

COUNTY OF NORTHUMBERLAND,
VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Board of Supervisors

Thomas H. Tomlin, Chairperson

Richard F. Haynie
Ronald L. Jett

James W. Brann
James M. Long

School Board

Betty Christopher, Chairperson

Dr. Cheryl Brown Davis
Dana O'Bier

Denise Mazyck
Gayle Sterrett

Board of Social Services

Thomas Tomlin, Chairperson

Sharon Fisher

Paul Carlson

Other Officials

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

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Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northumberland, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 90, and 91-108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, 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.

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

Richmond, Virginia
November 30, 2020

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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, 2020. 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 \$15,560,852 (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 \$1,308,053 (Exhibit 5) after making contributions totaling \$12,478,098 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$9,001,493, an increase of \$1,308,053 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,168,643, or 26% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$280,106 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 \$15,560,852 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 11,576,578	\$ 9,590,563	\$ 137,624	\$ 119,387	\$ 11,714,202	\$ 9,709,950
Capital assets	<u>33,809,788</u>	<u>35,281,895</u>	<u>4,827,999</u>	<u>5,105,668</u>	<u>38,637,787</u>	<u>40,387,563</u>
Total assets	<u>\$ 45,386,366</u>	<u>\$ 44,872,458</u>	<u>\$ 4,965,623</u>	<u>\$ 5,225,055</u>	<u>\$ 50,351,989</u>	<u>\$ 50,097,513</u>
Deferred outflows of resources	\$ <u>1,526,199</u>	\$ <u>847,771</u>	\$ <u>58,770</u>	\$ <u>25,663</u>	\$ <u>1,584,969</u>	\$ <u>873,434</u>
Current liabilities	\$ 1,931,071	\$ 1,469,842	\$ 63,168	\$ 26,478	\$ 1,994,239	\$ 1,496,320
Long-term liabilities outstanding	<u>31,812,121</u>	<u>32,016,376</u>	<u>2,250,430</u>	<u>2,326,281</u>	<u>34,062,551</u>	<u>34,342,657</u>
Total liabilities	<u>\$ 33,743,192</u>	<u>\$ 33,486,218</u>	<u>\$ 2,313,598</u>	<u>\$ 2,352,759</u>	<u>\$ 36,056,790</u>	<u>\$ 35,838,977</u>
Deferred inflows of resources	\$ <u>308,838</u>	\$ <u>359,370</u>	\$ <u>10,478</u>	\$ <u>13,237</u>	\$ <u>319,316</u>	\$ <u>372,607</u>
Net position:						
Net investment in capital assets	\$ 5,331,400	\$ 5,641,837	\$ 2,723,999	\$ 2,884,668	\$ 8,055,399	\$ 8,526,505
Restricted	1,832,850	1,318,737	-	-	1,832,850	1,318,737
Unrestricted	<u>5,696,285</u>	<u>4,914,067</u>	<u>(23,682)</u>	<u>54</u>	<u>5,672,603</u>	<u>4,914,121</u>
Total net position	<u>\$ 12,860,535</u>	<u>\$ 11,874,641</u>	<u>\$ 2,700,317</u>	<u>\$ 2,884,722</u>	<u>\$ 15,560,852</u>	<u>\$ 14,759,363</u>

Government-wide Financial Analysis (Continued)

The County's net position increased by \$801,489 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 495,556	\$ 491,732	\$ 698,010	\$ 618,597	\$ 1,193,566	\$ 1,110,329
Operating grants and contributions	3,255,933	3,017,728	-	-	3,255,933	3,017,728
General revenues:						
General property taxes	21,096,700	20,039,580	-	-	21,096,700	20,039,580
Other local taxes	2,192,579	1,949,417	-	-	2,192,579	1,949,417
Grants and other contributions not restricted	1,419,505	1,377,543	-	-	1,419,505	1,377,543
Other general revenues	477,714	403,130	45,105	44,801	522,819	447,931
Transfers	(273,532)	(385,581)	273,532	385,581	-	-
Total revenues	\$ 28,664,455	\$ 26,893,549	\$ 1,016,647	\$ 1,048,979	\$ 29,681,102	\$ 27,942,528
Expenses:						
General government						
administration	\$ 1,896,227	\$ 2,044,349	\$ -	\$ -	\$ 1,896,227	\$ 2,044,349
Judicial administration	1,003,459	893,461	-	-	1,003,459	893,461
Public safety	5,716,966	4,590,304	-	-	5,716,966	4,590,304
Public works	1,586,507	1,636,075	-	-	1,586,507	1,636,075
Health and welfare	2,291,488	2,429,433	-	-	2,291,488	2,429,433
Education	13,537,202	12,744,896	-	-	13,537,202	12,744,896
Parks, recreation, and cultural	208,401	322,613	-	-	208,401	322,613
Community development	596,669	360,106	-	-	596,669	360,106
Interest and other fiscal charges	841,642	894,562	-	-	841,642	894,562
Utilities	-	-	1,201,052	1,115,713	1,201,052	1,115,713
Total expenses	\$ 27,678,561	\$ 25,915,799	\$ 1,201,052	\$ 1,115,713	\$ 28,879,613	\$ 27,031,512
Change in net position	\$ 985,894	\$ 977,750	\$ (184,405)	\$ (66,734)	\$ 801,489	\$ 911,016
Net position, beginning of year	11,874,641	10,896,891	2,884,722	2,951,456	14,759,363	13,848,347
Net position, end of year	\$ 12,860,535	\$ 11,874,641	\$ 2,700,317	\$ 2,884,722	\$ 15,560,852	\$ 14,759,363

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 \$9,001,493, an increase of \$1,308,053 in comparison with the prior year. Of this total, 80% 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 (\$23,682). The total decrease in net position was \$184,405. 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 \$570,164. Expenditures and other uses were less than budgetary estimates by \$3,278,871, resulting in a positive variance of \$3,849,035.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2020 amounts to \$33,809,788 (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 \$28,684,000 (excludes bond premium). Of this amount, \$26,580,000 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 \$1,167,000 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 2021 fiscal year.

The fiscal year 2021 budget increased approximately 0.4% with no changes in property tax rates.

Requests for Information

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

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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, 2020

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 9,655,714	\$ 41,563	\$ 9,697,277	\$ 162,267
Cash in custody of others	-	-	-	291,275
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,145,713	-	1,145,713	-
Accounts receivable	90,065	94,967	185,032	-
Notes receivable	10,345	-	10,345	-
Net OPEB asset	9,622	1,094	10,716	-
Due from other governmental units	665,119	-	665,119	1,173,950
Capital assets (net of accumulated depreciation):				
Land and land improvements	894,628	98,924	993,552	23,929
Buildings and improvements	31,918,521	4,670,498	36,589,019	6,074,943
Machinery and equipment	996,639	58,577	1,055,216	556,366
Construction in progress	-	-	-	9,000
Total assets	<u>\$ 45,386,366</u>	<u>\$ 4,965,623</u>	<u>\$ 50,351,989</u>	<u>\$ 8,291,730</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	\$ 254,357	\$ -	\$ 254,357	\$ -
Pension related items	1,068,034	44,423	1,112,457	3,101,663
OPEB related items	203,808	14,347	218,155	375,369
Total deferred outflows of resources	<u>\$ 1,526,199</u>	<u>\$ 58,770</u>	<u>\$ 1,584,969</u>	<u>\$ 3,477,032</u>
LIABILITIES				
Accounts payable	\$ 250,690	\$ 63,168	\$ 313,858	\$ 4,507
Accrued liabilities	-	-	-	1,390,269
Accrued interest payable	435,601	-	435,601	-
Due to other governmental units	210,206	-	210,206	-
Unearned revenue	1,034,574	-	1,034,574	-
Long-term liabilities:				
Due within one year	1,135,812	119,000	1,254,812	39,023
Due in more than one year	30,676,309	2,131,430	32,807,739	16,764,900
Total liabilities	<u>\$ 33,743,192</u>	<u>\$ 2,313,598</u>	<u>\$ 36,056,790</u>	<u>\$ 18,198,699</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 70,110	\$ -	\$ 70,110	\$ -
Pension related items	204,352	8,461	212,813	1,712,120
OPEB related items	34,376	2,017	36,393	136,005
Total deferred inflows of resources	<u>\$ 308,838</u>	<u>\$ 10,478</u>	<u>\$ 319,316</u>	<u>\$ 1,848,125</u>
NET POSITION				
Net investment in capital assets	\$ 5,331,400	\$ 2,723,999	\$ 8,055,399	\$ 6,664,238
Restricted	1,832,850	-	1,832,850	-
Unrestricted (deficit)	5,696,285	(23,682)	5,672,603	(14,942,300)
Total net position	<u>\$ 12,860,535</u>	<u>\$ 2,700,317</u>	<u>\$ 15,560,852</u>	<u>\$ (8,278,062)</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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,896,227	\$ -	\$ 264,664	\$ -
Judicial administration	1,003,459	15,717	579,270	-
Public safety	5,716,966	126,931	942,670	-
Public works	1,586,507	-	-	-
Health and welfare	2,291,488	-	1,221,804	-
Education	13,537,202	-	-	-
Parks, recreation, and cultural	208,401	-	1,436	-
Community development	596,669	352,908	246,089	-
Interest on long-term debt	841,642	-	-	-
Total governmental activities	<u>\$ 27,678,561</u>	<u>\$ 495,556</u>	<u>\$ 3,255,933</u>	<u>\$ -</u>
Business-type activities:				
Sanitary District	\$ 1,201,052	\$ 698,010	\$ -	\$ -
Total business-type activities	<u>\$ 1,201,052</u>	<u>\$ 698,010</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 28,879,613</u>	<u>\$ 1,193,566</u>	<u>\$ 3,255,933</u>	<u>\$ -</u>
COMPONENT UNIT:				
School Board	\$ 18,998,069	\$ 22,051	\$ 6,123,063	\$ -
Total component unit	<u>\$ 18,998,069</u>	<u>\$ 22,051</u>	<u>\$ 6,123,063</u>	<u>\$ -</u>

