

COUNTY OF NORTHUMBERLAND,  
VIRGINIA



ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



**COUNTY OF NORTHUMBERLAND, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

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# COUNTY OF NORTHUMBERLAND, VIRGINIA

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## Board of Supervisors

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Richard F. Haynie, Chair

Thomas H. Tomlin  
Ronald L. Jett

James W. Brann  
James M. Long

## School Board

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Betty Christopher, Chair

Dr. Cheryl Davis  
Dana O'Bier

Denise Mazyck  
Gayle Sterrett

## Board of Social Services

---

Thomas Tomlin, Chair

Merthia Haynie

Paul Carlson

## Other Officials

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Judge of the Circuit Court..... Roy 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

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**Independent Auditors' Report**

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**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, 2023, 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, 2023, 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 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of 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 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 28, 2024, 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.

*Robinson, Fournier, Cox Associates*

Richmond, Virginia  
February 28, 2024

## 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, 2023. 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 \$23,377,312 (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 \$2,218,429 (Exhibit 5) after making contributions totaling \$12,875,828 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$12,417,074, an increase of \$2,218,429 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,747,112, or 31% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$603,398 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 \$23,377,312 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 17,815,431	\$ 15,879,594	\$ 1,768,601	\$ 1,331,579	\$ 19,584,032	\$ 17,211,173
Capital assets	30,161,590	31,745,090	11,113,773	8,282,769	41,275,363	40,027,859
Total assets	\$ 47,977,021	\$ 47,624,684	\$ 12,882,374	\$ 9,614,348	\$ 60,859,395	\$ 57,239,032
Deferred outflows of resources	\$ 1,381,823	\$ 1,725,613	\$ 47,713	\$ 76,085	\$ 1,429,536	\$ 1,801,698
Current liabilities	\$ 2,105,821	\$ 2,054,416	\$ 1,037,136	\$ 888,409	\$ 3,142,957	\$ 2,942,825
Long-term liabilities outstanding	26,558,835	27,167,795	5,057,829	5,052,267	31,616,664	32,220,062
Total liabilities	\$ 28,664,656	\$ 29,222,211	\$ 6,094,965	\$ 5,940,676	\$ 34,759,621	\$ 35,162,887
Deferred inflows of resources	\$ 4,086,161	\$ 5,813,704	\$ 65,837	\$ 144,805	\$ 4,151,998	\$ 5,958,509
Net position:						
Net investment in capital assets	\$ 5,347,376	\$ 5,592,156	\$ 5,786,861	\$ 3,275,769	\$ 11,134,237	\$ 8,867,925
Restricted	2,684,889	1,100,983	638	6,624	2,685,527	1,107,607
Unrestricted	8,575,762	7,621,243	981,786	322,559	9,557,548	7,943,802
Total net position	\$ 16,608,027	\$ 14,314,382	\$ 6,769,285	\$ 3,604,952	\$ 23,377,312	\$ 17,919,334

**Government-wide Financial Analysis (Continued)**

The County's net position increased by \$5,457,978 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	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 550,229	\$ 557,409	\$ 707,966	\$ 812,627	\$ 1,258,195	\$ 1,370,036
Operating grants and contributions	4,190,627	4,601,335	-	-	4,190,627	4,601,335
Capital grants and contributions	-	-	2,948,327	925,862	2,948,327	925,862
<b>General revenues:</b>						
General property taxes	22,117,003	21,541,089	-	-	22,117,003	21,541,089
Other local taxes	2,746,129	2,680,791	-	-	2,746,129	2,680,791
Grants and other contributions not restricted	2,526,585	1,383,522	-	-	2,526,585	1,383,522
Other general revenues	700,190	475,686	14,669	17,358	714,859	493,044
Transfers	(656,243)	(149,794)	656,243	149,794	-	-
<b>Total revenues</b>	<b>\$ 32,174,520</b>	<b>\$ 31,090,038</b>	<b>\$ 4,327,205</b>	<b>\$ 1,905,641</b>	<b>\$ 36,501,725</b>	<b>\$ 32,995,679</b>
<b>Expenses:</b>						
<b>General government</b>						
administration	\$ 2,548,383	\$ 2,150,495	\$ -	\$ -	\$ 2,548,383	\$ 2,150,495
Judicial administration	889,167	995,719	-	-	889,167	995,719
Public safety	6,202,967	6,571,946	-	-	6,202,967	6,571,946
Public works	1,923,636	1,702,580	-	-	1,923,636	1,702,580
Health and welfare	2,885,201	2,604,910	-	-	2,885,201	2,604,910
Education	14,105,114	14,697,381	-	-	14,105,114	14,697,381
Parks, recreation, and cultural	248,307	233,109	-	-	248,307	233,109
Community development	382,536	549,548	-	-	382,536	549,548
Interest and other fiscal charges	695,564	728,952	-	-	695,564	728,952
Utilities	-	-	1,162,872	1,051,946	1,162,872	1,051,946
<b>Total expenses</b>	<b>\$ 29,880,875</b>	<b>\$ 30,234,640</b>	<b>\$ 1,162,872</b>	<b>\$ 1,051,946</b>	<b>\$ 31,043,747</b>	<b>\$ 31,286,586</b>
<b>Change in net position</b>	<b>\$ 2,293,645</b>	<b>\$ 855,398</b>	<b>\$ 3,164,333</b>	<b>\$ 853,695</b>	<b>\$ 5,457,978</b>	<b>\$ 1,709,093</b>
Net position, beginning of year	14,314,382	13,458,984	3,604,952	2,751,257	17,919,334	16,210,241
<b>Net position, end of year</b>	<b>\$ 16,608,027</b>	<b>\$ 14,314,382</b>	<b>\$ 6,769,285</b>	<b>\$ 3,604,952</b>	<b>\$ 23,377,312</b>	<b>\$ 17,919,334</b>

## **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 \$12,417,074, an increase of \$2,218,429 in comparison with the prior year. Of this total, 78% 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 \$981,786. The total increase in net position was \$3,164,333. 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 \$959,682. Expenditures and other uses were less than budgetary estimates by \$1,502,079, resulting in a positive variance of \$2,461,761.

## **Capital Asset and Debt Administration**

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2023 amounts to \$30,161,590 (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 \$28,257,836 (excludes bond premium). Of this amount, \$28,102,000 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 decreased by \$1,227,050 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 2024 fiscal year.

The fiscal year 2024 budget increased approximately 21% with a \$0.14 rate increase (23%) in real estate 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.

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*BASIC FINANCIAL STATEMENTS*

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*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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County of Northumberland, Virginia  
Statement of Net Position  
June 30, 2023

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,330,175	\$ 1,268,793	\$ 13,598,968	\$ 162,267
Cash in custody of others	24,867	-	24,867	317,232
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,115,745	-	1,115,745	-
Accounts receivable	68,886	221,967	290,853	-
Notes receivable	10,345	-	10,345	-
Due from component unit	690,180	-	690,180	-
Leases receivable	2,695,155	-	2,695,155	-
Interest receivable	7,513	-	7,513	-
Net OPEB asset	14,927	638	15,565	-
Due from other governmental units	857,638	277,203	1,134,841	2,716,634
Prepaid expenses	-	-	-	9,545
Capital assets (net of accumulated depreciation):				
Land and land improvements	911,644	98,924	1,010,568	23,929
Buildings and improvements	27,576,454	3,916,931	31,493,385	6,983,715
Machinery and equipment	1,516,150	360,448	1,876,598	1,549,113
Lease improvements	7,338	-	7,338	-
Lease equipment	84,697	-	84,697	93,632
Subscription assets	65,307	-	65,307	-
Construction in progress	-	6,737,470	6,737,470	1,026,783
Total assets	<u>\$ 47,977,021</u>	<u>\$ 12,882,374</u>	<u>\$ 60,859,395</u>	<u>\$ 12,882,850</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	\$ 209,471	\$ -	\$ 209,471	\$ -
Pension related items	1,026,122	41,774	1,067,896	3,002,795
OPEB related items	146,230	5,939	152,169	374,521
Total deferred outflows of resources	<u>\$ 1,381,823</u>	<u>\$ 47,713</u>	<u>\$ 1,429,536</u>	<u>\$ 3,377,316</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 192,467	\$ 114,440	\$ 306,907	\$ 660,820
Accrued liabilities	-	-	-	1,110,948
Retainage payable	-	319,912	319,912	-
Accrued interest payable	383,176	36,251	419,427	-
Due to other governmental units	373	-	373	-
Due to component unit	-	-	-	690,180
Unearned revenue	1,513,355	566,533	2,079,888	-
Deposits held in escrow	16,450	-	16,450	-
Long-term liabilities:				
Due within one year	1,383,959	-	1,383,959	75,292
Due in more than one year	25,174,876	5,057,829	30,232,705	12,775,048
Total liabilities	<u>\$ 28,664,656</u>	<u>\$ 6,094,965</u>	<u>\$ 34,759,621</u>	<u>\$ 15,312,288</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 86,136	\$ -	\$ 86,136	\$ -
Lease deferrals	2,635,330	-	2,635,330	-
Pension related items	1,194,682	58,956	1,253,638	2,301,522
OPEB related items	170,013	6,881	176,894	235,555
Total deferred inflows of resources	<u>\$ 4,086,161</u>	<u>\$ 65,837</u>	<u>\$ 4,151,998</u>	<u>\$ 2,537,077</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 5,347,376	\$ 5,786,861	\$ 11,134,237	\$ 9,582,432
Restricted:				
OPEB asset	14,927	638	15,565	-
Other (Note 1)	2,669,962	-	2,669,962	-
Unrestricted (deficit)	8,575,762	981,786	9,557,548	(11,171,631)
Total net position	<u>\$ 16,608,027</u>	<u>\$ 6,769,285</u>	<u>\$ 23,377,312</u>	<u>\$ (1,589,199)</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, 2023

<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>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,548,383	\$ 84,982	\$ 329,092	\$ -
Judicial administration	889,167	12,427	594,852	-
Public safety	6,202,967	158,279	1,688,144	-
Public works	1,923,636	-	-	-
Health and welfare	2,885,201	-	1,478,488	-
Education	14,105,114	-	-	-
Parks, recreation, and cultural	248,307	-	62,821	-
Community development	382,536	294,541	37,230	-
Interest on long-term debt	695,564	-	-	-
Total governmental activities	\$ 29,880,875	\$ 550,229	\$ 4,190,627	\$ -
Business-type activities:				
Sanitary District	\$ 1,162,872	\$ 707,966	\$ -	\$ 2,948,327
Total business-type activities	\$ 1,162,872	\$ 707,966	\$ -	\$ 2,948,327
Total primary government	\$ 31,043,747	\$ 1,258,195	\$ 4,190,627	\$ 2,948,327
<b>COMPONENT UNIT:</b>				
School Board	\$ 21,863,392	\$ 18,319	\$ 12,064,143	\$ -
Total component unit	\$ 21,863,392	\$ 18,319	\$ 12,064,143	\$ -

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
\$ (2,134,309)		\$ (2,134,309)	
(281,888)		(281,888)	
(4,356,544)		(4,356,544)	
(1,923,636)		(1,923,636)	
(1,406,713)		(1,406,713)	
(14,105,114)		(14,105,114)	
(185,486)		(185,486)	
(50,765)		(50,765)	
(695,564)		(695,564)	
<u>\$ (25,140,019)</u>		<u>\$ (25,140,019)</u>	

\$ 2,493,421	\$ 2,493,421
<u>\$ 2,493,421</u>	<u>\$ 2,493,421</u>
	<u>\$ (22,646,598)</u>

\$ (9,780,930)
<u>\$ (9,780,930)</u>

\$ 22,117,003	\$ -	\$ 22,117,003	\$ -
1,340,822	-	1,340,822	-
399,939	-	399,939	-
251,413	-	251,413	-
336,909	-	336,909	-
365,910	-	365,910	-
51,136	-	51,136	-
496,895	-	496,895	111
203,295	14,669	217,964	580,499
-	-	-	12,901,243
2,526,585	-	2,526,585	-
(656,243)	656,243	-	-
<u>\$ 27,433,664</u>	<u>\$ 670,912</u>	<u>\$ 28,104,576</u>	<u>\$ 13,481,853</u>
\$ 2,293,645	\$ 3,164,333	\$ 5,457,978	\$ 3,700,923
14,314,382	3,604,952	17,919,334	(5,290,122)
<u>\$ 16,608,027</u>	<u>\$ 6,769,285</u>	<u>\$ 23,377,312</u>	<u>\$ (1,589,199)</u>

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*FUND FINANCIAL STATEMENTS*

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County of Northumberland, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	General <u>Fund</u>	County Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,679,998	\$ 2,506,505	\$ 143,672	\$ 12,330,175
Cash in custody of others	-	-	24,867	24,867
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,115,745	-	-	1,115,745
Accounts receivable	67,863	-	1,023	68,886
Notes receivable	-	-	10,345	10,345
Leases receivable	2,695,155	-	-	2,695,155
Interest receivable	7,513	-	-	7,513
Due from component unit	690,180	-	-	690,180
Due from other governmental units	857,638	-	-	857,638
Total assets	<u>\$ 15,114,092</u>	<u>\$ 2,506,505</u>	<u>\$ 179,907</u>	<u>\$ 17,800,504</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 192,467	\$ -	\$ -	\$ 192,467
Due to other governmental units	373	-	-	373
Unearned revenue	1,513,355	-	-	1,513,355
Held for others	-	-	16,450	16,450
Total liabilities	<u>\$ 1,706,195</u>	<u>\$ -</u>	<u>\$ 16,450</u>	<u>\$ 1,722,645</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 1,025,455	\$ -	\$ -	\$ 1,025,455
Lease deferrals	2,635,330	-	-	2,635,330
Total deferred inflows of resources	<u>\$ 3,660,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,660,785</u>
<b>FUND BALANCES</b>				
Restricted	\$ -	\$ 2,506,505	\$ 163,457	\$ 2,669,962
Unassigned	9,747,112	-	-	9,747,112
Total fund balances	<u>\$ 9,747,112</u>	<u>\$ 2,506,505</u>	<u>\$ 163,457</u>	<u>\$ 12,417,074</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,114,092</u>	<u>\$ 2,506,505</u>	<u>\$ 179,907</u>	<u>\$ 17,800,504</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 12,417,074

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	\$ 52,218,754	
Accumulated depreciation	<u>(22,057,164)</u>	30,161,590

