,616,211									
2018-19	19,880,326	1,949,417	111,896	26,933	293,025	448,286	188,310	486,798	10,716,583	34,101,574									
2019-20	20,918,767	2,192,579	106,133	19,406	253,219	392,068	269,186	284,408	10,798,501	35,234,267									
2020-21	20,572,189	2,640,587	145,171	34,377	152,019	232,083	393,881	317,735	13,817,971	38,306,013									
2021-22	21,490,025	2,680,791	134,507	16,983	216,873	334,805	672,638	129,090	14,487,942	40,163,654									

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 6

County of Northumberland, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2012-13	\$ 3,091,570,771	\$ 105,462,100	\$ 4,893,424	\$ 4,567,724	\$ 41,926,278	\$ 3,248,420,297
2013-14	3,120,026,152	105,379,492	5,828,476	4,685,002	45,044,045	3,280,963,167
2014-15	2,805,775,428	106,938,812	5,468,822	4,821,578	45,154,586	2,968,159,226
2015-16	2,810,608,837	107,339,101	5,349,593	5,015,304	47,412,637	2,975,725,472
2016-17	2,831,421,491	109,539,932	5,763,066	4,889,664	50,513,573	3,002,127,726
2017-18	2,845,060,107	111,077,054	5,269,889	4,971,022	53,156,984	3,019,535,056
2018-19	2,855,073,442	116,259,000	6,792,540	4,887,523	54,583,803	3,037,596,308
2019-20	2,869,693,572	119,587,017	6,480,685	4,566,290	53,515,841	3,053,843,405
2020-21	2,764,944,546	120,932,273	7,077,078	4,600,081	54,223,039	2,951,777,017
2021-22	2,774,097,961	131,015,345	7,698,758	4,182,488	54,862,636	2,971,857,188

(1) Real estate and personal property is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

**County of Northumberland, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Merchant's Capital	Machinery and Tools
2012-13	\$ 0.40	\$ 0.40	\$ 3.60	\$ 1.00	\$ 3.60
2013-14	0.42	0.42	3.60	1.00	3.60
2014-15	0.49	0.49	3.60	1.00	3.60
2015-16	0.49	0.49	3.60	1.00	3.60
2016-17	0.54	0.54	3.60	1.00	3.60
2017-18	0.56	0.56	3.60	1.00	3.60
2018-19	0.56	0.56	3.60	1.00	3.60
2019-20	0.59	0.59	3.60	1.00	3.60
2020-21	0.59	0.59	3.60	1.00	3.60
2021-22	0.61	0.61	3.60	1.00	3.60

(1) Per \$100 of assessed value.

Table 8

County of Northumberland, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012-13	12,330	\$ 3,248,420,297	\$ 310,000	0.01%	\$ 25
2013-14	12,330	3,280,963,167	-	0.00%	-
2014-15	12,330	2,968,159,226	-	0.00%	-
2015-16	12,330	2,975,725,472	29,580,000	0.99%	2,399
2016-17	12,330	3,002,127,726	29,580,000	0.99%	2,399
2017-18	12,330	3,019,535,056	28,630,000	0.95%	2,322
2018-19	12,330	3,037,596,308	27,630,000	0.91%	2,241
2019-20	12,330	3,053,843,405	26,580,000	0.87%	2,156
2020-21	12,100	2,951,777,017	25,475,000	0.86%	2,105
2021-22	12,100	2,971,857,188	24,315,000	0.82%	2,010

(1) Center for Public Service at the University of Virginia 2010 census and 2020 estimate.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/postclosure care liability, leases, and compensated absences.

COMPLIANCE

THIS PAGE LEFT BLANK INTENTIONALLY



**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 Northumberland
Northumberland, 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 Northumberland Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise County of Northumberland, Virginia's basic financial statements, and have issued our report thereon dated February 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Northumberland Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Northumberland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Northumberland, 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, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as 2022-001 and 2022-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

County of Northumberland, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Northumberland, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Northumberland, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a horizontal line extending to the right.