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,631,563)		\$ (1,631,563)	
(408,472)		(408,472)	
(4,647,365)		(4,647,365)	
(1,586,507)		(1,586,507)	
(1,069,684)		(1,069,684)	
(13,537,202)		(13,537,202)	
(206,965)		(206,965)	
2,328		2,328	
(841,642)		(841,642)	
<u>\$ (23,927,072)</u>		<u>\$ (23,927,072)</u>	
	\$ (503,042)	\$ (503,042)	
	<u>\$ (503,042)</u>	<u>\$ (503,042)</u>	
		<u>\$ (24,430,114)</u>	
			\$ (12,852,955)
			<u>\$ (12,852,955)</u>
\$ 21,096,700	\$ -	\$ 21,096,700	\$ -
891,303	-	891,303	-
371,425	-	371,425	-
216,908	-	216,908	-
360,859	-	360,859	-
297,131	-	297,131	-
54,953	-	54,953	-
252,562	-	252,562	657
225,152	45,105	270,257	44,034
-	-	-	12,555,747
1,419,505	-	1,419,505	-
(273,532)	273,532	-	-
<u>\$ 24,912,966</u>	<u>\$ 318,637</u>	<u>\$ 25,231,603</u>	<u>\$ 12,600,438</u>
<u>\$ 985,894</u>	<u>\$ (184,405)</u>	<u>\$ 801,489</u>	<u>\$ (252,517)</u>
<u>11,874,641</u>	<u>2,884,722</u>	<u>14,759,363</u>	<u>(8,025,545)</u>
<u>\$ 12,860,535</u>	<u>\$ 2,700,317</u>	<u>\$ 15,560,852</u>	<u>\$ (8,278,062)</u>

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FUND FINANCIAL STATEMENTS

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County of Northumberland, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 7,833,805	\$ 1,619,012	\$ 202,897	\$ 9,655,714
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,145,713	-	-	1,145,713
Accounts receivable	89,469	-	596	90,065
Notes receivable	-	-	10,345	10,345
Due from other governmental units	665,119	-	-	665,119
Total assets	<u>\$ 9,734,106</u>	<u>\$ 1,619,012</u>	<u>\$ 213,838</u>	<u>\$ 11,566,956</u>
LIABILITIES				
Accounts payable	\$ 250,690	\$ -	\$ -	\$ 250,690
Due to other governmental units	210,206	-	-	210,206
Unearned revenue	1,034,574	-	-	1,034,574
Total liabilities	<u>\$ 1,495,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,495,470</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 1,069,993	\$ -	\$ -	\$ 1,069,993
Total deferred inflows of resources	<u>\$ 1,069,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,993</u>
FUND BALANCES				
Restricted	\$ -	\$ 1,619,012	\$ 213,838	1,832,850
Unassigned	7,168,643	-	-	7,168,643
Total fund balances	<u>\$ 7,168,643</u>	<u>\$ 1,619,012</u>	<u>\$ 213,838</u>	<u>\$ 9,001,493</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,734,106</u>	<u>\$ 1,619,012</u>	<u>\$ 213,838</u>	<u>\$ 11,566,956</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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,001,493
<p>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:</p>		
Capital assets, cost	\$	51,422,596
Accumulated depreciation		<u>(17,612,808)</u>
		33,809,788
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:</p>		
Unavailable property taxes	\$	999,883
Net OPEB asset		9,622
Deferred charges on refunding		<u>254,357</u>
		1,263,862
<p>Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.</p>		
Pension related items	\$	1,068,034
OPEB related items		<u>203,808</u>
		1,271,842
<p>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:</p>		
Lease revenue bond	\$	(26,580,000)
Bond premium		(2,152,745)
Net OPEB liabilities		(703,967)
Accrued interest payable		(435,601)
Net pension liability		(2,067,289)
Compensated absences		<u>(308,120)</u>
		(32,247,722)
<p>Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Pension related items	\$	(204,352)
OPEB related items		<u>(34,376)</u>
		(238,728)
Net position of governmental activities		<u><u>\$ 12,860,535</u></u>

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, 2020

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 20,918,767	\$ -	\$ -	\$ 20,918,767
Other local taxes	2,192,579	-	-	2,192,579
Permits, privilege fees, and regulatory licenses	106,133	-	-	106,133
Fines and forfeitures	19,406	-	-	19,406
Revenue from the use of money and property	252,547	-	15	252,562
Charges for services	361,750	-	8,267	370,017
Miscellaneous	198,756	25,000	1,396	225,152
Recovered costs	134,058	-	-	134,058
Intergovernmental:				
Commonwealth	3,596,183	-	427	3,596,610
Federal	1,078,828	-	-	1,078,828
Total revenues	<u>\$ 28,859,007</u>	<u>\$ 25,000</u>	<u>\$ 10,105</u>	<u>\$ 28,894,112</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,887,601	\$ -	\$ -	\$ 1,887,601
Judicial administration	909,539	-	-	909,539
Public safety	5,143,672	-	28,012	5,171,684
Public works	1,586,060	-	-	1,586,060
Health and welfare	2,239,945	-	-	2,239,945
Education	12,487,202	-	-	12,487,202
Parks, recreation, and cultural	207,600	-	-	207,600
Community development	345,312	-	-	345,312
Capital projects	449,969	-	-	449,969
Debt service:				
Principal retirement	1,050,000	-	-	1,050,000
Interest and other fiscal charges	977,615	-	-	977,615
Total expenditures	<u>\$ 27,284,515</u>	<u>\$ -</u>	<u>\$ 28,012</u>	<u>\$ 27,312,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,574,492</u>	<u>\$ 25,000</u>	<u>\$ (17,907)</u>	<u>\$ 1,581,585</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 21,000	\$ 528,020	\$ -	\$ 549,020
Transfers out	(801,552)	-	(21,000)	(822,552)
Total other financing sources (uses)	<u>\$ (780,552)</u>	<u>\$ 528,020</u>	<u>\$ (21,000)</u>	<u>\$ (273,532)</u>
Net change in fund balances	\$ 793,940	\$ 553,020	\$ (38,907)	\$ 1,308,053
Fund balances - beginning	6,374,703	1,065,992	252,745	7,693,440
Fund balances - ending	<u>\$ 7,168,643</u>	<u>\$ 1,619,012</u>	<u>\$ 213,838</u>	<u>\$ 9,001,493</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, 2020

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

Net change in fund balances - total governmental funds		\$ 1,308,053
<p>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:</p>		
Capital outlay	\$ 225,839	
Depreciation expense	(1,620,297)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>(77,649)</u>	(1,472,107)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Increase(decrease) in unavailable property taxes		177,933
<p>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:</p>		
Principal retired on school obligations	\$ 1,050,000	
Amortization of bond premium on lease revenue bond	<u>126,632</u>	1,176,632
<p>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:</p>		
(Increase) decrease in compensated absences	\$ (4,174)	
(Increase) decrease in accrued interest payable	24,303	
Amortization of deferred charges on refunding	(14,962)	
Change in pension related items	(203,394)	
Change in OPEB related items	<u>(6,390)</u>	(204,617)
Change in net position of governmental activities		<u><u>\$ 985,894</u></u>

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, 2020

	Enterprise Fund Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 41,563
Accounts receivable, net of allowance for uncollectibles	94,967
Total current assets	\$ 136,530
Noncurrent assets:	
Other assets:	
Net OPEB asset	\$ 1,094
Capital assets:	
Land	\$ 98,924
Utility plant in service	8,636,484
Machinery and equipment	463,215
Accumulated depreciation	(4,370,624)
Total capital assets	\$ 4,827,999
Total noncurrent assets	\$ 4,829,093
Total assets	\$ 4,965,623
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 44,423
OPEB related items	14,347
Total deferred outflows of resources	\$ 58,770
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 63,168
Bonds payable - current portion	119,000
Total current liabilities	\$ 182,168
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 1,985,000
Net pension liability	86,361
Net OPEB liabilities	60,069
Total noncurrent liabilities	\$ 2,131,430
Total liabilities	\$ 2,313,598
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 8,461
OPEB related items	2,017
Total deferred inflows of resources	\$ 10,478
NET POSITION	
Net investment in capital assets	\$ 2,723,999
Unrestricted	(23,682)
Total net position	\$ 2,700,317

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, 2020

	Enterprise Fund <u>Sanitary District</u>
OPERATING REVENUES	
Charges for services:	
Sanitary district fees	\$ 698,010
Miscellaneous	7,262
Total operating revenues	<u>\$ 705,272</u>
OPERATING EXPENSES	
Personnel services	\$ 194,752
Fringe benefits	76,684
Other supplies and expenses	578,210
Depreciation	277,669
Total operating expenses	<u>\$ 1,127,315</u>
Operating income (loss)	<u>\$ (422,043)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	\$ 37,843
Interest expense	<u>(73,737)</u>
Total nonoperating revenues (expenses)	<u>\$ (35,894)</u>
Income (loss) before transfers	<u>\$ (457,937)</u>
Transfers in	\$ 278,229
Transfers out	<u>(4,697)</u>
Change in net position	<u>\$ (184,405)</u>
Total net position - beginning	2,884,722
Total net position - ending	<u><u>\$ 2,700,317</u></u>

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

County of Northumberland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 698,131
Payments to suppliers	(541,520)
Payments to and for employees	(266,230)
Net cash provided by (used for) operating activities	<u>\$ (109,619)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	\$ 37,843
Transfers to other funds	(4,697)
Transfers from other funds	278,229
Net cash provided by (used for) noncapital financing activities	<u>\$ 311,375</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (117,000)
Interest expense	(73,737)
Net cash provided by (used for) capital and related financing activities	<u>\$ (190,737)</u>
Net increase (decrease) in cash and cash equivalents	\$ 11,019
Cash and cash equivalents - beginning	30,544
Cash and cash equivalents - ending	<u>\$ 41,563</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (422,043)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 277,669
(Increase) decrease in accounts receivable	(7,141)
(Increase) decrease in deferred outflows of resources	(33,107)
Increase (decrease) in accounts payable	36,690
Increase (decrease) in net pension liability	30,578
Increase (decrease) in net OPEB liability (asset)	10,494
Increase (decrease) in deferred inflows of resources	(2,759)
Total adjustments	<u>\$ 312,424</u>
Net cash provided by (used for) operating activities	<u>\$ (109,619)</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, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 141,407
Total assets	<u>\$ 141,407</u>
LIABILITIES	
Amounts held for others	\$ 70,338
Amounts held for social services clients	71,069
Total liabilities	<u>\$ 141,407</u>

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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.

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2020.

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, 2020.

C. Other Related Organizations

Included in the County's Financial Report

None

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

C. Other Related Organizations (Continued)

Excluded from the County’s Annual Financial Report

Northern Neck Regional Jail Authority

The Northern Neck Regional Jail Authority is an intergovernmental (joint) venture, and therefore, its operations are not included in the County’s financial statements. The participating jurisdictions’ provide the financial support for the Authority and appoints its governing Board. The governing board has the ability to 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities 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.

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. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County’s fiduciary funds are presented in the fund financial statements by type. 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.

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

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

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

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 and Courthouse Security Funds are nonmajor special revenue funds.

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

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

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 Agency Funds)

Fiduciary Funds account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency funds consist of the following funds: Special Welfare, Road Improvement Bond, 350th Anniversary, Tornado Relief, Fallen Heroes, Project Life Save, Animal Shelter, and Sheriff's Investigative Funds.

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).

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

G. Receivables and Payables (Continued)

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 \$159,467 at June 30, 2020 and is comprised of property taxes of \$87,260 and sanitary district fees of \$72,207.

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.

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending 2020.