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

Unavailable property taxes	\$ 939,319	
Net OPEB asset	14,927	
Deferred charges on refunding	<u>209,471</u>	1,163,717

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

Pension related items	\$ 1,026,122	
OPEB related items	<u>146,230</u>	1,172,352

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	\$ (23,095,000)	
Bond premium	(1,772,849)	
Net OPEB liabilities	(584,349)	
Accrued interest payable	(383,176)	
Lease liabilities	(93,317)	
Net pension liability	(692,398)	
Subscription liabilities	(62,519)	
Compensated absences	<u>(258,403)</u>	(26,942,011)

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

Pension related items	\$ (1,194,682)	
OPEB related items	<u>(170,013)</u>	(1,364,695)

Net position of governmental activities	\$ 16,608,027
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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, 2023

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
<b>REVENUES</b>				
General property taxes	\$ 22,239,878	\$ -	\$ -	\$ 22,239,878
Other local taxes	2,746,129	-	-	2,746,129
Permits, privilege fees, and regulatory licenses	139,223	-	-	139,223
Fines and forfeitures	18,409	-	-	18,409
Revenue from the use of money and property	581,863	-	14	581,877
Charges for services	297,678	-	9,937	307,615
Miscellaneous	190,383	-	12,912	203,295
Recovered costs	196,044	-	-	196,044
Intergovernmental:				
Commonwealth	4,062,294	1,134,172	2,125	5,198,591
Federal	1,518,621	-	-	1,518,621
Total revenues	<u>\$ 31,990,522</u>	<u>\$ 1,134,172</u>	<u>\$ 24,988</u>	<u>\$ 33,149,682</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,372,448	\$ -	\$ -	\$ 2,372,448
Judicial administration	1,056,691	-	-	1,056,691
Public safety	6,015,067	-	13,702	6,028,769
Public works	1,904,213	-	-	1,904,213
Health and welfare	2,947,703	-	-	2,947,703
Education	12,885,114	-	-	12,885,114
Parks, recreation, and cultural	248,307	-	-	248,307
Community development	394,486	-	-	394,486
Capital projects	318,778	-	-	318,778
Debt service:				
Principal retirement	1,311,267	-	-	1,311,267
Interest and other fiscal charges	807,234	-	-	807,234
Total expenditures	<u>\$ 30,261,308</u>	<u>\$ -</u>	<u>\$ 13,702</u>	<u>\$ 30,275,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,729,214</u>	<u>\$ 1,134,172</u>	<u>\$ 11,286</u>	<u>\$ 2,874,672</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 91,750	\$ 665,124	\$ 628	\$ 757,502
Transfers out	(1,321,995)	(91,750)	-	(1,413,745)
Total other financing sources (uses)	<u>\$ (1,230,245)</u>	<u>\$ 573,374</u>	<u>\$ 628</u>	<u>\$ (656,243)</u>
Net change in fund balances	\$ 498,969	\$ 1,707,546	\$ 11,914	\$ 2,218,429
Fund balances - beginning	9,248,143	798,959	151,543	10,198,645
Fund balances - ending	<u>\$ 9,747,112</u>	<u>\$ 2,506,505</u>	<u>\$ 163,457</u>	<u>\$ 12,417,074</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, 2023

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

Net change in fund balances - total governmental funds \$ 2,218,429

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	\$ 431,417	
Depreciation expense	(1,814,285)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>(270,987)</u>	(1,653,855)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals and donations) is to decrease net position. (13,862)

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 (122,875)

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	\$ 1,220,000	
Principal retired on subscription liabilities	21,698	
Principal retired on lease liabilities	69,569	
Amortization of bond premium on lease revenue bond	<u>126,632</u>	1,437,899

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	\$ 15,065	
Amortization of deferred charges on refunding	(14,962)	
Change in pension related items	454,414	
Change in OPEB related items	<u>(26,608)</u>	427,909

Change in net position of governmental activities \$ 2,293,645

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, 2023

	Enterprise Fund <u>Sanitary District</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,268,793
Accounts receivable, net of allowance for uncollectibles	221,967
Due from other governmental units	277,203
Total current assets	<u>\$ 1,767,963</u>
Noncurrent assets:	
Other assets:	
Net OPEB asset	\$ 638
Total other assets	<u>\$ 638</u>
Capital assets:	
Land	\$ 98,924
Construction in progress	6,737,470
Utility plant in service	8,702,637
Machinery and equipment	868,396
Accumulated depreciation	(5,293,654)
Total capital assets	<u>\$ 11,113,773</u>
Total noncurrent assets	<u>\$ 11,114,411</u>
Total assets	<u>\$ 12,882,374</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 41,774
OPEB related items	5,939
Total deferred outflows of resources	<u>\$ 47,713</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 114,440
Retainage payable	319,912
Accrued interest payable	36,251
Deferred revenue	566,533
Total current liabilities	<u>\$ 1,037,136</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 5,007,000
Net pension liability	26,976
Net OPEB liabilities	23,853
Total noncurrent liabilities	<u>\$ 5,057,829</u>
Total liabilities	<u>\$ 6,094,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 58,956
OPEB related items	6,881
Total deferred inflows of resources	<u>\$ 65,837</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 5,786,861
Restricted for OPEB assets	638
Unrestricted	981,786
Total net position	<u><u>\$ 6,769,285</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, 2023

	Enterprise Fund <u>Sanitary District</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Sanitary district fees	\$ 707,966
Miscellaneous	14,669
Total operating revenues	\$ 722,635
<b>OPERATING EXPENSES</b>	
Personnel services	\$ 251,677
Fringe benefits	61,787
Other supplies and expenses	430,762
Depreciation	345,544
Total operating expenses	\$ 1,089,770
Operating income (loss)	\$ (367,135)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Connection fees	\$ 85,459
Interest expense	(73,102)
Total nonoperating revenues (expenses)	\$ 12,357
Income (loss) before contributions and transfers	\$ (354,778)
Capital contributions:	
State water quality grant	\$ 1,476,959
USDA construction grant	1,385,909
Total capital contributions	\$ 2,862,868
Transfers in	\$ 661,367
Transfers out	(5,124)
Total transfers	\$ 656,243
Change in net position	\$ 3,164,333
Total net position - beginning	3,604,952
Total net position - ending	\$ 6,769,285

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, 2023

	Enterprise Fund <u>Sanitary District</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,268,998
Payments to suppliers	(430,336)
Payments to and for employees	(352,512)
Net cash provided by (used for) operating activities	<u>\$ 486,150</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Connection fees	\$ 85,459
Transfers from other funds	661,367
Transfers to other funds	(5,124)
Net cash provided by (used for) noncapital financing activities	<u>\$ 741,702</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	\$ (3,598,820)
Capital contributions	3,220,991
Interest paid on debt	(69,062)
Net cash provided by (used for) capital and related financing activities	<u>\$ (446,891)</u>
Net increase (decrease) in cash and cash equivalents	\$ 780,961
Cash and cash equivalents - beginning	487,832
Cash and cash equivalents - ending	<u>\$ 1,268,793</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ (367,135)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 345,544
(Increase) decrease in accounts receivable	(20,170)
(Increase) decrease in net pension asset	5,673
(Increase) decrease in deferred outflows of resources	28,372
Increase (decrease) in accounts payable	426
Increase (decrease) in deferred revenue	566,533
Increase (decrease) in net pension liability	26,976
Increase (decrease) in net OPEB asset	313
Increase (decrease) in net OPEB liability	(21,414)
Increase (decrease) in deferred inflows of resources	(78,968)
Total adjustments	<u>\$ 853,285</u>
Net cash provided by (used for) operating activities	<u>\$ 486,150</u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets from USDA	<u>\$ 635,326</u>

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, 2023

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 189,864
Total assets	\$ 189,864
<b>NET POSITION</b>	
Restricted:	
For individuals	\$ 113,023
For organizations	76,841
Total net position	\$ 189,864

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, 2023

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Miscellaneous:	
Collections	\$ 63,275
Investment earnings:	
Interest	41
Total additions	\$ 63,316
 <b>DEDUCTIONS</b>	
Recipient payments	\$ 39,957
Total deductions	\$ 39,957
 Net increase (decrease) in fiduciary net position	\$ 23,359
 Net position, beginning	166,505
Net position, ending	\$ 189,864

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## COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023

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### ***Note 1—Summary of Significant Accounting Policies:***

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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, 2023 (Continued)

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

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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, 2023.

*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, 2023.

#### **C. Other Related Organizations**

Included in the County's Financial Report

None

## COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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#### **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)***

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**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 and subscription 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 and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions 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)**

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**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, 350<sup>th</sup> Anniversary, Tornado Relief, Fallen Heroes, and Animal Shelter.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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**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 \$178,606 at June 30, 2023 and is comprised of property taxes of \$123,079 and sanitary district fees of \$55,527.

**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, 2023 (Continued)

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

**H. Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, 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 and subscription 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, subscription 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:

Assets	Years
Buildings	40
Building Improvements	40
Plant, equipment, and systems	35-45
Motor vehicles	5-10
Lease equipment	3-5
Lease improvements	3-5
Subscription assets	3-5
Machinery and equipment	2-15

**I. Leases and Subscription-Based IT Arrangements**

The County has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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

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**I. Leases and Subscription-Based IT Arrangements (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).

*Subscriptions*

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

*Key Estimates and Judgments*

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

- The County uses the interest rate stated in lease or subscription 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 and subscriptions.

## COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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#### *Key Estimates and Judgments (Continued)*

- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

#### **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 to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for 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.

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

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**K. Net Position (Continued)**

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

**L. 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 represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has 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 represent 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.

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

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**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.

**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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

**P. Fund Balance: (Continued)**

- 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.

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 Fund	County Capital Projects Fund	Other Governmental Funds	Total
Fund balances:				
Restricted:				
Construction	\$ -	\$ 2,506,505	\$ -	\$ 2,506,505
Law library	-	-	781	781
Forfeited assets	-	-	54,738	54,738
Economic development	-	-	24,882	24,882
Courthouse security	-	-	74,639	74,639
Sheriff	-	-	8,417	8,417
Total Restricted	\$ -	\$ 2,506,505	\$ 163,457	\$ 2,669,962
Unassigned	\$ 9,747,112	\$ -	\$ -	\$ 9,747,112
Total fund balances	\$ 9,747,112	\$ 2,506,505	\$ 163,457	\$ 12,417,074

## COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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### ***Note 2—Stewardship, Compliance, and Accounting:***

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

1. On or before March 30<sup>th</sup>, 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.
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, 2023.

### ***Note 3—Deposits and Investments:***

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#### **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.

## COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

### Note 3—Deposits and Investments: (Continued)

#### 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).

#### Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2023 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)	\$ 74,374
Virginia Investment Pool	9,732,802
Total	<u>\$ 9,807,176</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)	\$ 74,374	\$ 74,374
Virginia Investment Pool	9,732,802	9,732,802
Total	<u>\$ 9,807,176</u>	<u>\$ 9,807,176</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.).



COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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***Note 3—Deposits and Investments: (Continued)***

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**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.

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 4—Due to/from Other Governments:**

On June 30, 2023, the County has amounts due from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	257,007	-
Welfare	37,629	-
Children's services act	16,931	-
Rolling stock tax	25	-
State Sales Tax	-	251,344
Constitutional officer reimbursements	141,642	-
DMV license agent	2,869	-
Mobile home titling tax	8,943	-
Health department	3,637	-
Wireless grant	8,523	-
Communications tax	42,130	-
Clerk records grant	62,821	-
Opioid settlement	120,845	-
Judge reimbursement	63,453	-
Water quality	277,203	-
Juror grant	1,860	-
Federal Government:		
School fund grants	-	2,453,297
School cafeteria fund grants	-	11,993
Victim witness	10,443	-
Welfare	78,880	-
	<u>\$ 1,134,841</u>	<u>\$ 2,716,634</u>

On June 30, 2023, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Northumberland County School Board	<u>\$ -</u>	<u>\$ 690,180</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	GASB 96 Adjustments	Adjusted Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<i>Primary Government:</i>						
<i>Governmental Activities:</i>						
Capital assets not subject to depreciation:						
Land and land improvements	\$ 894,628	\$ -	\$ 894,628	\$ 17,016	\$ -	\$ 911,644
Construction in progress	130,706	-	-	130,705	261,411	-
Total capital assets not subject to depreciation	\$ 1,025,334	\$ -	\$ 894,628	\$ 147,721	\$ 261,411	\$ 911,644
Capital assets subject to depreciation:						
Buildings and improvements	\$ 7,156,055	\$ -	\$ 7,156,055	\$ 18,470	\$ -	\$ 7,174,525
Machinery and equipment	5,181,633	-	5,181,633	526,637	202,065	5,506,205
Lease improvements	24,951	-	24,951	-	-	24,951
Lease equipment	205,484	-	205,484	-	-	205,484
Subscription assets	-	84,217	84,217	-	-	84,217
Jointly owned assets	38,743,519	-	38,743,519	-	431,791	38,311,728
Total capital assets subject to depreciation	\$51,311,642	\$ 84,217	\$51,395,859	\$ 545,107	\$ 633,856	\$ 51,307,110
Accumulated depreciation:						
Buildings and improvements	\$ 2,331,858	\$ -	\$ 2,331,858	\$ 361,213	\$ -	\$ 2,693,071
Machinery and equipment	3,762,609	-	3,762,609	415,649	188,203	3,990,055
Lease improvements	8,807	-	8,807	8,806	-	17,613
Lease equipment	60,093	-	60,093	60,694	-	120,787
Subscription assets	-	-	-	18,910	-	18,910
Jointly owned assets	14,428,519	-	14,428,519	949,013	160,804	15,216,728
Total accumulated depreciation	\$20,591,886	\$ -	\$20,591,886	\$ 1,814,285	\$ 349,007	\$ 22,057,164
Total capital assets subject to depreciation, net	\$30,719,756	\$ 84,217	\$ 30,803,973	\$ (1,269,178)	\$ 284,849	\$ 29,249,946
Governmental activities capital assets, net	\$31,745,090	\$ 84,217	\$ 31,698,601	\$ (1,121,457)	\$ 546,260	\$ 30,161,590

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 5—Capital Assets: (Continued)**