Richmond, Virginia
February 8, 2023



**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 Northumberland
Northumberland, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Northumberland, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Northumberland, Virginia's major federal programs for the year ended June 30, 2022. County of Northumberland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Northumberland, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

A handwritten signature in black ink, appearing to read 'D. F. C.', followed by a horizontal line extending to the right.

Richmond, Virginia
February 8, 2023

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
<i>Virginia Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	0400121/0400122	\$ 104,410	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122	20,617	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500121/0500122	538	-
Low-income Home Energy Assistance	93.568	0600421/0600422	18,005	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760121/0760122	23,906	-
Adoption and Legal Guardianship Incentive Payments	93.603	1130121/1130122	5,000	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	243	-
Foster Care - Title IV-E	93.658	1100121/1100122	79,286	-
Guardianship Assistance	93.090	1110121/1110122	150	-
Title IV-E Prevention Services	93.472	1140122	1,907	-
Adoption Assistance	93.659	1150121/1150122	48,441	-
Elder Abuse Prevention Interventions Program	93.747	8000321	3,600	-
Social Services Block Grant	93.667	1000121/1000122	89,202	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122	975	-
Children's Health Insurance Program	93.767	0540121/0540122	1,422	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200121/1200122	135,725	-
Total Department of Health and Human Services			\$ 533,427	\$ -
Department of Housing and Urban Development:				
Pass Through Payments:				
<i>Virginia Department of Housing and Community Development:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	53305-50799	\$ 191,119	\$ -
Department of Treasury:				
Pass Through Payments:				
<i>Virginia Department of Accounts:</i>				
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 674,946	\$ -
<i>Virginia Compensation Board:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Sheriff	21.027	VA0113	\$ 41,984	\$ -
Direct Payment:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Total FALN 21.027	21.027	N/A	\$ 459,776	\$ -
			\$ 501,760	\$ -
Total Department of Treasury			\$ 1,176,706	\$ -
Department of Justice:				
Pass Through Payments:				
<i>Virginia Department of Criminal Justice:</i>				
Crime Victim Assistance	16.575	39001-86000	\$ 14,561	\$ -
Juvenile Justice and Delinquency Prevention	16.540	21-A5013JJ17	4,454	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-86000	2,034	-
Total Department of Justice			\$ 21,049	\$ -
Department of Defense:				
Direct payments:				
Jr ROTC	12.000	N/A	\$ 65,404	\$ -
Department of Agriculture:				
Direct Payments:				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 3,565,436	\$ -
Total Department of Agriculture - direct payments			\$ 3,565,436	\$ -
Pass Through Payments:				
<i>Virginia Department of Agriculture and Consumer Services:</i>				
Food Distribution - Summer Food Service Program for Children	10.559	17901-45707	\$ 1,426	
<i>Virginia Department of Education:</i>				
Summer Food Service Program for Children	10.559	17901-45707	18,057	\$ 19,483 \$ -

County of Northumberland, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Agriculture: (Continued)				
Pass Through Payments: (Continued)				
<i>Virginia Department of Agriculture and Consumer Services:</i>				
Food Distribution - National School Lunch Program	10.555	17901-45707	\$ 51,671	
<i>Virginia Department of Education:</i>				
National School Lunch Program	10.555	17901-40623	518,992	\$ 570,663
School Breakfast Program	10.553	17901-40591	162,134	162,134
Total Child Nutrition Cluster			<u>\$ 752,280</u>	<u>\$ -</u>
COVID-19 - Pandemic EBT Administrative Costs	10.649	10649-301-10		3,063
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010121/0010122		259,920
Total Department of Agriculture - pass-through payments			<u>\$ 1,767,543</u>	<u>\$ -</u>
Total Department of Agriculture			<u>\$ 4,580,699</u>	<u>\$ -</u>
Department of Education:				
Pass Through Payments:				
<i>Virginia Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 142,291	\$ -
Special Education - Grants to States (Special Education Cluster (IDEA))	84.027	17901-43071		1,394
Career and Technical Education - Basic Grants to States	84.048	17901-61095		33,843
Rural Education	84.358	17901-43481		49,967
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	17901-43481	\$ 48,602	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	84425-197-10	686,100	-
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	84425-197-10	<u>1,203,695</u>	<u>\$ 1,938,397</u>
Supporting Effective Instruction State Grant	84.367	17901-61480		119,997
Student Support and Academic Enrichment Program	84.424	S424A170048		<u>23,155</u>
Total Department of Education			<u>\$ 2,309,044</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 8,877,448</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Northumberland, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Northumberland, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200. Because the Schedule presents only a selected portion of the operations of the County of Northumberland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Northumberland, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,182,221
Proprietary Funds:	
Sanitary District	895,708
Sanitary - bond proceeds	2,669,728
Total primary government	\$ 5,747,657