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

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

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

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected 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 and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the 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.

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

L. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has 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, 2nd half installments levied during the fiscal year but due after June 30th, 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, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB asset/liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

N. Other Postemployment Benefits (OPEB) (Continued)

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 and School Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the County and School Board's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the County's and School Board'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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

P. Fund Balance: (Continued)

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 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:

	<u>General Fund</u>	<u>County Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:				
Restricted:				
Construction	\$ -	\$ 1,619,012	\$ -	\$ 1,619,012
Law library	-	-	778	778
Forfeited assets	-	-	58,396	58,396
Economic development	-	-	24,839	24,839
Courthouse security	-	-	129,825	129,825
Total Restricted	<u>\$ -</u>	<u>\$ 1,619,012</u>	<u>\$ 213,838</u>	<u>\$ 1,832,850</u>
Unassigned	<u>\$ 7,168,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,168,643</u>
Total fund balances	<u>\$ 7,168,643</u>	<u>\$ 1,619,012</u>	<u>\$ 213,838</u>	<u>\$ 9,001,493</u>

Note 2—Stewardship, Compliance, and Accounting:

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund for the fiscal year ended June 30, 2020.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2020 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)	\$ 5,769,744
Virginia Investment Pool	1,869,166
Total	\$ 7,638,910

Note 3—Deposits and Investments: (Continued)

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 Type	Investment Maturities (in years)	
	Fair Value	Less Than 1 Year
Local Government Investment Pool (LGIP)	\$ 5,769,744	\$ 5,769,744
Virginia Investment Pool	1,869,166	1,869,166
Total	\$ 7,638,910	\$ 7,638,910

Redemption Restrictions

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

Fair Value Measurements

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

External Investment Pool

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

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 4—Due to/from Other Governments:

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

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Northumberland	\$ -	\$ 210,206
Commonwealth of Virginia:		
Local sales tax	188,395	-
Welfare	35,389	-
Children's services	24,478	-
Rolling stock tax	4	-
State Sales Tax	-	189,249
Constitutional officer reimbursements	126,539	-
DMV license agent	4,405	-
Mobile home titling tax	75	-
Circuit Court Preservation grant	16,820	-
Wireless grant	7,292	-
Car rental	97	-
Victim witness grant	2,662	-
Communications tax	52,006	-
Federal Government:		
School fund grants	-	774,495
Victim witness	7,985	-
Transportation safety	1,060	-
Welfare	64,495	-
Community development block grant	133,417	-
Total due from other governments	<u>\$ 665,119</u>	<u>\$ 1,173,950</u>

On June 30, 2020, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Northumberland County School Board	<u>\$ 210,206</u>	<u>\$ -</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 5—Capital Assets:

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<i>Primary Government:</i>				
<i>Governmental Activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 894,628	\$ -	\$ -	\$ 894,628
Construction in progress	61,593	16,143	77,736	-
Total capital assets not subject to depreciation	\$ 956,221	\$ 16,143	\$ 77,736	\$ 894,628
Capital assets subject to depreciation:				
Buildings and improvements	\$ 6,791,245	\$ 267,355	\$ -	\$ 7,058,600
Machinery and equipment	4,226,151	20,077	30,745	4,215,483
Jointly owned assets	39,364,512	-	110,627	39,253,885
Total capital assets subject to depreciation	\$50,381,908	\$ 287,432	\$ 141,372	\$ 50,527,968
Accumulated depreciation:				
Buildings and improvements	\$ 1,476,963	\$ 243,116	\$ -	\$ 1,720,079
Machinery and equipment	2,844,759	404,830	30,745	3,218,844
Jointly owned assets	11,734,512	972,351	32,978	12,673,885
Total accumulated depreciation	\$16,056,234	\$ 1,620,297	\$ 63,723	\$ 17,612,808
Total capital assets subject to depreciation, net	\$34,325,674	\$ (1,332,865)	\$ 77,649	\$ 32,915,160
Governmental activities capital assets, net	\$35,281,895	\$ (1,316,722)	\$ 155,385	\$ 33,809,788

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 98,924	\$ -	\$ -	\$ 98,924
Capital assets subject to depreciation:				
Utility plant in service	\$ 8,636,484	\$ -	\$ -	\$ 8,636,484
Machinery and equipment	463,215	-	-	463,215
Total capital assets subject to depreciation	\$ 9,099,699	\$ -	\$ -	\$ 9,099,699
Accumulated depreciation:				
Utility plant in service	\$ 3,695,639	\$ 270,347	\$ -	\$ 3,965,986
Machinery and equipment	397,316	7,322	-	404,638
Total accumulated depreciation	\$ 4,092,955	\$ 277,669	\$ -	\$ 4,370,624
Total capital assets subject to depreciation, net	\$ 5,006,744	\$ (277,669)	\$ -	\$ 4,729,075
Business-type capital assets, net	\$ 5,105,668	\$ (277,669)	\$ -	\$ 4,827,999

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 23,929	\$ -	\$ -	\$ 23,929
Construction in progress	-	9,000	-	9,000
Total capital assets not subject to depreciation	<u>\$ 23,929</u>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ 32,929</u>
Capital assets subject to depreciation:				
Machinery and equipment	\$ 2,723,936	\$ 183,414	\$ -	\$ 2,907,350
Jointly owned assets	8,860,970	-	(110,627)	8,971,597
Total capital assets subject to depreciation	<u>\$11,584,906</u>	<u>\$ 183,414</u>	<u>\$ (110,627)</u>	<u>\$ 11,878,947</u>
Accumulated depreciation:				
Machinery and equipment	\$ 2,220,066	\$ 130,918	\$ -	\$ 2,350,984
Jointly owned assets	2,641,442	222,234	(32,978)	2,896,654
Total accumulated depreciation	<u>\$ 4,861,508</u>	<u>\$ 353,152</u>	<u>\$ (32,978)</u>	<u>\$ 5,247,638</u>
Total capital assets subject to depreciation, net	<u>\$ 6,723,398</u>	<u>\$ (169,738)</u>	<u>\$ (77,649)</u>	<u>\$ 6,631,309</u>
Component unit school board capital assets, net	<u>\$ 6,747,327</u>	<u>\$ (160,738)</u>	<u>\$ (77,649)</u>	<u>\$ 6,664,238</u>

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 46,470
Judicial administration	124,200
Public safety	442,697
Public works	14,046
Health and welfare	18,100
Education	972,351
Community development	2,433
Total depreciation expense - governmental activities	<u>\$ 1,620,297</u>
Business type activities:	
Sanitary District	<u>\$ 277,669</u>
Total depreciation expense - primary government	<u>\$ 1,897,966</u>
Component Unit School Board:	
Depreciation expense	<u>\$ 353,152</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 6—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General	\$ 21,000	\$ 801,552
County Capital Projects	528,020	-
Courthouse Security Fund	-	21,000
Sanitary District	278,229	4,697
Total Primary Government	<u>\$ 827,249</u>	<u>\$ 827,249</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, 2020:

Fund	Interfund Receivables	Interfund Payables
Component Unit-School Board:		
School Operating	\$ 314,614	\$ -
School Cafeteria	-	314,614
Total Component Unit - School Board	<u>\$ 314,614</u>	<u>\$ 314,614</u>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (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, 2020:

	Balance at July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Primary Government Obligations:					
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 303,946	\$ 34,569	\$ 30,395	\$ 308,120	\$ 30,812
Net pension liability (Payable by General Fund)	1,256,784	2,492,192	1,681,687	2,067,289	-
Net OPEB liabilities (Payable by General Fund)	546,269	275,252	117,554	703,967	-
Total incurred by County	\$ 2,106,999	\$ 2,802,013	\$ 1,829,636	\$ 3,079,376	\$ 30,812
Incurred by School Board:					
Direct borrowings and placements:					
Refunding general obligation bond	\$27,630,000	\$ -	\$ 1,050,000	\$26,580,000	\$ 1,105,000
Bond premium	2,279,377	-	126,632	2,152,745	-
Total incurred by School Board	\$29,909,377	\$ -	\$ 1,176,632	\$28,732,745	\$ 1,105,000
Total Governmental Activities Obligations	\$32,016,376	\$ 2,802,013	\$ 3,006,268	\$31,812,121	\$ 1,135,812
Business-type Activities Obligations:					
Net pension liability	\$ 55,784	\$ 103,980	\$ 73,403	\$ 86,361	\$ -
Net OPEB liabilities	49,497	19,382	8,810	60,069	-
Direct borrowings and placements:					
Revenue bond	2,221,000	-	117,000	2,104,000	119,000
Total Business-type Activities Obligations	\$ 2,326,281	\$ 123,362	\$ 199,213	\$ 2,250,430	\$ 119,000
Total Primary Government Obligations	\$34,342,657	\$ 2,925,375	\$ 3,205,481	\$34,062,551	\$ 1,254,812

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	Governmental Activities	
	Direct Borrowings and Direct Placements	
	General Obligation Bond	
	Principal	Interest
2021	\$ 1,105,000	\$ 922,501
2022	1,160,000	865,310
2023	1,220,000	805,215
2024	1,285,000	741,964
2025	1,350,000	675,430
2026	1,420,000	605,487
2027	1,490,000	532,010
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>\$ 26,580,000</u>	<u>\$ 7,841,911</u>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	Business-type Activities	
	Direct Borrowings and Direct Placements	
	Revenue Bonds	
	Principal	Interest
2021	\$ 119,000	\$ 69,853
2022	125,000	65,902
2023	127,000	61,752
2024	132,000	57,536
2025	136,000	53,153
2026	142,000	48,638
2027	248,000	43,924
2028	256,000	35,690
2029	264,000	27,191
2030	273,000	18,426
2031	282,000	9,362
Total	\$ 2,104,000	\$ 491,427

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Total Amount</u>
<u>Governmental Activities:</u>	
<u>Incurred by County:</u>	
Net OPEB liabilities (payable by General Fund)	\$ 703,967
Net pension liability (payable by General Fund)	\$ 2,067,289
Compensated absences (payable by General Fund)	\$ 308,120
Total Incurred by County	<u>\$ 3,079,376</u>
 <u>Incurred by School Board:</u>	
<u>Direct Borrowings and Direct Placements:</u>	
<u>General Obligation Bond:</u>	
\$29,580,000 General Obligation Refunding Bond payable annually in various amounts through July 15, 2036, interest payable semi-annually at coupon rates from 2.05% to 5.05%. Face amount of bonds outstanding, \$26,580,000 plus unamortized issuance premium of \$2,152,745.	<u>\$ 28,732,745</u>
Total incurred by School Board	<u>\$ 28,732,745</u>
Total Long-Term Obligations, Governmental Activities	<u>\$ 31,812,121</u>

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COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	Total Amount
<i>Business-type Activities:</i>	
<u>Direct Borrowings and Direct Placements:</u>	
<u>Revenue Bond:</u>	
\$3,030,000 Revenue Bond issued February 16, 2012, principal due in varying annual installments each July 1, interest due semi-annually through January, 2031 at 3.32%, interest rate may reset on January 1, 2027.	\$ 2,104,000
Total Revenue Bond	\$ 2,104,000
Net OPEB liabilities	\$ 60,069
Net pension liability	\$ 86,361
Total Long-Term Obligations, Business-type Activities	\$ 2,250,430
Total Long-Term Obligations, Primary Government	\$ 34,062,551

The County's outstanding direct placements and borrowings related to governmental activities of \$26,580,000 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

The Count'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, 2020:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences					
(Payable by School Operating Fund)	\$ 351,488	\$ 73,892	\$ 35,149	\$ 390,231	\$ 39,023
Net pension liabilities					
(Payable by School Operating Fund)	12,760,152	5,082,342	4,043,804	13,798,690	-
Net OPEB liabilities					
(Payable by School Operating Fund)	2,559,835	500,634	445,467	2,615,002	-
Total Component Unit-School Board	\$15,671,475	\$ 5,656,868	\$ 4,524,420	\$16,803,923	\$ 39,023

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (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 \$1,069,993 and deferred revenue totaling \$70,110 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	\$ -	\$ 999,883
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>70,110</u>	<u>70,110</u>
Total deferred/unavailable revenue	<u>\$ 70,110</u>	<u>\$ 1,069,993</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, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

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

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

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

Note 12—Pension Plans:

Plan Description

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

Benefit Structures

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

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

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service 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 hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service 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.