The following is a summary of changes in proprietary capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 98,924	\$ -	\$ -	\$ 98,924
Construction in progress	3,857,778	2,879,692	-	6,737,470
Total capital assets not subject to depreciation	\$ 3,956,702	\$ 2,879,692	\$ -	\$ 6,836,394
Capital assets subject to depreciation:				
Utility plant in service	\$ 8,702,637	\$ -	\$ -	\$ 8,702,637
Machinery and equipment	571,540	296,856	-	868,396
Total capital assets subject to depreciation	\$ 9,274,177	\$ 296,856	\$ -	\$ 9,571,033
Accumulated depreciation:				
Utility plant in service	\$ 4,509,623	\$ 276,083	\$ -	\$ 4,785,706
Machinery and equipment	438,487	69,461	-	507,948
Total accumulated depreciation	\$ 4,948,110	\$ 345,544	\$ -	\$ 5,293,654
Total capital assets subject to depreciation, net	\$ 4,326,067	\$ (48,688)	\$ -	\$ 4,277,379
Business-type capital assets, net	\$ 8,282,769	\$ 2,831,004	\$ -	\$ 11,113,773

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 5—Capital Assets: (Continued)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 23,929	\$ -	\$ -	\$ 23,929
Construction in progress	-	1,026,783	-	1,026,783
Total capital assets not subject to depreciation	<u>\$ 23,929</u>	<u>\$ 1,026,783</u>	<u>\$ -</u>	<u>\$ 1,050,712</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ -	\$ 1,009,088	\$ -	\$ 1,009,088
Machinery and equipment	4,272,864	153,033	-	4,425,897
Lease equipment	-	115,663	-	115,663
Jointly owned assets	9,481,963	431,791	-	9,913,754
Total capital assets subject to depreciation	<u>\$ 13,754,827</u>	<u>\$ 1,709,575</u>	<u>\$ -</u>	<u>\$ 15,464,402</u>
Accumulated depreciation:				
Buildings and improvements	\$ -	\$ 1,562	\$ -	\$ 1,562
Machinery and equipment	2,706,977	169,807	-	2,876,784
Lease equipment	-	22,031	-	22,031
Jointly owned assets	3,531,189	245,572	(160,804)	3,937,565
Total accumulated depreciation	<u>\$ 6,238,166</u>	<u>\$ 438,972</u>	<u>\$ (160,804)</u>	<u>\$ 6,837,942</u>
Total capital assets subject to depreciation, net	<u>\$ 7,516,661</u>	<u>\$ 1,270,603</u>	<u>\$ 160,804</u>	<u>\$ 8,626,460</u>
Component unit school board capital assets, net	<u>\$ 7,540,590</u>	<u>\$ 2,297,386</u>	<u>\$ 160,804</u>	<u>\$ 9,677,172</u>

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 307,954
Judicial administration	8,885
Public safety	503,336
Public works	30,604
Health and welfare	13,120
Education	949,013
Community development	1,373
Total depreciation expense - governmental activities	<u>\$ 1,814,285</u>
Business type activities:	
Sanitary District	<u>\$ 345,544</u>
Total depreciation expense - primary government	<u>\$ 2,159,829</u>
Component Unit School Board:	
Depreciation expense	<u>\$ 438,972</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 6—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General	\$ 91,750	\$ 1,321,995
County Capital Projects	665,124	91,750
Asset Forfeiture Fund	628	-
Sanitary District	661,367	5,124
Total Primary Government	<u>\$ 1,418,869</u>	<u>\$ 1,418,869</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, 2023:

Fund	Interfund Receivables	Interfund Payables
Component Unit-School Board:		
School Operating	\$ -	\$ 300,890
School Cafeteria	300,890	-
Total Component Unit - School Board	<u>\$ 300,890</u>	<u>\$ 300,890</u>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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, 2023:

	Balance at July 1, 2022	GASB 96 Adjustments	Adjusted Balance at June 30, 2022	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Primary Government Obligations:							
Governmental Activities Obligations:							
Incurred by County:							
Compensated absences	\$ 273,468	\$ -	\$ 273,468	\$ 12,282	\$ 27,347	\$ 258,403	\$ 25,840
Net pension liability (Payable by General Fund)	-	-	-	2,009,308	1,316,910	692,398	-
Net OPEB liabilities (Payable by General Fund)	516,960	-	516,960	240,545	173,156	584,349	-
Subscription liabilities	-	84,217	84,217	-	21,698	62,519	29,779
Lease liabilities	162,886	-	162,886	-	69,569	93,317	43,340
<b>Total incurred by County</b>	<b>\$ 953,314</b>	<b>\$ 84,217</b>	<b>\$ 1,037,531</b>	<b>\$ 2,262,135</b>	<b>\$ 1,608,680</b>	<b>\$ 1,690,986</b>	<b>\$ 98,959</b>
Incurred by School Board:							
Direct borrowings and placements:							
Refunding general obligation bond	\$ 24,315,000	\$ -	\$ 24,315,000	\$ -	\$ 1,220,000	\$ 23,095,000	\$ 1,285,000
Bond premium	1,899,481	-	1,899,481	-	126,632	1,772,849	-
<b>Total incurred by School Board</b>	<b>\$ 26,214,481</b>	<b>\$ -</b>	<b>\$ 26,214,481</b>	<b>\$ -</b>	<b>\$ 1,346,632</b>	<b>\$ 24,867,849</b>	<b>\$ 1,285,000</b>
<b>Total Governmental Activities Obligations</b>	<b>\$ 27,167,795</b>	<b>\$ 84,217</b>	<b>\$ 27,252,012</b>	<b>\$ 2,262,135</b>	<b>\$ 2,955,312</b>	<b>\$ 26,558,835</b>	<b>\$ 1,383,959</b>
Business-type Activities Obligations:							
Net pension liability	\$ -	\$ -	\$ -	\$ 78,936	\$ 51,960	\$ 26,976	\$ -
Net OPEB liabilities	45,267	-	45,267	9,404	30,818	23,853	-
Direct borrowings and placements:							
Revenue bond	5,007,000	-	5,007,000	-	-	5,007,000	-
<b>Total Business-type Activities Obligations</b>	<b>\$ 5,052,267</b>	<b>\$ -</b>	<b>\$ 5,052,267</b>	<b>\$ 88,340</b>	<b>\$ 82,778</b>	<b>\$ 5,057,829</b>	<b>\$ -</b>
<b>Total Primary Government Obligations</b>	<b>\$ 32,220,062</b>	<b>\$ 84,217</b>	<b>\$ 32,304,279</b>	<b>\$ 2,350,475</b>	<b>\$ 3,038,090</b>	<b>\$ 31,616,664</b>	<b>\$ 1,383,959</b>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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		Subscription Liabilities	
	General Obligation Bond		Principal	Interest	Principal	Interest
	Principal	Interest				
2024	\$ 1,285,000	\$ 741,964	\$ 43,340	\$ 761	\$ 29,779	\$ 2,471
2025	1,350,000	675,430	34,138	382	16,036	1,364
2026	1,420,000	605,487	14,809	108	16,704	696
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	<u>\$ 23,095,000</u>	<u>\$ 5,248,885</u>	<u>\$ 93,317</u>	<u>\$ 1,261</u>	<u>\$ 62,519</u>	<u>\$ 4,531</u>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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**Note 7—Long-Term Obligations: (Continued)**

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**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
2024	\$ -	\$ 72,501
2025	5,007,000	72,501
Total	<u>\$ 5,007,000</u>	<u>\$ 145,002</u>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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
Incurred by the County:							
Compensated absences (payable from the General Fund)						\$ 258,403	\$ 25,840
Net OPEB liabilities (payable from the General Fund)						\$ 584,349	\$ -
Net pension liability (payable from the General Fund)						\$ 692,398	\$ -
Lease liabilities:							
Copier lease payable		0.89%	7/1/2021	08/01/25	\$ 5,720	\$ 2,999	\$ 1,377
Copier lease payable		0.89%	7/1/2021	08/01/25	29,447	15,438	7,088
Postage equipment lease payable		1.06%	7/1/2021	04/01/26	20,177	12,202	4,024
Postage equipment lease payable		1.06%	7/1/2021	02/01/26	12,164	7,104	2,560
Copier lease payable		2.37%	3/1/2022	03/01/27	6,302	4,971	1,283
Copier lease payable		0.89%	7/1/2021	08/01/25	28,599	14,992	6,884
Copier lease payable		0.73%	7/1/2021	08/01/24	2,409	893	765
Copier lease payable		0.89%	7/1/2021	08/01/25	3,342	1,753	805
Copier lease payable		0.89%	7/1/2021	04/01/25	20,994	10,123	5,501
Copier lease payable		1.06%	7/1/2021	05/01/26	24,522	14,688	4,985
Postage equipment lease payable		0.73%	7/1/2021	07/01/24	1,097	424	338
Tower lease payable		0.73%	7/1/2021	04/01/24	24,952	7,730	7,730
Total lease liabilities						\$ 93,317	\$ 43,340
Subscription liabilities:							
Work order management system		2.91%	7/1/2022	05/01/24	\$ 21,026	\$ 10,981	\$ 10,981
Online budgeting tool		4.09%	11/1/2022	06/30/26	63,191	51,538	18,798
Total subscription liabilities						\$ 62,519	\$ 29,779
Incurred 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	\$ 24,867,849	\$ 1,285,000
Total outstanding debt - governmental activities						\$ 26,558,835	\$ 1,383,959
(a) No other terms specified in the debt agreement							

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

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

	Total Amount
<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	23,853
Net pension liability	\$ 26,976
Total Long-Term Obligations, Business-type Activities	\$ 5,057,829
Total Long-Term Obligations, Primary Government	\$ 31,616,664

The County’s outstanding direct placements and borrowings related to governmental activities of \$23,095,000 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, 2023:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences					
(Payable by School Operating Fund)	\$ 376,269	\$ 201,761	\$ 37,627	\$ 540,403	\$ 54,040
Leased equipment					
(Payable by School Operating Fund)	\$ -	\$ 115,663	\$ 20,923	94,740	\$ 21,252
Net pension liabilities					
(Payable by School Operating Fund)	7,953,215	8,014,507	5,674,043	10,293,679	-
Net OPEB liabilities					
(Payable by School Operating Fund)	1,878,226	638,041	594,749	1,921,518	-
Total Component Unit-School Board	\$10,207,710	\$ 8,969,972	\$ 6,327,342	\$12,850,340	\$ 75,292

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

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

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

Year Ending June 30	Lease liabilities	
	Principal	Interest
2024	\$ 21,252	\$ 2,472
2025	21,878	1,846
2026	22,522	1,202
2027	23,186	538
2028	5,902	29
Total	<u>\$ 94,740</u>	<u>\$ 6,087</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences					\$ 540,403	\$ 54,040
Lease liabilities:						
Copiers	2.91%	7/1/2022	06/30/28	\$ 115,663	\$ 94,740	\$ 21,252
Net pension liabilities					\$ 10,293,679	\$ -
Net OPEB liabilities					\$ 1,921,518	\$ -
Total outstanding debt - component unit school board					<u>\$ 12,850,340</u>	<u>\$ 75,292</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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 \$1,025,455 and deferred revenue totaling \$86,136 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	\$ -	\$ 939,319
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>86,136</u>	<u>86,136</u>
Total deferred/unavailable revenue	<u>\$ 86,136</u>	<u>\$ 1,025,455</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, 2023, 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, 2023 (Continued)

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### **Note 11—Risk Management:**

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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:**

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#### **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)**

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**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, 2023 (Continued)

**Note 12—Pension Plans: (Continued)**

**Employees Covered by Benefit Terms**

As of the June 30, 2021 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	62	31
Inactive members:		
Vested inactive members	10	6
Non-vested inactive members	24	11
Inactive members active elsewhere in VRS	47	7
Total inactive members	81	24
Active members	108	16
Total covered employees	<u>251</u>	<u>71</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, 2023 was 12.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$684,431 and \$539,115 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 15.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$80,253 and \$61,521 for the years ended June 30, 2023 and June 30, 2022, respectively.



COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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**Note 12—Pension Plans: (Continued)**

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**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, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

**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, 2021, 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, 2022.

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, 2023 (Continued)

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**Note 12—Pension Plans: (Continued)**

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

The actuarial assumptions used in the June 30, 2021 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, 2021, 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, 2022.

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, 2023 (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, 2021 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, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023, the

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 12—Pension Plans: (Continued)**

**Discount Rate (Continued)**

alternate rate was the employer contribution rate used in FY 2021 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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, 2021	\$ 22,376,768	\$ 22,510,681	\$ (133,913)
Changes for the year:			
Service cost	\$ 546,887	\$ -	\$ 546,887
Interest	1,506,852	-	1,506,852
Differences between expected and actual experience	(439,084)	-	(439,084)
Contributions - employer	-	539,116	(539,116)
Contributions - employee	-	255,587	(255,587)
Net investment income	-	(19,794)	19,794
Benefit payments, including refunds	(1,199,838)	(1,199,838)	-
Administrative expenses	-	(14,060)	14,060
Other changes	-	519	(519)
Net changes	\$ 414,817	\$ (438,470)	\$ 853,287
Balances at June 30, 2022	\$ 22,791,585	\$ 22,072,211	\$ 719,374

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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, 2021	\$ 4,808,437	\$ 4,398,624	\$ 409,813
Changes for the year:			
Service cost	\$ 39,963	\$ -	\$ 39,963
Interest	314,946	-	314,946
Differences between expected and actual experience	31,919	-	31,919
Contributions - employer	-	57,159	(57,159)
Contributions - employee	-	21,045	(21,045)
Net investment income	-	1,393	(1,393)
Benefit payments, including refunds	(365,078)	(365,078)	-
Administrative expenses	-	(2,818)	2,818
Other changes	-	97	(97)
Net changes	\$ 21,750	\$ (288,202)	\$ 309,952
Balances at June 30, 2022	\$ 4,830,187	\$ 4,110,422	\$ 719,765

**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 (5.75%)	Current Discount (6.75%)	1% Decrease (7.75%)
County's Net Pension Liability (Asset)	\$ 3,775,887	\$ 719,374	\$ (1,762,135)
Component Unit School Board's (Nonprofessional) Net Pension Liability	\$ 1,185,507	\$ 719,765	\$ 324,065

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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, 2023, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$218,773 and \$30,282, respectively. On June 30, 2023, 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	\$ 111,356	\$ 604,279	\$ 9,598	\$ -
Change in assumptions	270,899	-	-	-
Changes in proportionate share of net position liability	1,210	1,210	-	-
Net difference between projected and actual earnings on pension plan investments	-	648,149	-	138,216
Employer contributions subsequent to the measurement date	684,431	-	80,253	-
<b>Total</b>	<b>\$ 1,067,896</b>	<b>\$ 1,253,638</b>	<b>\$ 89,851</b>	<b>\$ 138,216</b>

\$684,431 and \$80,253 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, 2024. 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)
2024	\$ (279,773)	\$ (41,692)
2025	(397,340)	(53,932)
2026	(498,087)	(90,142)
2027	305,027	57,148
2028	-	-
Thereafter	-	-

## COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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### ***Note 12—Pension Plans: (Continued)***

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#### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$1,624,621 and \$1,493,839 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 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, 2023, the school division reported a liability of \$9,573,914 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2022, the school division's proportion was 0.10056% as compared to 0.09717% at June 30, 2021.



COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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, 2023, the school division recognized pension expense of \$534,067. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, 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	\$ -	\$ 660,159
Change in assumptions	902,627	-
Net difference between projected and actual earnings on pension plan investments	-	1,248,238
Changes in proportion and differences between employer contributions and proportionate share of contributions	385,696	254,909
Employer contributions subsequent to the measurement date	<u>1,624,621</u>	<u>-</u>
Total	<u>\$ 2,912,944</u>	<u>\$ 2,163,306</u>

\$1,624,621 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, 2024. 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>	
2024	\$ (335,021)
2025	(432,671)
2026	(746,751)
2027	639,460
2028	-

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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**Note 12—Pension Plans: (Continued)**

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**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, 2021, 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, 2022.

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

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 12—Pension Plans: (Continued)**

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

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

The actuarial assumptions used in the June 30, 2021 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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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, 2023 (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:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 17,099,743	\$ 9,573,914	\$ 3,446,234

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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 Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,067,896	\$ 1,253,638	\$ 719,374	\$ 218,773	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	89,851	138,216	719,765	30,282
School Board Professional	-	-	-	-	2,912,944	2,163,306	9,573,914	534,067
Totals	\$ 1,067,896	\$ 1,253,638	\$ 719,374	\$ 218,773	\$ 3,002,795	\$ 2,301,522	\$ 10,293,679	\$ 564,349

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

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**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 \$8,984 as of June 30, 2023.

**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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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, 2023 (Continued)

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

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**Contributions (Continued)**

with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$30,586 and \$29,161 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$55,263 and \$50,340 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the GLI from the Component Unit School Board nonprofessional group were \$2,853 and \$2,744 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

**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, 2023, the County reported a liability of \$298,977 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$516,076 and \$28,176, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County's proportion was 0.02480% as compared to 0.02380% on June 30, 2021. At June 30, 2022, the Component Unit School Board professional and nonprofessional groups' proportions were 0.04290% and 0.00230%, respectively as compared to 0.04190% and 0.00220%, respectively, on June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$19,132. For the year ended June 30, 2023, the Component Unit School Board professional group recognized GLI OPEB expense of \$19,336. For the year ended June 30, 2023, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$2,739). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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)**

At June 30, 2023, 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	\$ 23,675	\$ 11,994	\$ 40,867	\$ 20,704	\$ 2,231	\$ 1,130
Net difference between projected and actual earnings on GLI OPEB plan investments	-	18,682	-	32,247	-	1,761
Change in assumptions	11,151	29,122	19,249	50,268	1,051	2,744
Changes in proportionate share	23,707	48	21,389	15,486	1,177	14,315
Employer contributions subsequent to the measurement date	30,586	-	55,263	-	2,853	-
<b>Total</b>	<b>\$ 89,119</b>	<b>\$ 59,846</b>	<b>\$ 136,768</b>	<b>\$ 118,705</b>	<b>\$ 7,312</b>	<b>\$ 19,950</b>

\$30,586, \$55,263, and \$2,853, 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, 2024. 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)
2024	\$ 2,488	\$ (7,055)	\$ (4,132)
2025	1,115	(9,477)	(4,119)
2026	(10,393)	(25,808)	(4,815)
2027	5,440	6,775	(2,448)
2028	37	(1,635)	23
Thereafter	-	-	-

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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



COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2021 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, 2023 (Continued)

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

**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2022, 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, 2022 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, 2023 (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	\$ 435,047	\$ 298,977	\$ 189,014
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 750,951	\$ 516,076	\$ 326,265
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 40,999	\$ 28,176	\$ 17,813

**GLI Plan Fiduciary Net Position**

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

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***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.

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

**Employees Covered by Benefit Terms**

As of the June 30, 2021 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
Total inactive members	<u>4</u>	<u>27</u>
Active members	36	16
Total covered employees	<u>40</u>	<u>43</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, 2023 was 0.06% and 2.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$1,076 and \$2,111 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board to the HIC Plan were \$14,846 and \$5,640 for the years ended June 30, 2023 and June 30, 2022, respectively.

**Net HIC OPEB Asset**

The County and School Boards's net HIC OPEB asset was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2023 (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, 2021 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, 2023 (Continued)

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

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**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2021 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

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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, 2023 (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, 2021	\$ 39,848	\$ 63,040	\$ (23,192)
Changes for the year:			
Service cost	\$ 2,702	\$ -	\$ 2,702
Interest	2,775	-	2,775
Differences between expected and actual experience	(4,295)	-	(4,295)
Assumption changes	10,071	-	10,071
Contributions - employer	-	2,111	(2,111)
Net investment income	-	94	(94)
Benefit payments, including refunds	(2,885)	(2,885)	-
Administrative expenses	-	(111)	111
Other changes	-	1,532	(1,532)
Net changes	\$ 8,368	\$ 741	\$ 7,627
Balances at June 30, 2022	\$ 48,216	\$ 63,781	\$ (15,565)

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

**Changes in Net HIC OPEB Liability (Asset)**

	<b>Component Unit School Board (Nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total</b>	<b>Plan</b>	<b>Net</b>
	<b>HIC OPEB Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>HIC OPEB Liability (Asset) (a) - (b)</b>
Balances at June 30, 2021	\$ 128,164	\$ 5,701	\$ 122,463
Changes for the year:			
Service cost	\$ 411	\$ -	\$ 411
Interest	8,600	-	8,600
Differences between expected and actual experience	(3,716)	-	(3,716)
Assumption changes	8,476	-	8,476
Contributions - employer	-	5,733	(5,733)
Net investment income	-	(74)	74
Benefit payments, including refunds	(2,322)	(2,322)	-
Administrative expenses	-	(18)	18
Net changes	\$ 11,449	\$ 3,319	\$ 8,130
Balances at June 30, 2022	\$ 139,613	\$ 9,020	\$ 130,593

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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%)
<b>Primary Government:</b>			
Net HIC OPEB Liability (Asset) \$	(9,884) \$	(15,565) \$	(20,350)
<b>Component Unit School Board (Nonprofessional):</b>			
Net HIC OPEB Liability (Asset) \$	140,335 \$	130,593 \$	122,049

**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, 2023, the County and School Board recognized HIC Plan OPEB expense of (\$1,782) and \$12,271. At June 30, 2023, 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 \$	-	8,646 \$	-	2,107
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,580	175	-
Change in assumptions	8,976	693	4,807	-
Employer contributions subsequent to the measurement date	1,076	-	14,846	-
<b>Total</b>	<b>\$ 10,052</b>	<b>\$ 10,919</b>	<b>\$ 19,828</b>	<b>\$ 2,107</b>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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)**

\$1,076 and \$14,846 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, 2024. 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>
2024	\$ (1,499)	\$ 2,080
2025	(1,243)	660
2026	(1,341)	21
2027	1,000	114
2028	596	-
Thereafter	544	-

**HIC Plan Data**

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023 (Continued)

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

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#### ***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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$123,394 and \$112,561 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.



COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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

On June 30, 2023, the school division reported a liability of \$1,246,673 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, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division’s proportion of the VRS Teacher Employee HIC Plan was 0.09981% as compared to 0.09675% on June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$101,534. 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 proportionate share and differences between actual and expected contributions.

At June 30, 2023, 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	\$ -	\$ 50,816
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,251
Change in assumptions	36,422	3,184
Change in proportionate share and differences between actual and expected contributions	50,797	39,542
Employer contributions subsequent to the measurement date	<u>123,394</u>	<u>-</u>
Total	<u>\$ 210,613</u>	<u>\$ 94,793</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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**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)**

\$123,394 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, 2024. 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**

2024	\$ (1,902)
2025	(1,856)
2026	(4,949)
2027	(1,015)
2028	215
Thereafter	1,933

**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, 2021, 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, 2022.

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

**Actuarial Assumptions (Continued)**

**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 actuarial assumptions used in the June 30, 2021 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, 2023 (Continued)

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

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**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, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2022, 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, 2022 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, 2023 (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	\$ 1,405,015	\$ 1,246,673	\$ 1,112,451

**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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023 (Continued)

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

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**County: (Continued)**

***Plan Membership***

At June 30, 2023 (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, 2023 was \$17,455.

***Total OPEB Liability***

The County's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 for the County.

***Actuarial Assumptions***

The total OPEB liability in the January 1, 2022 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	3.65%

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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

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**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 2022; 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 2022; 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 2022; 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, 2023.

**Changes in Total OPEB Liability**

	<b>Primary Government Total OPEB Liability</b>
	<u>                    </u>
Balance at June 30, 2022	\$ 284,548
Changes for the year:	
Service cost	28,781
Interest	10,786
Changes in assumptions	2,565
Benefit payments	(17,455)
Net changes	<u>\$ 24,677</u>
Balance at June 30, 2023	<u><u>\$ 309,225</u></u>



COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	<b>Rate</b>		
	<b>1% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
<b>Primary Government:</b>			
Total OPEB liability	\$ 339,460	\$ 309,225	\$ 281,878

***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 (3.80%) or one percentage point higher (5.80%) than the current healthcare cost trend rates:

	<b>Rates</b>		
	<b>1% Decrease (3.80%)</b>	<b>Healthcare Cost Trend (4.80%)</b>	<b>1% Increase (5.80%)</b>
<b>Primary Government:</b>			
Total OPEB liability	\$ 265,581	\$ 309,225	\$ 361,857

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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, 2023, the County recognized OPEB expense in the amount of \$38,127. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Primary Government</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 78,975
Changes in assumptions	52,998	27,154
Total	<u>\$ 52,998</u>	<u>\$ 106,129</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:

<b>Year Ended June 30</b>	<b>Primary Government</b>
2024	\$ (1,635)
2025	(1,724)
2026	(16,937)
2027	(23,451)
2028	(9,384)
Thereafter	-

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.

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (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	\$ -	\$ 89,119	\$ 59,846	\$ 298,977	\$ 19,132	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	-	7,312	19,950	28,176	(2,739)
School Board Professional	-	-	-	-	-	136,768	118,705	516,076	19,336
County Health Insurance Credit Plan (Note 14)	15,565	10,052	10,919	-	(1,782)	-	-	-	-
Nonprofessional Teacher Health Insurance Credit Plan (Note 14)	-	-	-	-	-	19,828	2,107	130,593	12,271
Teacher Health Insurance Credit Plan (Note 15)	-	-	-	-	-	210,613	94,793	1,246,673	101,534
County Stand-Alone Plan (Note 16)	-	52,998	106,129	309,225	38,127	-	-	-	-
Totals	\$ 15,565	\$ 152,169	\$ 176,894	\$ 608,202	\$ 55,477	\$ 374,521	\$ 235,555	\$ 1,921,518	\$ 130,402

**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, 2023 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 2023. 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, 2023 (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, 2023 was \$42,897.

**Note 21— Leases Receivable:**

The County leases land for cell tower sites under lease contracts. In fiscal year 2023, the County recognized lease and interest revenue in the amount of \$84,982 and \$34,322, 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	\$ 1,892,590
Cell Tower Site	2.96%	1,030	7/1/2021	11/1/2039	Monthly	215,484
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						\$ 2,695,155

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

**Note 21— Leases Receivable: (Continued)**

Expected future payments at June 30, 2023 are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
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	60,617	31,642	92,259
2029-2033	326,536	156,876	483,412
2034-2038	391,561	128,002	519,563
2039-2043	375,164	104,174	479,338
2044-2048	391,716	86,151	477,867
2049-2053	444,945	64,037	508,982
2054-2058	287,882	37,950	325,832
2059-2063	187,572	12,946	200,518
Total	<u>\$ 2,695,155</u>	<u>\$ 751,483</u>	<u>\$ 3,446,638</u>

**Note 22—Adoption of Accounting Principles:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. 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, 2022 related to the subscriptions:

	Governmental Activities	General Fund
Subscription asset	\$ 84,217	\$ -
Subscription liabilities	<u>\$ 84,217</u>	<u>\$ -</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements  
June 30, 2023 (Continued)

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**Note 23—Upcoming Pronouncements:**

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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.

**Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.**

**Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.**

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

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*REQUIRED SUPPLEMENTARY INFORMATION*

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County of Northumberland, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 20,928,532	\$ 21,049,549	\$ 22,239,878	\$ 1,190,329
Other local taxes	2,211,965	2,211,965	2,746,129	534,164
Permits, privilege fees, and regulatory licenses	124,800	124,800	139,223	14,423
Fines and forfeitures	25,000	25,000	18,409	(6,591)
Revenue from the use of money and property	150,000	150,000	581,863	431,863
Charges for services	232,089	232,089	297,678	65,589
Miscellaneous	321,612	385,709	190,383	(195,326)
Recovered costs	121,163	121,163	196,044	74,881
Intergovernmental:				
Commonwealth	3,543,222	3,581,675	4,062,294	480,619
Federal	855,599	2,680,640	1,518,621	(1,162,019)
Total revenues	<u>\$ 28,513,982</u>	<u>\$ 30,562,590</u>	<u>\$ 31,990,522</u>	<u>\$ 1,427,932</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,530,330	\$ 2,550,268	\$ 2,372,448	\$ 177,820
Judicial administration	1,053,497	1,055,021	1,056,691	(1,670)
Public safety	5,619,778	7,603,018	6,015,067	1,587,951
Public works	1,580,016	1,735,488	1,904,213	(168,725)
Health and welfare	2,777,107	2,898,125	2,947,703	(49,578)
Education	13,309,022	13,309,022	12,885,114	423,908
Parks, recreation, and cultural	248,307	248,307	248,307	-
Community development	419,448	454,448	394,486	59,962
Capital projects	500,000	696,470	318,778	377,692
Debt service:				
Principal retirement	1,160,000	1,160,000	1,311,267	(151,267)
Interest and other fiscal charges	865,215	865,215	807,234	57,981
Total expenditures	<u>\$ 30,062,720</u>	<u>\$ 32,575,382</u>	<u>\$ 30,261,308</u>	<u>\$ 2,314,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,548,738)</u>	<u>\$ (2,012,792)</u>	<u>\$ 1,729,214</u>	<u>\$ 3,742,006</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 60,000	\$ 560,000	\$ 91,750	\$ (468,250)
Transfers out	(363,194)	(510,000)	(1,321,995)	(811,995)
Total other financing sources (uses)	<u>\$ (303,194)</u>	<u>\$ 50,000</u>	<u>\$ (1,230,245)</u>	<u>\$ (1,280,245)</u>
Net change in fund balances	\$ (1,851,932)	\$ (1,962,792)	\$ 498,969	\$ 2,461,761
Fund balances - beginning	8,500,000	8,500,000	9,248,143	748,143
Fund balances - ending	<u>\$ 6,648,068</u>	<u>\$ 6,537,208</u>	<u>\$ 9,747,112</u>	<u>\$ 3,209,904</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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 546,887	\$ 538,894	\$ 493,599
Interest	1,506,852	1,415,435	1,318,889
Differences between expected and actual experience	(439,084)	(637,944)	588,602
Changes of assumptions	-	595,329	-
Benefit payments	(1,199,838)	(1,008,700)	(932,875)
<b>Net change in total pension liability</b>	<u>\$ 414,817</u>	<u>\$ 903,014</u>	<u>\$ 1,468,215</u>
<b>Total pension liability - beginning</b>	<u>22,376,768</u>	<u>21,473,754</u>	<u>20,005,539</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 22,791,585</u></u>	<u><u>\$ 22,376,768</u></u>	<u><u>\$ 21,473,754</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 539,116	\$ 490,165	\$ 425,399
Contributions - employee	255,587	233,922	232,735
Net investment income	(19,794)	4,895,597	346,211
Benefit payments	(1,199,838)	(1,008,700)	(932,875)
Administrator charges	(14,060)	(12,128)	(11,592)
Other	519	462	(404)
<b>Net change in plan fiduciary net position</b>	<u>\$ (438,470)</u>	<u>\$ 4,599,318</u>	<u>\$ 59,474</u>
<b>Plan fiduciary net position - beginning</b>	<u>22,510,681</u>	<u>17,911,363</u>	<u>17,851,889</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 22,072,211</u></u>	<u><u>\$ 22,510,681</u></u>	<u><u>\$ 17,911,363</u></u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	\$ 719,374	\$ (133,913)	\$ 3,562,391
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	96.84%	100.60%	83.41%
<b>Covered payroll</b>	\$ 5,400,232	\$ 4,920,373	\$ 4,845,805
<b>County's net pension liability as a percentage of covered payroll</b>	13.32%	-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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 39,963	\$ 33,526	\$ 68,409
Interest	314,946	308,514	303,495
Differences between expected and actual experience	31,919	(89,609)	47,076
Changes of assumptions	-	171,507	-
Benefit payments	(365,078)	(372,156)	(317,098)
<b>Net change in total pension liability</b>	<b>\$ 21,750</b>	<b>\$ 51,782</b>	<b>\$ 101,882</b>
<b>Total pension liability - beginning</b>	<b>4,808,437</b>	<b>4,756,655</b>	<b>4,654,773</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 4,830,187</u></b>	<b><u>\$ 4,808,437</u></b>	<b><u>\$ 4,756,655</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 57,159	\$ 54,934	\$ 76,009
Contributions - employee	21,045	20,195	30,729
Net investment income	1,393	977,492	72,405
Benefit payments	(365,078)	(372,156)	(317,098)
Administrator charges	(2,818)	(2,651)	(2,598)
Other	97	90	(84)
<b>Net change in plan fiduciary net position</b>	<b>\$ (288,202)</b>	<b>\$ 677,904</b>	<b>\$ (140,637)</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,398,624</b>	<b>3,720,720</b>	<b>3,861,357</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 4,110,422</u></b>	<b><u>\$ 4,398,624</u></b>	<b><u>\$ 3,720,720</u></b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 719,765</b>	<b>\$ 409,813</b>	<b>\$ 1,035,935</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>85.10%</b>	<b>91.48%</b>	<b>78.22%</b>
<b>Covered payroll</b>	<b>\$ 508,121</b>	<b>\$ 457,521</b>	<b>\$ 679,471</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>141.65%</b>	<b>89.57%</b>	<b>152.46%</b>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	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)	-	-	-
	<u>(302,181)</u>	<u>(275,497)</u>	<u>(230,250)</u>	<u>(232,167)</u>	<u>(279,140)</u>	<u>(230,511)</u>
\$	228,899	\$ 27,645	\$ 89,243	\$ 111,981	\$ 148,271	\$ 103,961
	<u>4,425,874</u>	<u>4,398,229</u>	<u>4,308,986</u>	<u>4,197,005</u>	<u>4,048,734</u>	<u>3,944,773</u>
\$	<u><u>4,654,773</u></u>	<u><u>4,425,874</u></u>	<u><u>4,398,229</u></u>	<u><u>4,308,986</u></u>	<u><u>4,197,005</u></u>	<u><u>4,048,734</u></u>
\$	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
	<u>(302,181)</u>	<u>(275,497)</u>	<u>(230,250)</u>	<u>(232,167)</u>	<u>(279,140)</u>	<u>(230,511)</u>
	<u>(2,592)</u>	<u>(2,385)</u>	<u>(2,398)</u>	<u>(2,173)</u>	<u>(2,217)</u>	<u>(2,674)</u>
	<u>(154)</u>	<u>(236)</u>	<u>(360)</u>	<u>(25)</u>	<u>(32)</u>	<u>25</u>
\$	56,635	\$ 118,596	\$ 300,328	\$ (58,427)	\$ (13,862)	\$ 348,158
	<u>3,804,722</u>	<u>3,686,126</u>	<u>3,385,798</u>	<u>3,444,225</u>	<u>3,458,087</u>	<u>3,109,929</u>
\$	<u><u>3,861,357</u></u>	<u><u>3,804,722</u></u>	<u><u>3,686,126</u></u>	<u><u>3,385,798</u></u>	<u><u>3,444,225</u></u>	<u><u>3,458,087</u></u>
\$	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, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.10056%	\$ 9,573,914	\$ 9,307,179	102.87%	82.61%
2021	0.09717%	7,543,402	8,556,626	88.16%	85.46%
2020	0.09692%	14,104,406	8,503,803	165.86%	71.47%
2019	0.09882%	13,005,274	8,282,014	157.03%	73.51%
2018	0.10322%	12,139,000	8,314,729	145.99%	74.81%
2017	0.09995%	12,292,000	8,183,043	150.21%	72.92%
2016	0.09844%	13,795,000	8,498,329	162.33%	68.28%
2015	0.10121%	12,739,000	7,260,159	175.46%	70.68%
2014	0.10127%	12,238,000	7,383,190	165.75%	70.88%

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.

County of Northumberland, Virginia  
Schedule of Employer Contributions  
Pension Plans

For the Years Ended June 30, 2014 through June 30, 2023

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)
<b>Primary Government</b>					
2023	\$ 684,431	\$ 684,431	\$ -	\$ 5,645,692	12.12%
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%
<b>Component Unit School Board (Nonprofessional)</b>					
2023	\$ 80,253	\$ 80,253	\$ -	\$ 528,311	15.19%
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%
<b>Component Unit School Board (Professional)</b>					
2023	\$ 1,624,621	\$ 1,624,621	\$ -	\$ 10,197,833	15.93%
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%

\*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, 2023

**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, 2021 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, 2022**

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:					
2022	0.02480% \$	298,977 \$	5,400,232	5.54%	67.21%
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):					
2022	0.00230% \$	28,176 \$	508,121	5.55%	67.21%
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):					
2022	0.04290% \$	516,076 \$	9,322,260	5.54%	67.21%
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, 2014 through June 30, 2023

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)
<b>Primary Government</b>					
2023	\$ 30,586	\$ 30,586	\$ -	5,664,047	0.54%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2023	\$ 2,853	\$ 2,853	\$ -	528,311	0.54%
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%
<b>Component Unit School Board (professional)</b>					
2023	\$ 55,263	\$ 55,263	\$ -	10,233,957	0.54%
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%

County of Northumberland, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
For the Year Ended June 30, 2023

**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, 2021 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, 2022

	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>						
Service cost	\$ 2,702	\$ 2,241	\$ 2,098	\$ 1,816	\$ 1,725	\$ 1,170
Interest	2,775	2,664	2,572	2,764	2,850	2,857
Differences between expected and actual experience	(4,295)	(2,602)	(724)	(4,400)	-	-
Changes of assumptions	10,071	(650)	-	954	(2,990)	(1,959)
Benefit payments	(2,885)	(2,562)	(2,581)	(2,463)	(3,152)	(1,215)
<b>Net change in total HIC OPEB liability</b>	<u>\$ 8,368</u>	<u>\$ (909)</u>	<u>\$ 1,365</u>	<u>\$ (1,329)</u>	<u>\$ (1,567)</u>	<u>\$ 853</u>
<b>Total HIC OPEB Liability - beginning</b>	39,848	40,757	39,392	40,721	42,288	41,435
<b>Total HIC OPEB Liability - ending (a)</b>	<u>\$ 48,216</u>	<u>\$ 39,848</u>	<u>\$ 40,757</u>	<u>\$ 39,392</u>	<u>\$ 40,721</u>	<u>\$ 42,288</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 2,111	\$ 1,914	\$ 2,147	\$ 1,826	\$ 220	\$ 212
Net investment income	94	13,245	1,022	3,055	3,326	4,984
Benefit payments	(2,885)	(2,562)	(2,581)	(2,463)	(3,152)	(1,215)
Administrator charges	(111)	(156)	(97)	(67)	(75)	(80)
Other	1,532	-	-	(3)	(256)	256
<b>Net change in plan fiduciary net position</b>	<u>\$ 741</u>	<u>\$ 12,441</u>	<u>\$ 491</u>	<u>\$ 2,348</u>	<u>\$ 63</u>	<u>\$ 4,157</u>
<b>Plan fiduciary net position - beginning</b>	63,040	50,599	50,108	47,760	47,697	43,540
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 63,781</u>	<u>\$ 63,040</u>	<u>\$ 50,599</u>	<u>\$ 50,108</u>	<u>\$ 47,760</u>	<u>\$ 47,697</u>
<b>County's net HIC OPEB liability (asset) - ending (a) - (b)</b>	\$ (15,565)	\$ (23,192)	\$ (9,842)	\$ (10,716)	\$ (7,039)	\$ (5,409)
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)</b>	132.28%	158.20%	124.15%	127.20%	117.29%	112.79%
<b>Covered payroll</b>	\$ 1,758,959	\$ 1,594,979	\$ 1,533,906	\$ 1,304,373	\$ 1,100,266	\$ 1,058,674
<b>County's net HIC OPEB liability (asset) as a percentage of covered payroll</b>	-0.88%	-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 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 411	\$ 434	\$ -
Interest	8,600	7,866	-
Changes of benefit terms	-	-	116,524
Differences between expected and actual experience	(3,716)	(1)	-
Changes of assumptions	8,476	3,341	-
Benefit payments	(2,322)	-	-
<b>Net change in total HIC OPEB liability</b>	<u>\$ 11,449</u>	<u>\$ 11,640</u>	<u>\$ 116,524</u>
<b>Total HIC OPEB Liability - beginning</b>	<u>128,164</u>	<u>116,524</u>	<u>-</u>
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 139,613</u></u>	<u><u>\$ 128,164</u></u>	<u><u>\$ 116,524</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 5,733	\$ 5,078	\$ -
Net investment income	(74)	645	-
Benefit payments	(2,322)	-	-
Administrator charges	(18)	(22)	-
<b>Net change in plan fiduciary net position</b>	<u>\$ 3,319</u>	<u>\$ 5,701</u>	<u>\$ -</u>
<b>Plan fiduciary net position - beginning</b>	<u>5,701</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 9,020</u></u>	<u><u>\$ 5,701</u></u>	<u><u>\$ -</u></u>
<b>School Board's net HIC OPEB liability (asset) - ending (a) - (b)</b>	\$ 130,593	\$ 122,463	\$ 116,524
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)</b>	6.46%	4.45%	0.00%
<b>Covered payroll</b>	\$ 508,121	\$ 457,521	\$ -
<b>School Board's net HIC OPEB liability (asset) as a percentage of covered payroll</b>	25.70%	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, 2014 through June 30, 2023

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)
<b>Primary Government:</b>					
2023	\$ 1,076	\$ 1,076	\$ -	\$ 1,793,131	0.06%
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%
<b>Component Unit School Board (Nonprofessional)</b>					
2023	\$ 14,846	\$ 14,846	\$ -	\$ 528,311	2.81%
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, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021, 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, 2022

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)
2022	0.09981%	\$ 1,246,673	\$ 9,302,600	13.40%	15.08%
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, 2014 through June 30, 2023

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)
2023	\$ 123,394	\$ 123,394	\$ -	\$ 10,197,833	1.21%
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%

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, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 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, 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 28,781	\$ 34,984	\$ 42,905	\$ 24,124	\$ 17,929	\$ 18,372
Interest	10,786	9,415	9,149	9,179	9,687	8,711
Changes of assumptions	2,565	(39,030)	1,737	136,262	7,199	(6,764)
Differences between expected and actual experience	-	(114,100)	-	(1,451)	-	-
Benefit payments	(17,455)	(15,165)	(32,671)	(37,556)	(20,663)	(16,271)
<b>Net change in total OPEB liability</b>	<b>\$ 24,677</b>	<b>\$ (123,896)</b>	<b>\$ 21,120</b>	<b>\$ 130,558</b>	<b>\$ 14,152</b>	<b>\$ 4,048</b>
<b>Total OPEB liability - beginning</b>	<b>284,548</b>	<b>408,444</b>	<b>387,324</b>	<b>256,766</b>	<b>242,614</b>	<b>238,566</b>
<b>Total OPEB liability - ending</b>	<b>\$ 309,225</b>	<b>\$ 284,548</b>	<b>\$ 408,444</b>	<b>\$ 387,324</b>	<b>\$ 256,766</b>	<b>\$ 242,614</b>
<b>Covered-employee payroll</b>	<b>\$ 5,322,510</b>	<b>\$ 5,322,510</b>	<b>\$ 4,971,243</b>	<b>\$ 4,860,234</b>	<b>\$ 4,158,383</b>	<b>\$ 4,158,383</b>
<b>County's total OPEB liability as a percentage of covered-employee payroll</b>	<b>5.81%</b>	<b>5.35%</b>	<b>8.22%</b>	<b>7.97%</b>	<b>6.17%</b>	<b>5.83%</b>

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, 2023**

**Valuation Date:** 1/1/2022  
**Measurement Date:** 6/30/2023

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	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts 4.80% in 2023, 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.