Component Unit School Board:

School Operating Fund	\$ 2,374,448
School Cafeteria Fund	755,343
Total Component Unit School Board	\$ 3,129,791

Total expenditures of federal awards per basic financial statements	\$ 8,877,448
---	--------------

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 8,877,448
---	--------------

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? ✓ yes no
 Significant deficiency(ies) identified? yes ✓ no
 Noncompliance material to financial statements noted? yes ✓ no

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities
10.561	Supplemental Nutrition Assistance Program (SNAP)
84.425	Education Stabilization Fund (ESF)

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

Auditee qualified as low-risk auditee? ✓ yes no

County of Northumberland, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II-Financial Statement Findings

2022-001

Reconciliation of School Fund Expenditures

- Criteria:** Detail school fund expenditures are maintained by personnel from the School Board office. The County Treasurer's office keeps track of total school fund expenditures in the Treasurer's general ledger.
- Condition:** For the year ended June 30, 2022, expenditures per the School Board did not reconcile to total school fund expenditures processed by the County Treasurer.
- Effect:** There is a reasonable possibility that a material misstatement of the School Board's financial statements will not be prevented or detected by the School Board's system of internal controls.
- Cause:** School fund expenditure detail is maintained on an accrual basis. The County Treasurer's general ledger is on a cash basis. A June 30, 2022 run of school fund checks included on the school fund expenditure detail was not processed until July 13, 2022 and was not identified as payable for purpose of reconciliation.
- Recommendation:** Procedures should be in place to reconcile expenditure detail of the school fund to the records of the County Treasurer. School Board personnel are responsible for gathering information from the County Treasurer in order to prepare the monthly reconciliation. The monthly reconciliations should be used to prepare a reconciliation of fiscal year totals.
- Management's Response:** The School Board has a new Finance Director in place who is addressing the situation.

County of Northumberland, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II-Financial Statement Findings

2022-002

School Board Expenditure Documentation, Approval and Payment

- Criteria:** Invoices should be retained to document expenditures made with School Board's funds. Paying a balance forward along with invoiced current charges should be avoided unless said amount can be verified. Lack of invoices to support expenditures and overpaying the balance due indicates a material weakness exists. Internal controls should be in place that provide assurance that expenditures are properly documented. Duplicate payments on invoices should not be made.
- Condition:** Documentation was missing for some expenditures processed by the School Board during fiscal year ended June 30, 2022. In addition, overpayments were made periodically as balances forward were included with a payment without researching if the prior amount had been paid.
- Effect:** There is a reasonable possibility that a material misstatement of the School Board's financial statements will not be prevented or detected by the School Board's system of internal controls.
- Cause:** The School Board employed several different persons in the position of Finance Director over the past year which lead to inconsistencies in processing expenditures and retaining documentation.
- Recommendation:** Procedures should be in place to provide for maintaining paid invoices as supporting documentation for expenditures made. Any balance forward on an invoice should be verified before payment is made.
- Management's Response:** The School Board has a new Finance Director in place who is addressing the situation.

Section III-Federal Award Findings and Questioned Costs

None

**County of Northumberland, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

There were no prior audit findings.