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	56	29
Inactive members:		
Vested inactive members	8	2
Non-vested inactive members	16	9
Inactive members active elsewhere in VRS	40	6
Total inactive members	64	17
Active members	95	24
Total covered employees	215	70

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2020 was 9.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$425,399 and \$400,801 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 11.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$76,135 and \$81,475 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 12—Pension Plans: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

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:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 18,382,433	\$ 17,069,865	\$ 1,312,568
Changes for the year:			
Service cost	\$ 449,055	\$ -	\$ 449,055
Interest	1,253,243	-	1,253,243
Assumption changes	561,833	-	561,833
Differences between expected and actual experience	316,890	-	316,890
Contributions - employer	-	400,802	(400,802)
Contributions - employee	-	218,731	(218,731)
Net investment income	-	1,132,408	(1,132,408)
Benefit payments, including refunds	(957,915)	(957,915)	-
Administrative expenses	-	(11,289)	11,289
Other changes	-	(713)	713
Net changes	\$ 1,623,106	\$ 782,024	\$ 841,082
Balances at June 30, 2019	\$ 20,005,539	\$ 17,851,889	\$ 2,153,650

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (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, 2018	\$ 4,425,874	\$ 3,804,722	\$ 621,152
Changes for the year:			
Service cost	\$ 72,845	\$ -	\$ 72,845
Interest	299,235	-	299,235
Assumption changes	107,540	-	107,540
Differences between expected and actual experience	51,460	-	51,460
Contributions - employer	-	81,474	(81,474)
Contributions - employee	-	33,629	(33,629)
Net investment income	-	246,459	(246,459)
Benefit payments, including refunds	(302,181)	(302,181)	-
Administrative expenses	-	(2,592)	2,592
Other changes	-	(154)	154
Net changes	\$ 228,899	\$ 56,635	\$ 172,264
Balances at June 30, 2019	\$ 4,654,773	\$ 3,861,357	\$ 793,416

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)	\$ 4,701,128	\$ 2,153,650	\$ 129,949
Component Unit School Board's (Nonprofessional)			
Net Pension Liability	\$ 1,261,908	\$ 793,416	\$ 412,357

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (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, 2020, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$635,107 and \$152,982, respectively. On June 30, 2020, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 277,821	\$ 40,081	\$ 23,644	\$ -
Change in assumptions	408,327	18,231	49,410	-
Changes in proportionate share of net position liability	910	910	-	-
Net difference between projected and actual earnings on pension plan investments	-	153,591	-	31,565
Employer contributions subsequent to the measurement date	425,399	-	76,135	-
Total	\$ 1,112,457	\$ 212,813	\$ 149,189	\$ 31,565

\$425,399 and \$76,135 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2021	\$ 242,327	\$ 74,066
2022	67,362	(34,937)
2023	154,512	(284)
2024	10,044	2,644
2025	-	-
Thereafter	-	-

Note 12—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description 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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,287,931 and \$1,266,384 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

On June 30, 2020, the school division reported a liability of \$13,005,274 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the school division's proportion was 0.09882% as compared to 0.10322% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,416,973. 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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (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)

At June 30, 2020, 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	\$ -	\$ 832,782
Change in assumptions	1,287,827	-
Net difference between projected and actual earnings on pension plan investments	-	285,565
Changes in proportion and differences between employer contributions and proportionate share of contributions	376,716	562,208
Employer contributions subsequent to the measurement date	<u>1,287,931</u>	<u>-</u>
Total	<u>\$ 2,952,474</u>	<u>\$ 1,680,555</u>

\$1,287,931 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ (61,265)
2022	(273,166)
2023	106,894
2024	153,609
2025	57,916

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 19,578,587	\$ 13,005,274	\$ 7,570,362

Pension Plan Fiduciary Net Position

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

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 Liabilities	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,112,457	\$ 212,813	\$ 2,153,650	\$ 635,107	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	149,189	31,565	793,416	152,982
School Board Professional	-	-	-	-	2,952,474	1,680,555	13,005,274	1,416,973
Totals	<u>\$ 1,112,457</u>	<u>\$ 212,813</u>	<u>\$ 2,153,650</u>	<u>\$ 635,107</u>	<u>\$ 3,101,663</u>	<u>\$ 1,712,120</u>	<u>\$ 13,798,690</u>	<u>\$ 1,569,955</u>

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year,

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

Contributions (Continued)

with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$25,198 and \$23,602 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$44,294 and \$43,066 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the GLI from the Component Unit School Board nonprofessional group were \$3,588 and \$3,735 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

On June 30, 2020, the County reported a liability of \$376,712 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$687,520 and \$59,558, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County’s proportion was .02315% as compared to .02237% on June 30, 2018. At June 30, 2019, the Component Unit School Board professional and nonprofessional groups’ proportions were .04225% and .00366%, respectively as compared to .04373% and .00382%, respectively, on June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$14,045. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$16,947. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$979. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (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	\$ 25,054	\$ 4,885	\$ 45,724	\$ 8,917	\$ 3,961	\$ 773
Net difference between projected and actual earnings on GLI OPEB plan investment	-	7,738	-	14,122	-	1,223
Change in assumptions	23,783	11,360	43,406	20,732	3,760	1,796
Changes in proportion	22,035	-	19,267	19,745	-	2,135
Employer contributions subsequent to the measurement date	25,198	-	44,294	-	3,588	-
Total	\$ 96,070	\$ 23,983	\$ 152,691	\$ 63,516	\$ 11,309	\$ 5,927

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (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)

\$25,198, \$44,294, and \$3,588, 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, 2021. 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)
2021	\$ 6,673	\$ 3,492	\$ (187)
2022	6,673	3,493	(187)
2023	9,950	9,474	332
2024	11,086	14,068	804
2025	9,703	11,642	825
Thereafter	2,804	2,712	207

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NET GLI OPEB Liability

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

	Group Life Insurance OPEB Program
	<u> </u>
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	\$ <u><u>1,627,266</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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.

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

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

Discount Rate

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

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	\$ 494,896	\$ 376,712	\$ 280,869
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 903,211	\$ 687,520	\$ 512,600
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 78,242	\$ 59,558	\$ 44,405

GLI Plan Fiduciary Net Position

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

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

Plan Description

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>5</u>
Active members	26
Total covered employees	<u><u>31</u></u>

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

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 contractually required employer contribution rate for the year ended June 30, 2020 was .14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$2,147 and \$1,826 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability (Asset)

The County’s net HIC OPEB liability (asset) was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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*

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions: (Continued)

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

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

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

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

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

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, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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, 2020 (Continued)

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

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 40,721	\$ 47,760	\$ (7,039)
Changes for the year:			
Service cost	\$ 1,816	\$ -	\$ 1,816
Interest	2,764	-	2,764
Differences between expected and actual experience	(4,400)	-	(4,400)
Assumption changes	954	-	954
Contributions - employer	-	1,826	(1,826)
Net investment income	-	3,055	(3,055)
Benefit payments	(2,463)	(2,463)	-
Administrative expenses	-	(67)	67
Other changes	-	(3)	3
Net changes	\$ (1,329)	\$ 2,348	\$ (3,677)
Balances at June 30, 2019	\$ 39,392	\$ 50,108	\$ (10,716)

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

The following presents the County'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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's Net HIC OPEB Liability (Asset) \$	(6,488) \$	(10,716) \$	(14,305)

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

For the year ended June 30, 2020, the County recognized HIC Plan OPEB expense of (\$227). At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the County’s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 5,909
Net difference between projected and actual earnings on HIC OPEB plan investments	-	637
Change in assumptions	822	1,101
Employer contributions subsequent to the measurement date	<u>2,147</u>	<u>-</u>
Total	<u>\$ 2,969</u>	<u>\$ 7,647</u>

\$2,147 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’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, 2021. 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>	
2021	\$ (1,559)
2022	(1,559)
2023	(1,167)
2024	(1,105)
2025	(851)
Thereafter	(584)

HIC Plan Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 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.

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$102,046 and \$99,384 for the years ended June 30, 2020 and June 30, 2019, respectively.

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, 2020, the school division reported a liability of \$1,292,602 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division’s proportion of the VRS Teacher Employee HIC Plan was .09874% as compared to .10269% on June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$106,647. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,322
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	82	-
Change in assumptions	30,085	8,982
Change in proportion	37,937	44,102
Employer contributions subsequent to the measurement date	102,046	-
Total	<u>\$ 170,150</u>	<u>\$ 60,406</u>

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

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

\$102,046 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 1,489
2022	1,488
2023	2,054
2024	1,865
2025	1,904
Thereafter	(1,102)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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

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

Discount Rate

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

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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,446,642	\$ 1,292,602	\$ 1,161,746

Teacher Employee HIC OPEB Fiduciary Net Position

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

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

County and School Board

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.

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 15, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Northumberland County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

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

County and School Board: (Continued)

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.

Postemployment benefits that are provided to eligible School Board retirees include medical, dental, and vision coverage for the retirees, eligible spouses, and eligible dependents. Retirees are eligible to choose either the Key Advantage 250 or Key Advantage 1000 medical options. Both are available with either comprehensive or preventative dental coverage. Benefits end at the earlier of the retiree’s age 65 or death.

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	108	200
Total retirees with coverage	5	10
Total	113	210

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amounts paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2020 were \$37,556 and \$49,129, respectively.