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES*

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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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 1,134,172	\$ 1,134,172
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134,172</u>	<u>\$ 1,134,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134,172</u>	<u>\$ 1,134,172</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 665,124	\$ 665,124
Transfers out	-	-	(91,750)	(91,750)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573,374</u>	<u>\$ 573,374</u>
Net change in fund balances	\$ -	\$ -	\$ 1,707,546	\$ 1,707,546
Fund balances - beginning	-	-	798,959	798,959
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,506,505</u></u>	<u><u>\$ 2,506,505</u></u>

County of Northumberland, Virginia  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2023

	Law Library <u>Fund</u>	Forfeited Assets <u>Fund</u>	Economic Development <u>Fund</u>	Courthouse Security <u>Fund</u>	Sheriff's <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 781	\$ 54,738	\$ 14,537	\$ 73,616	\$ -	\$ 143,672
Cash in custody of others	-	-	-	-	24,867	24,867
Receivables (net of allowance for uncollectibles):						
Accounts receivable	-	-	-	1,023	-	1,023
Notes receivable	-	-	10,345	-	-	10,345
Total assets	<u>\$ 781</u>	<u>\$ 54,738</u>	<u>\$ 24,882</u>	<u>\$ 74,639</u>	<u>\$ 24,867</u>	<u>\$ 179,907</u>
 <b>LIABILITIES</b>						
Held for others	\$ -	\$ -	\$ -	\$ -	\$ 16,450	\$ 16,450
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,450</u>	<u>\$ 16,450</u>
 <b>FUND BALANCES</b>						
Restricted	\$ 781	\$ 54,738	\$ 24,882	\$ 74,639	\$ 8,417	\$ 163,457
Total fund balances	<u>\$ 781</u>	<u>\$ 54,738</u>	<u>\$ 24,882</u>	<u>\$ 74,639</u>	<u>\$ 8,417</u>	<u>\$ 163,457</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, 2023

	<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>
<b>REVENUES</b>						
Revenue from the use of money and property	\$ -	\$ -	\$ 14	\$ -	\$ -	\$ 14
Charges for services	2	-	-	9,935	-	9,937
Miscellaneous	-	850	-	-	12,062	12,912
Intergovernmental:						
Commonwealth	-	2,125	-	-	-	2,125
Total revenues	<u>\$ 2</u>	<u>\$ 2,975</u>	<u>\$ 14</u>	<u>\$ 9,935</u>	<u>\$ 12,062</u>	<u>\$ 24,988</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	\$ -	\$ 5,306	\$ -	\$ -	\$ 8,396	\$ 13,702
Total expenditures	<u>\$ -</u>	<u>\$ 5,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,396</u>	<u>\$ 13,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2</u>	<u>\$ (2,331)</u>	<u>\$ 14</u>	<u>\$ 9,935</u>	<u>\$ 3,666</u>	<u>\$ 11,286</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628</u>
Net change in fund balances	\$ 2	\$ (1,703)	\$ 14	\$ 9,935	\$ 3,666	\$ 11,914
Fund balances - beginning	779	56,441	24,868	64,704	4,751	151,543
Fund balances - ending	<u>\$ 781</u>	<u>\$ 54,738</u>	<u>\$ 24,882</u>	<u>\$ 74,639</u>	<u>\$ 8,417</u>	<u>\$ 163,457</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, 2023

	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		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	2	2	-	-	-	-
Miscellaneous	-	-	-	-	-	-	850	850
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	2,125	2,125
Total revenues	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ -	\$ 2,975	\$ 2,975
<b>EXPENDITURES</b>								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,420	\$ 5,306	\$ 1,114
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,420	\$ 5,306	\$ 1,114
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ (6,420)	\$ (2,331)	\$ 4,089
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628	\$ 628
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628	\$ 628
Net change in fund balances	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ (6,420)	\$ (1,703)	\$ 4,717
Fund balances - beginning	-	-	779	779	-	6,420	56,441	50,021
Fund balances - ending	\$ -	\$ -	\$ 781	\$ 781	\$ -	\$ -	\$ 54,738	\$ 54,738

Economic Development Fund				Variance with Final Budget Positive (Negative)	Courthouse Security Fund				Variance with Final Budget Positive (Negative)										
Budgeted Amounts		Actual			Budgeted Amounts		Actual												
Original	Final				Original	Final													
\$	-	\$	-	\$	14	\$	14	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		10,000		10,000		9,935		(65)		-		-
	-		-		-		-		-		-		-		-		-		-
\$	-	\$	-	\$	14	\$	14	\$	10,000	\$	10,000	\$	9,935	\$	(65)				
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
\$	-	\$	-	\$	14	\$	14	\$	10,000	\$	10,000	\$	9,935	\$	(65)				
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
	-		-		-		-		(10,000)		(10,000)		-		10,000				
\$	-	\$	-	\$	-	\$	-	\$	(10,000)	\$	(10,000)	\$	-	\$	10,000				
\$	-	\$	-	\$	14	\$	14	\$	-	\$	-	\$	9,935	\$	9,935				
	-		-		24,868		24,868		-		-		64,704		64,704				
\$	-	\$	-	\$	24,882	\$	24,882	\$	-	\$	-	\$	74,639	\$	74,639				

County of Northumberland, Virginia  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2023

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>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 50,556	\$ 62,467	\$ 104	\$ 10,137	\$ 173	\$ 66,427	\$ 189,864
Total assets	<u>\$ 50,556</u>	<u>\$ 62,467</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 173</u>	<u>\$ 66,427</u>	<u>\$ 189,864</u>
<b>NET POSITION</b>							
Restricted for:							
Individuals	\$ 50,556	\$ 62,467	\$ -	\$ -	\$ -	\$ -	\$ 113,023
Organizations	-	-	104	10,137	173	66,427	76,841
Total net position	<u>\$ 50,556</u>	<u>\$ 62,467</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 173</u>	<u>\$ 66,427</u>	<u>\$ 189,864</u>

County of Northumberland, Virginia  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2023

	Custodial Funds						
	Special Welfare	Road Improvement Bond	350th Anniversary	Tornado Relief	Fallen Heroes	Animal Shelter	Total
<b>ADDITIONS</b>							
Miscellaneous:							
Collections	\$ 26,893	\$ 14,700	\$ -	\$ -	\$ -	\$ 21,682	\$ 63,275
Investment earnings:							
Interest	25	16	-	-	-	-	41
Total additions	<u>\$ 26,918</u>	<u>\$ 14,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,682</u>	<u>\$ 63,316</u>
<b>DEDUCTIONS</b>							
Recipient payments	\$ 23,757	\$ 16,200	\$ -	\$ -	\$ -	\$ -	\$ 39,957
Total deductions	<u>\$ 23,757</u>	<u>\$ 16,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,957</u>
Net increase (decrease) in fiduciary net position	\$ 3,161	\$ (1,484)	\$ -	\$ -	\$ -	\$ 21,682	\$ 23,359
Net position, beginning	47,395	63,951	104	10,137	173	44,745	166,505
Net position, ending	<u>\$ 50,556</u>	<u>\$ 62,467</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 173</u>	<u>\$ 66,427</u>	<u>\$ 189,864</u>

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*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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County of Northumberland, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board - Governmental Funds  
June 30, 2023

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,000	\$ 160,267	\$ -	\$ -	\$ 162,267
Cash in custody of others	-	-	13,134	304,098	317,232
Due from other funds	-	-	300,890	-	300,890
Due from other governmental units	2,704,641	-	11,993	-	2,716,634
Prepaid items	9,545	-	-	-	9,545
Total assets	<u>\$ 2,716,186</u>	<u>\$ 160,267</u>	<u>\$ 326,017</u>	<u>\$ 304,098</u>	<u>\$ 3,506,568</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 645,782	\$ -	\$ 15,038	\$ -	\$ 660,820
Accrued liabilities	1,077,334	-	33,614	-	1,110,948
Due to other funds	300,890	-	-	-	300,890
Due to component unit	690,180	-	-	-	690,180
Total liabilities	<u>\$ 2,714,186</u>	<u>\$ -</u>	<u>\$ 48,652</u>	<u>\$ -</u>	<u>\$ 2,762,838</u>
<b>FUND BALANCES</b>					
Committed:					
School Operating Fund	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
School Cafeteria Fund	-	-	277,365	-	277,365
Assigned:					
Health Insurance Recovery Fund	-	160,267	-	-	160,267
School Activity Fund	-	-	-	304,098	304,098
Total fund balances	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 277,365</u>	<u>\$ 304,098</u>	<u>\$ 743,730</u>
Total liabilities and fund balances	<u>\$ 2,716,186</u>	<u>\$ 160,267</u>	<u>\$ 326,017</u>	<u>\$ 304,098</u>	<u>\$ 3,506,568</u>

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

Total fund balances per above	\$ 743,730
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	\$ 16,515,114
Accumulated depreciation	<u>(6,837,942)</u>
	9,677,172
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 3,002,795
OPEB related items	<u>374,521</u>
	3,377,316
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	\$ (540,403)
Lease liabilities	(94,740)
Net pension liability	(10,293,679)
Net OPEB liabilities	<u>(1,921,518)</u>
	(12,850,340)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (2,301,522)
OPEB related items	<u>(235,555)</u>
	(2,537,077)
Net position of governmental activities	<u>\$ (1,589,199)</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, 2023

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ -	\$ 111	\$ -	\$ 111
Charges for services	-	-	18,319	-	18,319
Miscellaneous	268,577	-	5,326	306,596	580,499
Intergovernmental:					
Local government	12,875,828	-	-	-	12,875,828
Commonwealth	5,948,626	-	8,448	-	5,957,074
Federal	4,866,193	-	796,028	-	5,662,221
Total revenues	<u>\$ 23,959,224</u>	<u>\$ -</u>	<u>\$ 828,232</u>	<u>\$ 306,596</u>	<u>\$ 25,094,052</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 22,862,685	\$ -	\$ 733,745	\$ 250,673	\$ 23,847,103
Capital projects	1,188,248	-	-	-	1,188,248
Debt service:					
Principal retirement	20,923	-	-	-	20,923
Interest and other fiscal charges	3,031	-	-	-	3,031
Total expenditures	<u>\$ 24,074,887</u>	<u>\$ -</u>	<u>\$ 733,745</u>	<u>\$ 250,673</u>	<u>\$ 25,059,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (115,663)</u>	<u>\$ -</u>	<u>\$ 94,487</u>	<u>\$ 55,923</u>	<u>\$ 34,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of lease	\$ 115,663	\$ -	\$ -	\$ -	115,663
Total other financing sources (uses)	<u>\$ 115,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,663</u>
Net change in fund balances	\$ -	\$ -	\$ 94,487	\$ 55,923	\$ 150,410
Fund balances - beginning	2,000	160,267	182,878	248,175	593,320
Fund balances - ending	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 277,365</u>	<u>\$ 304,098</u>	<u>\$ 743,730</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					\$ 150,410
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				\$ 2,304,567	
Depreciation expense				(193,400)	
Transfer of joint tenancy assets to Component Unit from Primary Government				<u>25,415</u>	2,136,582
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 lease liabilities				\$ 20,923	
Proceeds from issuance of lease				<u>(115,663)</u>	(94,740)
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds					
					444,848
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				\$ (164,134)	
Change in pension related items				1,136,163	
Change in OPEB related items				91,794	1,063,823
Change in net position of governmental activities					<u>\$ 3,700,923</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, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Miscellaneous	49,050	49,050	268,577	219,527
Recovered costs	145,000	145,000	-	(145,000)
Intergovernmental:				
Local government	13,299,736	13,299,736	12,875,828	(423,908)
Commonwealth	6,436,948	7,784,036	5,948,626	(1,835,410)
Federal	979,156	5,170,937	4,866,193	(304,744)
Total revenues	<u>\$ 20,911,890</u>	<u>\$ 26,450,759</u>	<u>\$ 23,959,224</u>	<u>\$ (2,491,535)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 20,861,390	\$ 23,766,087	\$ 22,862,685	\$ 903,402
Capital projects	50,500	2,684,672	1,188,248	1,496,424
Debt service:				
Principal retirement	-	-	20,923	(20,923)
Interest and other fiscal charges	-	-	3,031	(3,031)
Total expenditures	<u>\$ 20,911,890</u>	<u>\$ 26,450,759</u>	<u>\$ 24,074,887</u>	<u>\$ 2,375,872</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (115,663)	\$ (115,663)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of lease	\$ -	\$ -	\$ 115,663	\$ 115,663
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,663</u>	<u>\$ 115,663</u>
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, 2023

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 40	\$ 40	\$ 111	\$ 71
Charges for services	166,495	166,495	18,319	(148,176)
Miscellaneous	27,975	27,975	5,326	(22,649)
Intergovernmental:				
Commonwealth	34,826	34,826	8,448	(26,378)
Federal	424,826	555,016	796,028	241,012
Total revenues	<u>\$ 654,162</u>	<u>\$ 784,352</u>	<u>\$ 828,232</u>	<u>\$ 43,880</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 654,162	\$ 784,352	\$ 733,745	\$ 50,607
Total expenditures	<u>\$ 654,162</u>	<u>\$ 784,352</u>	<u>\$ 733,745</u>	<u>\$ 50,607</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 94,487	\$ 94,487
Net change in fund balances	\$ -	\$ -	\$ 94,487	\$ 94,487
Fund balances - beginning	-	-	182,878	182,878
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,365</u>	<u>\$ 277,365</u>