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 for the County and January 1, 2018 for the School Board.

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

County and School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 County actuarial valuation and January 1, 2018 School Board 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 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	3.50% as of June 30, 2019; 2.21% as of June 30, 2020

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 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.

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

Mortality rates for the School Board 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 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.

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

County and School Board: (Continued)

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, 2020.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2019	\$ 256,766	\$ 533,835
Changes for the year:		
Service cost	24,124	26,866
Interest	9,179	18,773
Difference between expected and actual experience	(1,451)	-
Changes in assumptions	136,262	44,977
Benefit payments	(37,556)	(49,129)
Net changes	<u>\$ 130,558</u>	<u>\$ 41,487</u>
Balances at June 30, 2020	<u>\$ 387,324</u>	<u>\$ 575,322</u>

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	Rate		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
	<u> </u>	<u> </u>	<u> </u>
Primary Government:			
Total OPEB liability	\$ 419,692	\$ 387,324	\$ 357,419
Component Unit School Board:			
Total OPEB liability	\$ 611,644	\$ 575,322	\$ 539,542

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

County and School Board: (Continued)

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

The following presents the total OPEB liability of the County, 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 (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.00%)	Healthcare Cost Trend (4.00%)	1% Increase (5.00%)
Primary Government:			
Total OPEB liability	\$ 336,949	\$ 387,324	\$ 448,020

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.60%)	Healthcare Cost Trend (7.60%)	1% Increase (8.60%)
Component Unit School Board:			
Total OPEB liability	\$ 506,499	\$ 575,322	\$ 656,410

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

For the year ended June 30, 2020, the County and the School Board recognized OPEB expense in the amount of \$54,986 and \$57,342. At June 30, 2020, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,221	\$ -	\$ -
Changes in assumptions	119,116	3,542	41,219	6,156
Total	<u>\$ 119,116</u>	<u>\$ 4,763</u>	<u>\$ 41,219</u>	<u>\$ 6,156</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

County and School Board: (Continued)

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2021	\$ 21,683	\$ 11,703
2022	21,683	11,703
2023	21,683	11,657
2024	21,488	-
2025	21,399	-
Thereafter	6,417	-

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.

Note 17—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities/(Asset)</u>	<u>OPEB Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Plans:								
Group Life Insurance Plan (Note 13):								
County	\$ 96,070	\$ 23,983	\$ 376,712	\$ 14,045	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	11,309	5,927	59,558	979
School Board Professional	-	-	-	-	152,691	63,516	687,520	16,947
County Health Insurance Credit Plan (Note 14)	2,969	7,647	(10,716)	(227)	-	-	-	-
Teacher Health Insurance Credit Plan (Note 15)	-	-	-	-	170,150	60,406	1,292,602	106,647
County Stand-Alone Plan (Note 16)	119,116	4,763	387,324	54,986	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	41,219	6,156	575,322	57,342
Totals	<u>\$ 218,155</u>	<u>\$ 36,393</u>	<u>\$ 753,320</u>	<u>\$ 68,804</u>	<u>\$ 375,369</u>	<u>\$ 136,005</u>	<u>\$ 2,615,002</u>	<u>\$ 181,915</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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, 2020 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 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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, 2020 was \$46,895.

Note 21—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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

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

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

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

Note 21—Upcoming Pronouncements: (Continued)

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

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

Note 22 - Subsequent Events:

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

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

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue and total \$1,034,574. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Northumberland, Virginia, received the second round of CRF funds in the amount of \$1,055,242 on August 10, 2020.

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

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 20,460,768	\$ 20,543,174	\$ 20,918,767	\$ 375,593
Other local taxes	1,771,000	1,771,000	2,192,579	421,579
Permits, privilege fees, and regulatory licenses	97,800	97,800	106,133	8,333
Fines and forfeitures	20,000	20,000	19,406	(594)
Revenue from the use of money and property	120,000	120,000	252,547	132,547
Charges for services	217,089	217,089	361,750	144,661
Miscellaneous	140,850	140,850	198,756	57,906
Recovered costs	83,276	83,276	134,058	50,782
Intergovernmental:				
Commonwealth	3,451,716	3,451,716	3,596,183	144,467
Federal	1,464,938	1,464,938	1,078,828	(386,110)
Total revenues	\$ 27,827,437	\$ 27,909,843	\$ 28,859,007	\$ 949,164
EXPENDITURES				
Current:				
General government administration	\$ 1,951,643	\$ 1,957,004	\$ 1,887,601	\$ 69,403
Judicial administration	912,304	930,280	909,539	20,741
Public safety	5,004,335	6,467,046	5,143,672	1,323,374
Public works	1,682,538	1,698,816	1,586,060	112,756
Health and welfare	2,583,420	2,674,326	2,239,945	434,381
Education	12,313,305	12,708,437	12,487,202	221,235
Parks, recreation, and cultural	207,600	207,600	207,600	-
Community development	406,738	406,738	345,312	61,426
Capital projects	1,236,838	1,841,938	449,969	1,391,969
Debt service:				
Principal retirement	1,050,000	1,050,000	1,050,000	-
Interest and other fiscal charges	976,915	976,915	977,615	(700)
Total expenditures	\$ 28,325,636	\$ 30,919,100	\$ 27,284,515	\$ 3,634,585
Excess (deficiency) of revenues over (under) expenditures	\$ (498,199)	\$ (3,009,257)	\$ 1,574,492	\$ 4,583,749
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 400,000	\$ 400,000	\$ 21,000	\$ (379,000)
Transfers out	-	(445,838)	(801,552)	(355,714)
Total other financing sources (uses)	\$ 400,000	\$ (45,838)	\$ (780,552)	\$ (734,714)
Net change in fund balances	\$ (98,199)	\$ (3,055,095)	\$ 793,940	\$ 3,849,035
Fund balances - beginning	7,302,499	7,302,499	6,374,703	(927,796)
Fund balances - ending	\$ 7,204,300	\$ 4,247,404	\$ 7,168,643	\$ 2,921,239

County of Northumberland, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 Pension Plans

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

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

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 Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (Nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 72,845	\$ 74,512	\$ 72,261	\$ 70,447	\$ 69,172	\$ 66,406
Interest	299,235	298,234	293,570	285,665	273,641	268,066
Differences between expected and actual experience	51,460	(69,604)	(21,072)	(11,964)	84,598	-
Changes of assumptions	107,540	-	(25,266)	-	-	-
Benefit payments	(302,181)	(275,497)	(230,250)	(232,167)	(279,140)	(230,511)
Net change in total pension liability	\$ 228,899	\$ 27,645	\$ 89,243	\$ 111,981	\$ 148,271	\$ 103,961
Total pension liability - beginning	4,425,874	4,398,229	4,308,986	4,197,005	4,048,734	3,944,773
Total pension liability - ending (a)	<u>\$ 4,654,773</u>	<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>
Plan fiduciary net position						
Contributions - employer	\$ 81,474	\$ 94,352	\$ 92,456	\$ 86,287	\$ 83,473	\$ 70,655
Contributions - employee	33,629	34,897	34,330	32,341	31,292	31,088
Net investment income	246,459	267,465	406,550	57,310	152,762	479,575
Benefit payments	(302,181)	(275,497)	(230,250)	(232,167)	(279,140)	(230,511)
Administrator charges	(2,592)	(2,385)	(2,398)	(2,173)	(2,217)	(2,674)
Other	(154)	(236)	(360)	(25)	(32)	25
Net change in plan fiduciary net position	\$ 56,635	\$ 118,596	\$ 300,328	\$ (58,427)	\$ (13,862)	\$ 348,158
Plan fiduciary net position - beginning	3,804,722	3,686,126	3,385,798	3,444,225	3,458,087	3,109,929
Plan fiduciary net position - ending (b)	<u>\$ 3,861,357</u>	<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>
School Division's net pension liability - ending (a) - (b)	\$ 793,416	\$ 621,152	\$ 712,103	\$ 923,188	\$ 752,780	\$ 590,647
Plan fiduciary net position as a percentage of the total pension liability	82.95%	85.97%	83.81%	78.58%	82.06%	85.41%
Covered payroll	\$ 709,632	\$ 726,516	\$ 707,889	\$ 659,462	\$ 637,904	\$ 636,555
School Division's net pension liability as a percentage of covered payroll	111.81%	85.50%	100.60%	139.99%	118.01%	92.79%

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's Share of Net Pension Liability VRS Teacher Retirement Plan
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.09882%	0.10322%	0.09995%	0.09844%	0.10121%	0.10127%
Employer's Proportionate Share of the Net Pension Liability	\$ 13,005,274	\$ 12,139,000	\$ 12,292,000	\$ 13,795,000	\$ 12,739,000	\$ 12,238,000
Employer's Covered Payroll	8,282,014	8,314,729	8,183,043	8,498,329	7,260,159	7,383,190
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	157.03%	145.99%	150.21%	162.33%	175.46%	165.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	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, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 425,399	\$ 425,399	\$ -	\$ 4,845,805	8.78%
2019	400,801	400,801	-	4,538,900	8.83%
2018	354,445	354,445	-	4,253,585	8.33%
2017	352,087	352,087	-	4,098,796	8.59%
2016	432,398	432,398	-	3,763,252	11.49%
2015	409,622	409,622	-	3,565,027	11.49%
2014	439,811	439,811	-	3,367,620	13.06%
2013	430,566	430,566	-	3,296,831	13.06%
2012	311,840	311,840	-	3,096,728	10.07%
2011	305,393	305,393	-	3,032,696	10.07%
Component Unit School Board (Nonprofessional)					
2020	\$ 76,135	\$ 76,135	\$ -	\$ 679,471	11.21%
2019	81,475	81,475	-	709,632	11.48%
2018	94,352	94,352	-	726,516	12.99%
2017	93,795	93,795	-	707,889	13.25%
2016	86,917	86,917	-	659,462	13.18%
2015	84,076	84,076	-	637,904	13.18%
2014	72,313	72,313	-	636,555	11.36%
2013	74,653	74,653	-	657,157	11.36%
2012	56,158	56,158	-	607,765	9.24%
2011	58,877	58,877	-	637,193	9.24%
Component Unit School Board (Professional)					
2020	\$ 1,287,931	\$ 1,287,931	\$ -	\$ 8,503,803	15.15%
2019	1,266,384	1,266,384	-	8,282,014	15.68%
2018	1,334,984	1,334,984	-	8,314,729	16.32%
2017	1,154,604	1,154,604	-	8,183,043	14.66%
2016	1,194,865	1,194,865	-	8,498,329	14.06%
2015	1,052,723	1,052,723	-	7,260,159	14.50%
2014	860,880	860,880	-	7,383,190	11.66%
2013	782,648	782,648	-	6,712,247	11.66%
2012	757,010	757,010	-	6,681,465	11.33%
2011	592,578	592,578	-	6,635,812	8.93%

County of Northumberland, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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, 2019

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:					
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):					
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):					
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, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 25,198	\$ 25,198	-	\$ 4,845,805	0.52%
2019	23,602	23,602	-	4,538,900	0.52%
2018	22,119	22,119	-	4,253,586	0.52%
2017	21,369	21,369	-	4,109,386	0.52%
2016	18,064	18,064	-	3,763,252	0.48%
2015	17,152	17,152	-	3,573,335	0.48%
2014	16,165	16,165	-	3,367,620	0.48%
2013	15,825	15,825	-	3,296,831	0.48%
2012	8,682	8,682	-	3,100,671	0.28%
2011	8,536	8,536	-	3,048,688	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 3,588	\$ 3,588	-	\$ 690,059	0.52%
2019	3,735	3,735	-	718,210	0.52%
2018	3,778	3,778	-	726,516	0.52%
2017	3,681	3,681	-	707,889	0.52%
2016	3,165	3,165	-	659,462	0.48%
2015	3,073	3,073	-	640,217	0.48%
2014	3,055	3,055	-	636,555	0.48%
2013	3,154	3,154	-	657,157	0.48%
2012	1,702	1,702	-	607,765	0.28%
2011	1,784	1,784	-	637,193	0.28%
Component Unit School Board (professional)					
2020	\$ 44,294	\$ 44,294	-	\$ 8,518,025	0.52%
2019	43,066	43,066	-	8,282,014	0.52%
2018	43,245	43,245	-	8,316,322	0.52%
2017	40,789	40,789	-	7,844,121	0.52%
2016	36,233	36,233	-	7,548,590	0.48%
2015	36,197	36,197	-	7,541,035	0.48%
2014	35,548	35,548	-	7,405,916	0.48%
2013	32,374	32,374	-	6,744,618	0.48%
2012	19,135	19,135	-	6,833,846	0.28%
2011	18,580	18,580	-	6,635,809	0.28%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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, 2019

	2019	2018	2017
Total HIC OPEB Liability			
Service cost	\$ 1,816	\$ 1,725	\$ 1,170
Interest	2,764	2,850	2,857
Differences between expected and actual experience	(4,400)	-	-
Changes of assumptions	954	(2,990)	(1,959)
Benefit payments	(2,463)	(3,152)	(1,215)
Net change in total HIC OPEB liability	\$ (1,329)	\$ (1,567)	\$ 853
Total HIC OPEB Liability - beginning	40,721	42,288	41,435
Total HIC OPEB Liability - ending (a)	<u>\$ 39,392</u>	<u>\$ 40,721</u>	<u>\$ 42,288</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,826	\$ 220	\$ 212
Net investment income	3,055	3,326	4,984
Benefit payments	(2,463)	(3,152)	(1,215)
Administrator charges	(67)	(75)	(80)
Other	(3)	(256)	256
Net change in plan fiduciary net position	\$ 2,348	\$ 63	\$ 4,157
Plan fiduciary net position - beginning	47,760	47,697	43,540
Plan fiduciary net position - ending (b)	<u>\$ 50,108</u>	<u>\$ 47,760</u>	<u>\$ 47,697</u>
County's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (10,716)	\$ (7,039)	\$ (5,409)
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	127.20%	117.29%	112.79%
Covered payroll	\$ 1,304,373	\$ 1,100,266	\$ 1,058,674
County's net HIC OPEB liability (asset) as a percentage of covered payroll	-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 Employer Contributions
Health Insurance Credit (HIC) Plan
Primary Government

For the Years Ended June 30, 2011 through June 30, 2020

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)
2020	\$ 2,147	\$ 2,147	\$ -	\$ 1,533,906	0.14%
2019	1,826	1,826	-	1,304,373	0.14%
2018	220	220	-	1,100,266	0.02%
2017	212	212	-	1,058,674	0.02%
2016	166	166	-	827,898	0.02%
2015	140	140	-	698,781	0.02%
2014	67	67	-	665,561	0.01%
2013	330	330	-	3,295,534	0.01%
2012	619	619	-	3,094,890	0.02%
2011	607	607	-	3,032,696	0.02%

County of Northumberland, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Primary Government
For the Year Ended June 30, 2020

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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, 2019

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)
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, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
		Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2020	\$ 102,046	\$ 102,046	\$ -	\$ 8,503,803	1.20%
2019	99,384	99,384	-	8,282,014	1.20%
2018	102,151	102,151	-	8,304,933	1.23%
2017	87,070	87,070	-	7,844,121	1.11%
2016	79,562	79,562	-	7,505,844	1.06%
2015	79,762	79,762	-	7,524,739	1.06%
2014	82,206	82,206	-	7,405,916	1.11%
2013	73,766	73,766	-	6,645,594	1.11%
2012	40,089	40,089	-	6,681,464	0.60%
2011	39,815	39,815	-	6,635,809	0.60%

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, 2020

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

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

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

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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 24,124	\$ 17,929	\$ 18,372
Interest	9,179	9,687	8,711
Changes of assumptions	136,262	7,199	(6,764)
Differences between expected and actual experience	(1,451)	-	-
Benefit payments	(37,556)	(20,663)	(16,271)
Net change in total OPEB liability	\$ 130,558	\$ 14,152	\$ 4,048
Total OPEB liability - beginning	256,766	242,614	238,566
Total OPEB liability - ending	<u>\$ 387,324</u>	<u>\$ 256,766</u>	<u>\$ 242,614</u>
Covered payroll	\$ 4,860,234	\$ 4,158,383	\$ 4,158,383
County's total OPEB liability as a percentage of covered payroll	7.97%	6.17%	5.83%

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

County of Northumberland, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 26,866	\$ 24,593	\$ 25,263
Interest	18,773	20,114	18,493
Changes of assumptions	44,977	12,648	(12,522)
Benefit payments	(49,129)	(37,184)	(41,035)
Net change in total OPEB liability	\$ 41,487	\$ 20,171	\$ (9,801)
Total OPEB liability - beginning	533,835	513,664	523,465
Total OPEB liability - ending	\$ 575,322	\$ 533,835	\$ 513,664
Covered payroll	\$ 8,903,525	\$ 8,903,525	\$ 8,903,525
School's total OPEB liability (asset) as a percentage of covered payroll	6.46%	6.00%	5.77%

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, 2020

Valuation Date: 1/1/2020
Measurement Date: 6/30/2020

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	3.50% as of June 30, 2019; 2.21% as of June 30, 2020
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts 4.00% in 2020, then gradually declines to 4.00% by the year 2073
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.

County of Northumberland, Virginia
Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2020

Valuation Date: 1/1/2018
Measurement Date: 6/30/2020

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	3.50% as of June 30, 2019; 2.21% as of June 30, 2020
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.60% in 2019, then gradually declines to 4.10% by the year 2074
Salary Increase Rates	The salary increase rate starts at 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.

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND
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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 25,000	\$ 25,000
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 25,000	\$ 25,000
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 528,020	\$ 528,020
Net change in fund balances	\$ -	\$ -	\$ 553,020	\$ 553,020
Fund balances - beginning	-	-	1,065,992	1,065,992
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,619,012</u>	<u>\$ 1,619,012</u>

County of Northumberland, Virginia
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2020

	<u>Law</u>	<u>Forfeited</u>	<u>Economic</u>	<u>Courthouse</u>	<u>Total</u>
	<u>Library</u>	<u>Assets</u>	<u>Development</u>	<u>Security</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 778	\$ 58,396	\$ 14,494	\$ 129,229	\$ 202,897
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	-	-	596	596
Notes receivable	-	-	10,345	-	10,345
Total assets	<u>\$ 778</u>	<u>\$ 58,396</u>	<u>\$ 24,839</u>	<u>\$ 129,825</u>	<u>\$ 213,838</u>
FUND BALANCES					
Restricted	\$ 778	\$ 58,396	\$ 24,839	\$ 129,825	\$ 213,838
Total fund balances	<u>\$ 778</u>	<u>\$ 58,396</u>	<u>\$ 24,839</u>	<u>\$ 129,825</u>	<u>\$ 213,838</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, 2020

	Law Library <u>Fund</u>	Forfeited Assets <u>Fund</u>	Economic Development <u>Fund</u>	Courthouse Security <u>Fund</u>	<u>Total</u>
REVENUES					
Revenue from the use of money and property	\$ -	\$ -	\$ 15	\$ -	\$ 15
Charges for services	2	-	-	8,265	8,267
Miscellaneous	-	1,396	-	-	1,396
Intergovernmental:					
Commonwealth	-	427	-	-	427
Total revenues	<u>\$ 2</u>	<u>\$ 1,823</u>	<u>\$ 15</u>	<u>\$ 8,265</u>	<u>\$ 10,105</u>
EXPENDITURES					
Current:					
Public safety	\$ -	\$ 28,012	\$ -	\$ -	\$ 28,012
Total expenditures	<u>\$ -</u>	<u>\$ 28,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2</u>	<u>\$ (26,189)</u>	<u>\$ 15</u>	<u>\$ 8,265</u>	<u>\$ (17,907)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,000)</u>	<u>\$ (21,000)</u>
Net change in fund balances	\$ 2	\$ (26,189)	\$ 15	\$ (12,735)	\$ (38,907)
Fund balances - beginning	776	84,585	24,824	142,560	252,745
Fund balances - ending	<u>\$ 778</u>	<u>\$ 58,396</u>	<u>\$ 24,839</u>	<u>\$ 129,825</u>	<u>\$ 213,838</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, 2020

	Law Library Fund				Forfeited Assets Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	2	2	-	-	-	-
Miscellaneous	-	-	-	-	-	-	1,396	1,396
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	427	427
Total revenues	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ -	\$ 1,823	\$ 1,823
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,013	\$ 28,012	\$ 1
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,013	\$ 28,012	\$ 1
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ (28,013)	\$ (26,189)	\$ 1,824
OTHER FINANCING SOURCES (USES)								
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ (28,013)	\$ (26,189)	\$ 1,824
Fund balances - beginning	-	-	776	776	-	28,013	84,585	56,572
Fund balances - ending	\$ -	\$ -	\$ 778	\$ 778	\$ -	\$ -	\$ 58,396	\$ 58,396

Economic Development Fund					Courthouse Security Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)		
Original	Final			Original	Final				
\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	-	-	8,265	8,265		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ 8,265	\$ 8,265		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ 8,265	\$ 8,265		
			\$ -	\$ -	\$ -	\$ (21,000)	\$ (21,000)		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,000)	\$ (21,000)		
\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ (12,735)	\$ (12,735)		
-	-	24,824	24,824	-	-	142,560	142,560		
\$ -	\$ -	\$ 24,839	\$ 24,839	\$ -	\$ -	\$ 129,825	\$ 129,825		