*SUPPORTING SCHEDULES*

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County of Northumberland, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,915,239	\$ 17,003,919	\$ 17,133,037	\$ 129,118
Real and personal public service corporation taxes	334,639	334,639	334,773	134
Personal property taxes	2,646,364	2,678,701	3,614,599	935,898
Custom house boat taxes	518,400	518,400	524,355	5,955
Mobile home taxes	29,890	29,890	27,734	(2,156)
Machinery and tools taxes	270,000	270,000	268,852	(1,148)
Merchant's capital taxes	44,000	44,000	49,705	5,705
Penalties	110,000	110,000	173,075	63,075
Interest	60,000	60,000	113,748	53,748
Total general property taxes	<u>\$ 20,928,532</u>	<u>\$ 21,049,549</u>	<u>\$ 22,239,878</u>	<u>\$ 1,190,329</u>
Other local taxes:				
Local sales and use taxes	\$ 900,000	\$ 900,000	\$ 1,340,822	\$ 440,822
Consumers' utility taxes	340,000	340,000	336,909	(3,091)
Consumption tax	46,000	46,000	51,136	5,136
Motor vehicle licenses	360,000	360,000	399,939	39,939
Bank stock taxes	365,965	365,965	365,910	(55)
Taxes on recordation and wills	200,000	200,000	251,413	51,413
Total other local taxes	<u>\$ 2,211,965</u>	<u>\$ 2,211,965</u>	<u>\$ 2,746,129</u>	<u>\$ 534,164</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 13,227	\$ (1,773)
Land use application fees	2,000	2,000	780	(1,220)
Transfer fees	1,000	1,000	1,108	108
Permits and other licenses	106,800	106,800	124,108	17,308
Total permits, privilege fees, and regulatory licenses	<u>\$ 124,800</u>	<u>\$ 124,800</u>	<u>\$ 139,223</u>	<u>\$ 14,423</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 18,409	\$ (6,591)
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 70,000	\$ 397,492	\$ 327,492
Revenue from use of property	80,000	80,000	184,371	104,371
Total revenue from use of money and property	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 581,863</u>	<u>\$ 431,863</u>
Charges for services:				
Sheriff's fees	\$ 539	\$ 539	\$ 539	\$ -
Court costs	2,500	2,500	150	(2,350)
Courthouses maintenance fees	2,000	2,000	1,728	(272)
Charges for Commonwealth's Attorney	900	900	612	(288)
Charges for correction and detention	1,000	1,000	-	(1,000)
Charges for other protection	150	150	108	(42)
Charges for EMS	225,000	225,000	294,541	69,541
Total charges for services	<u>\$ 232,089</u>	<u>\$ 232,089</u>	<u>\$ 297,678</u>	<u>\$ 65,589</u>

County of Northumberland, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 321,612	\$ 385,709	\$ 190,383	\$ (195,326)
Recovered costs:				
Judge reimbursement	\$ 61,363	\$ 61,363	\$ 124,815	\$ 63,452
Health department	-	-	3,638	3,638
Game reimbursements	-	-	4,856	4,856
DMV License Agent fee	30,000	30,000	31,735	1,735
School resource officer	25,000	25,000	25,000	-
Multi-Jurisdictional Task Force	4,800	4,800	6,000	1,200
Total recovered costs	\$ 121,163	\$ 121,163	\$ 196,044	\$ 74,881
Total revenue from local sources	\$ 24,115,161	\$ 24,300,275	\$ 26,409,607	\$ 2,109,332
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 370,000	\$ 370,000	\$ 265,330	\$ (104,670)
Motor vehicle carriers' tax	-	-	25	25
Mobile home titling tax	10,000	10,000	22,569	12,569
Recordation and grantors tax	57,000	57,000	85,212	28,212
Personal property tax relief funds	930,000	930,000	1,019,220	89,220
Auto rental tax	-	-	57	57
Total noncategorical aid	\$ 1,367,000	\$ 1,367,000	\$ 1,392,413	\$ 25,413
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 245,542	\$ 245,542	\$ 246,227	\$ 685
Sheriff	860,852	860,852	898,481	37,629
Commissioner of revenue	131,363	131,363	132,754	1,391
Treasurer	129,464	129,464	130,143	679
Registrar/electoral board	36,000	36,000	66,084	30,084
Clerk of the Circuit Court	287,809	287,809	302,208	14,399
Total shared expenses	\$ 1,691,030	\$ 1,691,030	\$ 1,775,897	\$ 84,867
Other categorical aid:				
Public assistance and welfare administration	\$ 405,192	\$ 405,192	\$ 353,543	\$ (51,649)
Animal friendly plates	-	-	111	111
Victim witness program	28,000	28,000	15,161	(12,839)
Clerk's records grant	-	-	62,821	62,821
EMS - Four for life	12,000	12,000	82,382	70,382
Children's services act	-	-	228,574	228,574
Fire programs fund	40,000	40,000	47,206	7,206
Forestry	-	-	3,239	3,239
Rescue squad	-	-	7,650	7,650
Opioid settlement	-	38,453	45,593	7,140
E911 wireless grant	-	-	47,704	47,704

County of Northumberland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Total other categorical aid	\$ 485,192	\$ 523,645	\$ 893,984	\$ 370,339
Total categorical aid	\$ 2,176,222	\$ 2,214,675	\$ 2,669,881	\$ 455,206
Total revenue from the Commonwealth	\$ 3,543,222	\$ 3,581,675	\$ 4,062,294	\$ 480,619
Revenue from the federal government:				
Noncategorical aid:				
American Recue Plan Act	\$ -	\$ 1,825,041	\$ 471,740	\$ (1,353,301)
Total noncategorical aid	\$ -	\$ 1,825,041	\$ 471,740	\$ (1,353,301)
Categorical aid:				
Public assistance and welfare administration	\$ 849,599	\$ 849,599	\$ 896,371	\$ 46,772
Community development block grant	-	-	37,230	37,230
Ground transportation	6,000	6,000	-	(6,000)
Victim witness program	-	-	31,256	31,256
Asset forfeiture - Sheriff	-	-	3,910	3,910
Juvenile justice grant	-	-	78,114	78,114
Total categorical aid	\$ 855,599	\$ 855,599	\$ 1,046,881	\$ 191,282
Total revenue from the federal government	\$ 855,599	\$ 2,680,640	\$ 1,518,621	\$ (1,162,019)
Total General Fund	\$ 28,513,982	\$ 30,562,590	\$ 31,990,522	\$ 1,427,932
<b>Special Revenue Funds:</b>				
<b>Forfeited Assets Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 850	\$ 850
Total miscellaneous	\$ -	\$ -	\$ 850	\$ 850
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 2,125	\$ 2,125
Total categorical aid	-	-	2,125	2,125
Total revenue from the Commonwealth	\$ -	\$ -	\$ 2,125	\$ 2,125
Total Forfeited Assets Fund	\$ -	\$ -	\$ 2,975	\$ 2,975
<b>Law Library Fund:</b>				
Revenue from local sources:				
Charges for services:				
Law library fees	\$ -	\$ -	\$ 2	\$ 2
Total charges for services	\$ -	\$ -	\$ 2	\$ 2
Total Law Library Fund	\$ -	\$ -	\$ 2	\$ 2

County of Northumberland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>Special Revenue Funds: (Continued)</b>				
<b>Economic Development Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 14	\$ 14
Total Economic Development Fund	\$ -	\$ -	\$ 14	\$ 14
<b>Courthouse Security Fund:</b>				
Revenue from local sources:				
Charges for services:				
Courthouse security fees	\$ 10,000	\$ 10,000	\$ 9,935	\$ (65)
Total Courthouse Security Fund	\$ 10,000	\$ 10,000	\$ 9,935	\$ (65)
<b>Sheriff's Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 12,062	\$ 12,062
Total Sheriff's Fund	\$ -	\$ -	\$ 12,062	\$ 12,062
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School construction	\$ -	\$ -	\$ 1,134,172	\$ 1,134,172
Total categorical aid	-	-	1,134,172	1,134,172
Total revenue from the Commonwealth	-	-	1,134,172	1,134,172
Total County Capital Projects Fund	\$ -	\$ -	\$ 1,134,172	\$ 1,134,172
Total Primary Government	\$ 28,523,982	\$ 30,572,590	\$ 33,149,682	\$ 2,577,092
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Miscellaneous:				
Miscellaneous	\$ 49,050	\$ 49,050	\$ 268,577	\$ 219,527
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	\$ 145,000	\$ 145,000	\$ -	\$ (145,000)
Total revenue from local sources	\$ 196,050	\$ 196,050	\$ 268,577	\$ 72,527
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northumberland, Virginia	\$ 13,299,736	\$ 13,299,736	\$ 12,875,828	\$ (423,908)

County of Northumberland, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,810,134	\$ 1,810,134	\$ 1,759,067	\$ (51,067)
Basic school aid	2,158,982	2,158,982	2,031,788	(127,194)
At risk 4 year olds - preschool	146,283	146,283	133,744	(12,539)
At risk payments	434,856	434,856	321,630	(113,226)
Active learning	-	25,000	30,000	5,000
Clinical faculty	-	-	200	200
Early reading intervention	101,869	101,869	24,901	(76,968)
English as a second language	11,064	11,064	11,525	461
GED funding	8,233	8,233	8,203	(30)
Gifted and talented	18,939	18,939	19,217	278
Hold harmless	162,347	162,347	93,095	(69,252)
Homebound	5,304	5,304	-	(5,304)
Industry certification	-	-	660	660
Mentor teacher program	412	412	-	(412)
National board certification bonus	-	133,916	7,500	(126,416)
Payment in lieu of sales tax	-	-	100,404	100,404
Positive behavior intervention	-	24,000	24,000	-
Primary class size	109,318	109,318	105,756	(3,562)
Project Graduation	3,296	3,296	3,296	-
Remedial education	88,856	88,856	84,075	(4,781)
Remedial summer education	70,404	70,404	19,105	(51,299)
School construction	-	1,134,172	-	(1,134,172)
School fringes	407,253	407,253	410,768	3,515
Special education	272,772	272,772	266,639	(6,133)
Supplemental lottery funds	200,000	200,000	200,000	-
Standards of Learning algebra readiness	10,368	10,368	11,482	1,114
Teacher to student ratio	-	-	12,539	12,539
Textbook payment	44,769	44,769	45,428	659
Technology VPSA	154,000	154,000	-	(154,000)
Vocational education	79,121	79,121	89,200	10,079
Compensation supplement	138,368	138,368	127,928	(10,440)
VA workplace readiness skills	-	30,000	180	(29,820)
Vision screening	-	-	2,471	2,471
Virtual VA tuition	-	-	3,825	3,825
Total categorical aid	<u>\$ 6,436,948</u>	<u>\$ 7,784,036</u>	<u>\$ 5,948,626</u>	<u>\$ (1,835,410)</u>
Total revenue from the Commonwealth	<u>\$ 6,436,948</u>	<u>\$ 7,784,036</u>	<u>\$ 5,948,626</u>	<u>\$ (1,835,410)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 473,734	\$ 473,734	\$ 1,278,462	\$ 804,728
Vocational education	30,676	30,676	29,334	(1,342)
Title IV	-	-	37,618	37,618
Title VIB	317,883	317,883	1,009,824	691,941
Preschool	-	-	27,666	27,666
Title II Part A	71,452	71,452	186,686	115,234
JROTC grant	63,500	63,500	67,105	3,605
ESSERF	-	4,191,781	2,061,556	(2,130,225)
American rescue plan act	-	-	133,917	133,917
Title VI - rural education	21,911	21,911	34,025	12,114
Total categorical aid	<u>\$ 979,156</u>	<u>\$ 5,170,937</u>	<u>\$ 4,866,193</u>	<u>\$ (304,744)</u>
Total revenue from the federal government	<u>\$ 979,156</u>	<u>\$ 5,170,937</u>	<u>\$ 4,866,193</u>	<u>\$ (304,744)</u>
Total School Operating Fund	<u>\$ 20,911,890</u>	<u>\$ 26,450,759</u>	<u>\$ 23,959,224</u>	<u>\$ (2,491,535)</u>

County of Northumberland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 40	\$ 40	\$ 111	\$ 71
Total revenue from use of money and property	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 111</u>	<u>\$ 71</u>
Charges for services:				
Cafeteria sales	\$ 166,495	\$ 166,495	\$ 18,319	\$ (148,176)
Miscellaneous:				
Miscellaneous	\$ 27,975	\$ 27,975	\$ 5,326	\$ (22,649)
Total revenue from local sources	<u>\$ 194,510</u>	<u>\$ 194,510</u>	<u>\$ 23,756</u>	<u>\$ (170,754)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 34,826	\$ 34,826	\$ 8,448	\$ (26,378)
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 60,432	\$ 60,432	\$ -
School nutrition program	424,826	494,584	735,596	241,012
Total categorical aid	<u>\$ 424,826</u>	<u>\$ 555,016</u>	<u>\$ 796,028</u>	<u>\$ 241,012</u>
Total revenue from the federal government	<u>\$ 424,826</u>	<u>\$ 555,016</u>	<u>\$ 796,028</u>	<u>\$ 241,012</u>
Total School Cafeteria Fund	<u>\$ 654,162</u>	<u>\$ 784,352</u>	<u>\$ 828,232</u>	<u>\$ 43,880</u>
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 306,596	\$ 306,596
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,596</u>	<u>\$ 306,596</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,596</u>	<u>\$ 306,596</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,566,052</u>	<u>\$ 27,235,111</u>	<u>\$ 25,094,052</u>	<u>\$ (2,141,059)</u>