County of Northumberland, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Agency Funds			
	<u>Special Welfare</u>	<u>Road Improvement Bond</u>	<u>350th Anniversary</u>	<u>Tornado Relief</u>
ASSETS				
Cash and cash equivalents	\$ 71,069	\$ 43,118	\$ 104	\$ 10,137
Total assets	<u>\$ 71,069</u>	<u>\$ 43,118</u>	<u>\$ 104</u>	<u>\$ 10,137</u>
LIABILITIES				
Amounts held for others	\$ -	\$ 43,118	\$ 104	\$ 10,137
Amounts held for social services clients	71,069	-	-	-
Total liabilities	<u>\$ 71,069</u>	<u>\$ 43,118</u>	<u>\$ 104</u>	<u>\$ 10,137</u>

Agency Funds

<u>Fallen Heroes</u>	<u>Animal Shelter</u>	<u>Project Life Saver</u>	<u>Sheriff's Investigative Funds</u>	<u>Total</u>
\$ 173	\$ 14,819	\$ 1,748	\$ 239	\$ 141,407
\$ 173	\$ 14,819	\$ 1,748	\$ 239	\$ 141,407
\$ 173	\$ 14,819	\$ 1,748	\$ 239	\$ 70,338
-	-	-	-	\$ 71,069
\$ 173	\$ 14,819	\$ 1,748	\$ 239	\$ 141,407

County of Northumberland, Virginia
Combined Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 89,494	\$ 64,428	\$ 82,853	\$ 71,069
Liabilities:				
Amounts held for social services clients	\$ 89,494	\$ 64,428	\$ 82,853	\$ 71,069
Road Improvement Bond:				
Assets:				
Cash and cash equivalents	\$ 49,102	\$ 11,416	\$ 17,400	\$ 43,118
Liabilities:				
Amounts held for others	\$ 49,102	\$ 11,416	\$ 17,400	\$ 43,118
350th Anniversary:				
Assets:				
Cash and cash equivalents	\$ 104	\$ -	\$ -	\$ 104
Liabilities:				
Amounts held for others	\$ 104	\$ -	\$ -	\$ 104
Tornado Relief:				
Assets:				
Cash and cash equivalents	\$ 10,137	\$ -	\$ -	\$ 10,137
Liabilities:				
Amounts held for others	\$ 10,137	\$ -	\$ -	\$ 10,137
Fallen Heroes:				
Assets:				
Cash and cash equivalents	\$ 173	\$ -	\$ -	\$ 173
Liabilities:				
Amounts held for others	\$ 173	\$ -	\$ -	\$ 173

County of Northumberland, Virginia
Combined Statement of Changes in Assets and Liabilities - Agency Funds (Continued)
For the Year Ended June 30, 2020

Animal Shelter:								
Assets:								
Cash and cash equivalents	\$	<u>16,825</u>	\$	<u>7,455</u>	\$	<u>9,461</u>	\$	<u>14,819</u>
Liabilities:								
Amounts held for others	\$	<u>16,825</u>	\$	<u>7,455</u>	\$	<u>9,461</u>	\$	<u>14,819</u>
Project Life Saver								
Assets:								
Cash and cash equivalents	\$	<u>2,717</u>	\$	<u>100</u>	\$	<u>1,069</u>	\$	<u>1,748</u>
Liabilities:								
Amounts held for others	\$	<u>2,717</u>	\$	<u>100</u>	\$	<u>1,069</u>	\$	<u>1,748</u>
Sheriff's Investigative Fund:								
Assets:								
Cash and cash equivalents	\$	<u>239</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>239</u>
Liabilities:								
Amounts held for others	\$	<u>239</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>239</u>
Totals -- All Agency Funds								
Assets:								
Cash and cash equivalents	\$	<u>168,791</u>	\$	<u>83,399</u>	\$	<u>110,783</u>	\$	<u>141,407</u>
Total assets	\$	<u>168,791</u>	\$	<u>83,399</u>	\$	<u>110,783</u>	\$	<u>141,407</u>
Liabilities:								
Amounts held for others	\$	<u>79,297</u>	\$	<u>18,971</u>	\$	<u>27,930</u>	\$	<u>70,338</u>
Amounts held for social services clients	\$	<u>89,494</u>	\$	<u>64,428</u>	\$	<u>82,853</u>	\$	<u>71,069</u>
Total liabilities	\$	<u>168,791</u>	\$	<u>83,399</u>	\$	<u>110,783</u>	\$	<u>141,407</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, 2020

	School Operating <u>Fund</u>	Health Insurance Recovery <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,000	\$ 160,267	\$ -	\$ 162,267
Cash in custody of others	-	-	291,275	291,275
Due from other funds	314,614	-	-	314,614
Due from other governmental units	1,080,162	-	93,788	1,173,950
Total assets	<u>\$ 1,396,776</u>	<u>\$ 160,267</u>	<u>\$ 385,063</u>	<u>\$ 1,942,106</u>
LIABILITIES				
Accounts payable	\$ 4,507	\$ -	\$ -	\$ 4,507
Accrued liabilities	1,390,269	-	-	1,390,269
Due to other funds	-	-	314,614	314,614
Total liabilities	<u>\$ 1,394,776</u>	<u>\$ -</u>	<u>\$ 314,614</u>	<u>\$ 1,709,390</u>
FUND BALANCES				
Committed:				
School Operating Fund	\$ 2,000	\$ -	\$ -	\$ 2,000
School Cafeteria Fund	-	-	70,449	70,449
Assigned:				
Health Insurance Recovery Fund	-	160,267	-	160,267
Total fund balances	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 70,449</u>	<u>\$ 232,716</u>
Total liabilities and fund balances	<u>\$ 1,396,776</u>	<u>\$ 160,267</u>	<u>\$ 385,063</u>	<u>\$ 1,942,106</u>

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

Total fund balances per above	\$ 232,716
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	\$ 11,911,876
Accumulated depreciation	<u>(5,247,638)</u>
	6,664,238
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 3,101,663
OPEB related items	<u>375,369</u>
	3,477,032
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	\$ (390,231)
Net pension liability	(13,798,690)
Net OPEB liabilities	<u>(2,615,002)</u>
	(16,803,923)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (1,712,120)
OPEB related items	<u>(136,005)</u>
	(1,848,125)
Net position of governmental activities	<u><u>\$ (8,278,062)</u></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, 2020

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 566	\$ -	\$ 91	\$ 657
Charges for services	-	-	22,051	22,051
Miscellaneous	38,909	-	5,125	44,034
Recovered costs	150,350	-	-	150,350
Intergovernmental:				
Local government	12,478,098	-	-	12,478,098
Commonwealth	4,805,543	-	9,982	4,815,525
Federal	548,826	-	758,712	1,307,538
Total revenues	<u>\$ 18,022,292</u>	<u>\$ -</u>	<u>\$ 795,961</u>	<u>\$ 18,818,253</u>
EXPENDITURES				
Current:				
Education	\$ 17,831,949	\$ -	\$ 737,282	\$ 18,569,231
Capital projects	190,343	-	-	190,343
Total expenditures	<u>\$ 18,022,292</u>	<u>\$ -</u>	<u>\$ 737,282</u>	<u>\$ 18,759,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,679</u>	<u>\$ 58,679</u>
Net change in fund balances	\$ -	\$ -	\$ 58,679	\$ 58,679
Fund balances - beginning	2,000	160,267	11,770	174,037
Fund balances - ending	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 70,449</u>	<u>\$ 232,716</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 \$ 58,679

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	\$ 192,414	
Depreciation expense	(353,152)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>77,649</u>	(83,089)

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	\$ (38,743)	
Change in pension related items	(206,587)	
Change in OPEB related items	<u>17,223</u>	(228,107)

Change in net position of governmental activities \$ (252,517)