County of Northumberland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 393,331	\$ 393,332	\$ 318,946	\$ 74,386
General and financial administration:				
County administrator	\$ 439,016	\$ 439,016	\$ 421,756	\$ 17,260
Information Technology	417,273	415,269	412,053	3,216
Legal services	72,000	72,000	72,000	-
Commissioner of revenue	399,035	402,275	397,203	5,072
Legislative audit	57,461	57,461	65,897	(8,436)
Treasurer	449,340	449,340	452,637	(3,297)
Total general and financial administration	\$ 1,834,125	\$ 1,835,361	\$ 1,821,546	\$ 13,815
Board of elections:				
Electoral board and officials	\$ 158,648	\$ 177,348	\$ 90,993	\$ 86,355
Registrar	144,226	144,227	140,963	3,264
Total board of elections	\$ 302,874	\$ 321,575	\$ 231,956	\$ 89,619
Total general government administration	\$ 2,530,330	\$ 2,550,268	\$ 2,372,448	\$ 177,820
Judicial administration:				
Courts:				
Circuit court	\$ 94,144	\$ 94,144	\$ 81,512	\$ 12,632
General district court	5,520	5,520	1,813	3,707
Victim witness protection program	63,771	63,770	61,207	2,563
Juvenile and domestic relations district court	73,896	73,896	84,980	(11,084)
Clerk of the circuit court	424,517	426,042	453,946	(27,904)
Total courts	\$ 661,848	\$ 663,372	\$ 683,458	\$ (20,086)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 391,649	\$ 391,649	\$ 373,233	\$ 18,416
Total judicial administration	\$ 1,053,497	\$ 1,055,021	\$ 1,056,691	\$ (1,670)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,779,262	\$ 2,897,006	\$ 2,838,838	\$ 58,168
Fire and rescue services:				
Fire department	\$ 583,428	\$ 583,428	\$ 590,454	\$ (7,026)
Ambulance and rescue services	1,605,425	1,605,427	1,716,859	(111,432)
Total fire and rescue services	\$ 2,188,853	\$ 2,188,855	\$ 2,307,313	\$ (118,458)
Inspections:				
Building	\$ 154,450	\$ 154,450	\$ 154,475	\$ (25)

County of Northumberland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 318,915	\$ 320,915	\$ 323,422	\$ (2,507)
Emergency services	177,948	177,948	222,115	(44,167)
American rescue plan act	-	1,825,041	168,884	1,656,157
Opioid abatement settlement	-	38,453	-	38,453
Medical examiner	350	350	20	330
Total other protection	<u>\$ 497,213</u>	<u>\$ 2,362,707</u>	<u>\$ 714,441</u>	<u>\$ 1,648,266</u>
Total public safety	<u>\$ 5,619,778</u>	<u>\$ 7,603,018</u>	<u>\$ 6,015,067</u>	<u>\$ 1,587,951</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,360	\$ 18,360	\$ 22,559	\$ (4,199)
Sanitation and waste removal:				
Refuse disposal	\$ 10,000	\$ 10,000	\$ 16,124	\$ (6,124)
Refuse collection	1,174,404	1,174,403	1,259,914	(85,511)
Total sanitation and waste removal	<u>\$ 1,184,404</u>	<u>\$ 1,184,403</u>	<u>\$ 1,276,038</u>	<u>\$ (91,635)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 377,252	\$ 532,725	\$ 605,616	\$ (72,891)
Total public works	<u>\$ 1,580,016</u>	<u>\$ 1,735,488</u>	<u>\$ 1,904,213</u>	<u>\$ (168,725)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 221,700	\$ 221,700	\$ 221,700	\$ -
Mental health:				
Community services board	\$ 53,225	\$ 53,225	\$ 53,225	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,272,051	\$ 2,272,052	\$ 2,106,875	\$ 165,177
Children's services act	230,131	230,131	444,886	(214,755)
Tax relief for the elderly	-	121,017	121,017	-
Total welfare	<u>\$ 2,502,182</u>	<u>\$ 2,623,200</u>	<u>\$ 2,672,778</u>	<u>\$ (49,578)</u>
Total health and welfare	<u>\$ 2,777,107</u>	<u>\$ 2,898,125</u>	<u>\$ 2,947,703</u>	<u>\$ (49,578)</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 9,286	\$ 9,286	\$ 9,286	\$ -
Contribution to County School Board	13,299,736	13,299,736	12,875,828	423,908
Total education	<u>\$ 13,309,022</u>	<u>\$ 13,309,022</u>	<u>\$ 12,885,114</u>	<u>\$ 423,908</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 50,000	\$ 50,000	\$ 50,000	\$ -



County of Northumberland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to county library	\$ 198,307	\$ 198,307	\$ 198,307	\$ -
Total parks, recreation, and cultural	\$ 248,307	\$ 248,307	\$ 248,307	\$ -
Community development:				
Planning and community development:				
Planning and zoning	\$ 270,604	\$ 270,603	\$ 258,400	\$ 12,203
Economic development	36,523	71,524	36,530	34,994
Planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 316,627	\$ 351,627	\$ 304,430	\$ 47,197
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Wetlands	19,389	19,389	11,418	7,971
Forestry	5,700	5,700	5,700	-
Total environmental management	\$ 40,089	\$ 40,089	\$ 32,118	\$ 7,971
Cooperative extension program:				
Extension office	\$ 62,732	\$ 62,732	\$ 57,938	\$ 4,794
Total community development	\$ 419,448	\$ 454,448	\$ 394,486	\$ 59,962
Capital projects:				
Callao revitalization	\$ 25,000	\$ 64,097	\$ 39,097	\$ 25,000
County owned facilities	75,000	75,000	1,155	73,845
Capital projects	400,000	167,016	16,061	150,955
School projects	-	91,750	-	91,750
Vehicles	-	298,607	262,465	36,142
Total capital projects	\$ 500,000	\$ 696,470	\$ 318,778	\$ 377,692
Debt service:				
Principal retirement	\$ 1,160,000	\$ 1,160,000	\$ 1,311,267	\$ (151,267)
Interest and other fiscal charges	865,215	865,215	807,234	57,981
Total debt service	\$ 2,025,215	\$ 2,025,215	\$ 2,118,501	\$ (93,286)
Total General Fund	\$ 30,062,720	\$ 32,575,382	\$ 30,261,308	\$ 2,314,074
<b>Special Revenue Funds:</b>				
<b>Forfeited Assets Fund:</b>				
Public safety:				
Sheriff:				
Forfeited assets fund	\$ -	\$ 6,420	\$ 5,306	\$ 1,114
<b>Sheriff's Fund</b>				
Public safety:				
Sheriff:				
Other protection	\$ -	\$ -	\$ 8,396	\$ (8,396)
Total public safety	-	-	8,396	(8,396)
Total Sheriff's Fund	\$ -	\$ -	\$ 8,396	\$ (8,396)
Total Primary Government	\$ 30,062,720	\$ 32,581,802	\$ 30,275,010	\$ 2,306,792

County of Northumberland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, health, and attendance	\$ 1,222,415	\$ 1,222,415	\$ 1,367,887	\$ (145,472)
Instruction costs	15,196,989	16,668,035	16,222,705	445,330
Pupil transportation	1,369,756	1,450,797	1,638,145	(187,348)
Operation and maintenance of school plant	2,071,123	2,656,431	2,431,541	224,890
Technology	1,001,107	1,768,409	1,202,407	566,002
Total education	<u>\$ 20,861,390</u>	<u>\$ 23,766,087</u>	<u>\$ 22,862,685</u>	<u>\$ 903,402</u>
Capital projects:				
Capital Outlay	\$ 50,500	\$ 2,684,672	\$ 1,188,248	\$ 1,496,424
Debt service:				
Principal retirement	\$ -	\$ -	\$ 20,923	\$ (20,923)
Interest and other fiscal charges	-	-	3,031	(3,031)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,954</u>	<u>\$ (23,954)</u>
Total School Operating Fund	<u>\$ 20,911,890</u>	<u>\$ 26,450,759</u>	<u>\$ 24,074,887</u>	<u>\$ 2,375,872</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
School food	\$ 654,162	\$ 784,352	\$ 733,745	\$ 50,607
Total School Cafeteria Fund	<u>\$ 654,162</u>	<u>\$ 784,352</u>	<u>\$ 733,745</u>	<u>\$ 50,607</u>

*OTHER STATISTICAL INFORMATION*

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Table 1

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

Fiscal Year	General										Interest on Long-Term Debt	Sanitary District	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural Development	Community Development					
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		
2022-23	2,548,383	889,167	6,202,967	1,923,636	2,885,201	14,105,114	248,307	382,536	695,564	1,162,872	31,043,747		
	\$ 2,548,383	889,167	6,202,967	1,923,636	2,885,201	14,105,114	248,307	382,536	695,564	\$ 1,162,872	\$ 31,043,747		

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	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	Total
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	
2022-23	1,258,195	4,190,627	2,948,327	22,117,003	2,746,129	496,895	217,964	2,526,585	36,501,725	

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
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
2022-23	2,372,448	1,056,691	6,028,769	1,904,213	2,947,703	23,856,389	248,307	394,486	2,118,501	40,927,507

(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
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
2022-23	22,239,878	2,746,129	139,223	18,409	581,988	325,934	783,794	196,044	18,336,507	45,367,906

(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 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
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%
2022-23	22,877,124	22,506,158	98.38%	466,117	22,972,275	100.42%	1,032,287	4.51%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

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
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
2022-23	2,791,678,806	148,415,398	7,455,092	5,061,765	54,622,482	3,007,233,543

(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
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
2022-23	0.61	0.61	3.60	1.00	3.60

(1) Per \$100 of assessed value.

**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
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
2022-23	12,100	3,027,829,802	23,095,000	0.76%	1,909

(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*

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

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**To the Honorable Members of the Board of Supervisors  
County of 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, 2023, 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 28, 2024.

**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.

## 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*.

### Purpose of This Report

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

*Robinson, Fournier, Cox Associates*

Richmond, Virginia  
February 28, 2024





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

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To the Honorable Members of the Board of Supervisors  
County of 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, 2023. 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 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, 2023.

***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.

*Robinson, Fennell, Cox Associates*

Richmond, Virginia  
February 28, 2024

County of Northumberland, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2023

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
<b>Department of Health and Human Services:</b>				
Pass Through Payments:				
<i>Virginia Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	0400122/0400123 0950121/0950122/0950221	\$ 113,426	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0221	45,375	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/0500123	386	-
Low-income Home Energy Assistance	93.568	0600422/0600423	22,149	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760122/0760123	26,963	-
Adoption and Legal Guardianship Incentive Payments	93.603	1130119/1130120	9,000	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	207	-
Foster Care - Title IV-E	93.658	1100122/1100123	75,220	-
Guardianship Assistance	93.090	1110122/1110123	67	-
Title IV-E Prevention Services	93.472	1140122/1140123	2,593	-
Adoption Assistance	93.659	1120122/1120123	58,471	-
Elder Abuse Prevention Interventions Program	93.747	8000221	2,384	-
Social Services Block Grant	93.667	1000122/1000123	101,336	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122	987	-
Children's Health Insurance Program	93.767	0540122/0540123	1,338	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/1200123	148,619	-
Total Department of Health and Human Services			<u>\$ 608,521</u>	<u>\$ -</u>
<b>Department of Housing and Urban Development:</b>				
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	\$ 37,230	\$ -
<b>Department of Treasury:</b>				
Direct Payment:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 605,657	\$ -
<b>Department of Justice:</b>				
Pass Through Payments:				
<i>Virginia Department of Criminal Justice:</i>				
Crime Victim Assistance	16.575	39001-86000	\$ 31,256	\$ -
Equitable Sharing Program	16.922	VA-0660000	3,910	-
Juvenile Justice and Delinquency Prevention	16.540	21-A5013JJ17	78,114	-
Total Department of Justice			<u>\$ 113,280</u>	<u>\$ -</u>
<b>Department of Defense:</b>				
Direct payments:				
Jr ROTC	12.000	N/A	\$ 67,105	\$ -
<b>Department of Agriculture:</b>				
Direct Payments:				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 1,385,909	\$ -
Total Department of Agriculture - direct payments			<u>\$ 1,385,909</u>	<u>\$ -</u>
Pass Through Payments:				
<i>Virginia Department of Education:</i>				
Summer Food Service Program for Children	10.559	17901-45707	<u>\$ 16,749</u>	\$ 16,749 \$ -

County of Northumberland, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2023 (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
<b>Department of Agriculture: (Continued)</b>				
Pass Through Payments: (Continued)				
<i>Virginia Department of Agriculture and Consumer Services:</i>				
Food Distribution - National School Lunch Program	10.555	17901-45707	\$ 60,432	-
<i>Virginia Department of Education:</i>				
National School Lunch Program	10.555	17901-40623	512,652	\$ 573,084
School Breakfast Program	10.553	17901-40591	198,703	198,703
Total Child Nutrition Cluster			\$ 788,536	\$ -
Child and Adult Care Food Program (CACFP)	10.558	10649-301-10		4,358
COVID-19 - Pandemic EBT Administrative Costs	10.649	10649-301-10		3,135
<i>Virginia Department of Social Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010122/0010123/004 0122/0040123	287,850	-
Total Department of Agriculture - pass-through payments			\$ 1,872,415	\$ -
Total Department of Agriculture			\$ 2,469,788	\$ -
<b>Department of Education:</b>				
Pass Through Payments:				
<i>Virginia Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 1,278,462	\$ -
Special Education - Grants to States (Special Education Cluster (IDEA))	84.027	17901-43071	1,009,824	-
Special Education - Preschool Grants (Special Education Cluster (IDEA Preschool))	84.173	17901-82521	27,666	1,037,490
Career and Technical Education - Basic Grants to States	84.048	17901-61095		29,334
Rural Education	84.358	17901-43481		34,024
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	84425-197-10	\$ 859,500	-
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	84425-197-10	1,202,056	\$ 2,061,556
Supporting Effective Instruction State Grant	84.367	17901-61480		186,686
Student Support and Academic Enrichment Program	84.424	S424A170048		37,618
Total Department of Education			\$ 4,665,170	\$ -
Total Expenditures of Federal Awards			\$ 8,566,751	\$ -

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, 2023**

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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, 2023. 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	\$ 1,518,621
Proprietary Funds:	
Sanitary District	1,385,909
Total primary government	\$ 2,904,530

Component Unit School Board:

School Operating Fund	\$ 4,866,193
School Cafeteria Fund	796,028
Total Component Unit School Board	\$ 5,662,221

Total expenditures of federal awards per basic financial statements	\$ 8,566,751
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 8,566,751
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Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

**County of Northumberland, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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

**Financial Statements**

Type of auditors' report issued: unmodified  
Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no  
Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  no  
Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_  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>
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)
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

**Section II-Financial Statement Findings**

None

**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, 2023**

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**Finding 2022-001:**

**Finding Type:** Reconciliation of School Fund Expenditures

**Condition:** For the year ended June 30, 2023, expenditures per the School Board did not reconcile to total school fund expenditures processed by the County Treasurer.

**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.

**Current Status:** The finding was corrected in the current year.

**Finding 2022-002:**

**Finding Type:** School Board Expenditure Documentation, Approval and Payment

**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.

**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.

**Current Status:** The finding was corrected in the current year.