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, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 6,000	\$ 6,000	\$ 566	\$ (5,434)
Miscellaneous	20,050	100,346	38,909	(61,437)
Recovered costs	170,000	170,000	150,350	(19,650)
Intergovernmental:				
Local government	12,299,734	12,694,866	12,478,098	(216,768)
Commonwealth	4,828,167	4,828,167	4,805,543	(22,624)
Federal	952,873	970,609	548,826	(421,783)
Total revenues	<u>\$ 18,276,824</u>	<u>\$ 18,769,988</u>	<u>\$ 18,022,292</u>	<u>\$ (747,696)</u>
EXPENDITURES				
Current:				
Education	\$ 18,234,734	\$ 18,727,898	\$ 17,831,949	\$ 895,949
Capital projects	42,090	42,090	190,343	(148,253)
Total expenditures	<u>\$ 18,276,824</u>	<u>\$ 18,769,988</u>	<u>\$ 18,022,292</u>	<u>\$ 747,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 40	\$ 40	\$ 91	\$ 51
Charges for services	121,241	121,241	22,051	(99,190)
Miscellaneous	16,975	16,975	5,125	(11,850)
Intergovernmental:				
Commonwealth	5,664	5,664	9,982	4,318
Federal	445,254	594,962	758,712	163,750
Total revenues	<u>\$ 589,174</u>	<u>\$ 738,882</u>	<u>\$ 795,961</u>	<u>\$ 57,079</u>
EXPENDITURES				
Current:				
Education	\$ 589,174	\$ 738,882	\$ 737,282	\$ 1,600
Total expenditures	<u>\$ 589,174</u>	<u>\$ 738,882</u>	<u>\$ 737,282</u>	<u>\$ 1,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,679</u>	<u>\$ 58,679</u>
Net change in fund balances	\$ -	\$ -	\$ 58,679	\$ 58,679
Fund balances - beginning	-	-	11,770	11,770
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,449</u>	<u>\$ 70,449</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, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,833,178	\$ 16,915,584	\$ 16,937,619	\$ 22,035
Real and personal public service corporation taxes	305,670	305,670	315,743	10,073
Personal property taxes	2,325,000	2,325,000	2,601,895	276,895
Custom house boat taxes	536,400	536,400	538,766	2,366
Mobile home taxes	30,520	30,520	31,361	841
Machinery and tools taxes	216,000	216,000	232,806	16,806
Merchant's capital taxes	49,000	49,000	44,158	(4,842)
Penalties	105,000	105,000	132,167	27,167
Interest	60,000	60,000	84,252	24,252
Total general property taxes	<u>\$ 20,460,768</u>	<u>\$ 20,543,174</u>	<u>\$ 20,918,767</u>	<u>\$ 375,593</u>
Other local taxes:				
Local sales and use taxes	\$ 700,000	\$ 700,000	\$ 891,303	\$ 191,303
Consumers' utility taxes	340,000	340,000	360,859	20,859
Consumption tax	46,000	46,000	54,953	8,953
Motor vehicle licenses	360,000	360,000	371,425	11,425
Bank stock taxes	175,000	175,000	297,131	122,131
Taxes on recordation and wills	150,000	150,000	216,908	66,908
Total other local taxes	<u>\$ 1,771,000</u>	<u>\$ 1,771,000</u>	<u>\$ 2,192,579</u>	<u>\$ 421,579</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 16,072	\$ 1,072
Land use application fees	2,000	2,000	440	(1,560)
Transfer fees	1,000	1,000	917	(83)
Permits and other licenses	79,800	79,800	88,704	8,904
Total permits, privilege fees, and regulatory licenses	<u>\$ 97,800</u>	<u>\$ 97,800</u>	<u>\$ 106,133</u>	<u>\$ 8,333</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 20,000	\$ 20,000	\$ 19,406	\$ (594)
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 134,306	\$ 84,306
Revenue from use of property	70,000	70,000	118,241	48,241
Total revenue from use of money and property	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 252,547</u>	<u>\$ 132,547</u>
Charges for services:				
Sheriff's fees	\$ 539	\$ 539	\$ 539	\$ -
Court costs	1,500	1,500	4,810	3,310
Courthouses maintenance fees	2,000	2,000	1,484	(516)
Charges for Commonwealth's Attorney	900	900	1,156	256
Charges for correction and detention	11,000	11,000	853	(10,147)
Charges for other protection	1,150	1,150	-	(1,150)
Charges for EMS	200,000	200,000	352,908	152,908
Total charges for services	<u>\$ 217,089</u>	<u>\$ 217,089</u>	<u>\$ 361,750</u>	<u>\$ 144,661</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 140,850	\$ 140,850	\$ 198,756	\$ 57,906
Recovered costs:				
Judge reimbursement	\$ 54,476	\$ 54,476	\$ 54,476	\$ -
Health department	-	-	3,763	3,763
Game reimbursements	-	-	3,579	3,579
DMV License Agent fee	24,000	24,000	32,439	8,439
Animal shelter	-	-	10,001	10,001
School resource officer	-	-	25,000	25,000
Multi-Jurisdictional Task Force	4,800	4,800	4,800	-
Total recovered costs	\$ 83,276	\$ 83,276	\$ 134,058	\$ 50,782
Total revenue from local sources	\$ 22,910,783	\$ 22,993,189	\$ 24,183,996	\$ 1,190,807
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 370,000	\$ 370,000	\$ 316,964	\$ (53,036)
Motor vehicle carriers' tax	-	-	508	508
Mobile home titling tax	10,000	10,000	29,198	19,198
Recordation and grantors tax	57,000	57,000	68,260	11,260
Personal property tax relief funds	930,000	930,000	923,532	(6,468)
Additional tax on deeds	-	-	42,188	42,188
Total noncategorical aid	\$ 1,367,000	\$ 1,367,000	\$ 1,380,650	\$ 13,650
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 224,808	\$ 224,808	\$ 224,744	\$ (64)
Sheriff	786,999	786,999	785,379	(1,620)
Commissioner of revenue	95,345	95,345	95,276	(69)
Treasurer	120,201	120,201	120,140	(61)
Medical examiner	-	-	(80)	(80)
Registrar/electoral board	36,000	36,000	49,046	13,046
Clerk of the Circuit Court	260,058	260,058	265,094	5,036
Total shared expenses	\$ 1,523,411	\$ 1,523,411	\$ 1,539,599	\$ 16,188
Other categorical aid:				
Public assistance and welfare administration	\$ 450,305	\$ 450,305	\$ 343,412	\$ (106,893)
Animal friendly plates	-	-	202	202
Victim witness program	28,000	28,000	18,152	(9,848)
Disaster assistance	-	-	44,233	44,233
Conservation and recreation	-	-	1,436	1,436
EMS - Four for life	12,000	12,000	10,371	(1,629)
Records preservation grant	-	-	16,820	16,820
Children's services act	-	-	140,948	140,948
Fire programs fund	40,000	40,000	44,908	4,908
E911 wireless grant	-	-	42,997	42,997
School resource officer	25,000	25,000	8,955	(16,045)
Emergency services grant	-	-	3,500	3,500

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DMV grant	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Total other categorical aid	<u>\$ 561,305</u>	<u>\$ 561,305</u>	<u>\$ 675,934</u>	<u>\$ 114,629</u>
Total categorical aid	<u>\$ 2,084,716</u>	<u>\$ 2,084,716</u>	<u>\$ 2,215,533</u>	<u>\$ 130,817</u>
Total revenue from the Commonwealth	<u>\$ 3,451,716</u>	<u>\$ 3,451,716</u>	<u>\$ 3,596,183</u>	<u>\$ 144,467</u>
Revenue from the federal government:				
Noncategorical aid:				
COVID-19 CARES Act	\$ -	\$ -	\$ 38,855	\$ 38,855
Categorical aid:				
Public assistance and welfare administration	\$ 773,938	\$ 773,938	\$ 737,444	\$ (36,494)
Community development block grant	691,000	691,000	224,086	(466,914)
Disaster assistance	-	-	12,781	12,781
Ground transportation	-	-	9,222	9,222
Victim witness program	-	-	54,460	54,460
Local law enforcement block grant	-	-	1,980	1,980
Total categorical aid	<u>\$ 1,464,938</u>	<u>\$ 1,464,938</u>	<u>\$ 1,039,973</u>	<u>\$ (424,965)</u>
Total revenue from the federal government	<u>\$ 1,464,938</u>	<u>\$ 1,464,938</u>	<u>\$ 1,078,828</u>	<u>\$ (386,110)</u>
Total General Fund	<u>\$ 27,827,437</u>	<u>\$ 27,909,843</u>	<u>\$ 28,859,007</u>	<u>\$ 949,164</u>
Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 1,396	\$ 1,396
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,396</u>	<u>\$ 1,396</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 427	\$ 427
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ 427</u>
Total Forfeited Assets Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,823</u>	<u>\$ 1,823</u>
Law Library Fund:				
Revenue from local sources:				
Charges for services:				
Law library fees	\$ -	\$ -	\$ 2	\$ 2
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>
Total Law Library Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Economic Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15	\$ 15
Total Economic Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</u>
Courthouse Security Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse security fees	\$ -	\$ -	\$ 8,265	\$ 8,265
Total Courthouse Security Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,265</u>	<u>\$ 8,265</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 25,000	\$ 25,000
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Total Primary Government	<u>\$ 27,827,437</u>	<u>\$ 27,909,843</u>	<u>\$ 28,894,112</u>	<u>\$ 984,269</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 6,000	\$ 6,000	\$ 566	\$ (5,434)
Total revenue from use of money and property	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 566</u>	<u>\$ (5,434)</u>
Miscellaneous:				
Miscellaneous	\$ 20,050	\$ 100,346	\$ 38,909	\$ (61,437)
Recovered costs:				
Medicaid reimbursements	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
E-rate reimbursements	120,000	120,000	137,001	17,001
Northern Neck Regional Special Education	-	-	-	-
Other recovered costs	30,000	30,000	13,349	(16,651)
Total recovered costs	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 150,350</u>	<u>\$ (19,650)</u>
Total revenue from local sources	<u>\$ 196,050</u>	<u>\$ 276,346</u>	<u>\$ 189,825</u>	<u>\$ (86,521)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northumberland, Virginia	\$ 12,299,734	\$ 12,694,866	\$ 12,478,098	\$ (216,768)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,516,965	\$ 1,516,965	\$ 1,548,606	\$ 31,641
Basic school aid	1,751,441	1,751,441	1,756,853	5,412
At risk 4 year olds	75,912	75,912	-	(75,912)
At risk payments	108,583	108,583	109,375	792
Early reading intervention	10,343	10,343	14,104	3,761
English as a second language	8,138	8,138	7,759	(379)
Preschool initiative	-	-	75,912	75,912
Foster care	-	-	54	54
GED funding	8,355	8,355	8,387	32
Gifted and talented	17,089	17,089	17,196	107
Homebound	4,291	4,291	7,185	2,894
Mentor teacher program	1,032	1,032	632	(400)
Positive behavior intervention	-	-	26,680	26,680
Primary class size	100,724	100,724	103,066	2,342
Project Graduation	3,336	3,336	3,336	-
Remedial education	74,508	74,508	74,974	466
Remedial summer education	21,502	21,502	15,152	(6,350)
School fringes	342,121	342,121	344,261	2,140
Special education	223,866	223,866	225,266	1,400
Supplemental lottery funds	126,167	126,167	125,877	(290)
Standards of Learning algebra readiness	9,554	9,554	8,741	(813)
Textbook payment	34,414	34,414	34,629	215
Technology VPSA	128,000	128,000	128,000	-
Vocational education	64,028	64,028	61,217	(2,811)
Compensation supplement	107,782	107,782	108,281	499
Regional programs	90,016	90,016	-	(90,016)
Total categorical aid	<u>\$ 4,828,167</u>	<u>\$ 4,828,167</u>	<u>\$ 4,805,543</u>	<u>\$ (22,624)</u>
Total revenue from the Commonwealth	<u>\$ 4,828,167</u>	<u>\$ 4,828,167</u>	<u>\$ 4,805,543</u>	<u>\$ (22,624)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 477,228	\$ 477,228	\$ 341,350	\$ (135,878)
Vocational education	30,676	30,676	9,434	(21,242)
Title IV	-	-	9,100	9,100
Title VIB	285,245	285,245	4,992	(280,253)
Title II Part A	65,319	65,319	-	(65,319)
JROTC grant	63,500	63,500	51,047	(12,453)
ESSERF	-	17,736	129,987	112,251
Title VI - rural education	30,905	30,905	2,916	(27,989)
Total categorical aid	<u>\$ 952,873</u>	<u>\$ 970,609</u>	<u>\$ 548,826</u>	<u>\$ (421,783)</u>
Total revenue from the federal government	<u>\$ 952,873</u>	<u>\$ 970,609</u>	<u>\$ 548,826</u>	<u>\$ (421,783)</u>
Total School Operating Fund	<u>\$ 18,276,824</u>	<u>\$ 18,769,988</u>	<u>\$ 18,022,292</u>	<u>\$ (747,696)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 40	\$ 40	\$ 91	\$ 51
Total revenue from use of money and property	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 91</u>	<u>\$ 51</u>
Charges for services:				
Cafeteria sales	\$ 121,241	\$ 121,241	\$ 22,051	\$ (99,190)
Miscellaneous:				
Miscellaneous	\$ 16,975	\$ 16,975	\$ 5,125	\$ (11,850)
Total revenue from local sources	<u>\$ 138,256</u>	<u>\$ 138,256</u>	<u>\$ 27,267</u>	<u>\$ (110,989)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 5,664	\$ 5,664	\$ 9,982	\$ 4,318
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 49,708	\$ 49,708	\$ -
School nutrition program	445,254	545,254	709,004	163,750
Total categorical aid	<u>\$ 445,254</u>	<u>\$ 594,962</u>	<u>\$ 758,712</u>	<u>\$ 163,750</u>
Total revenue from the federal government	<u>\$ 445,254</u>	<u>\$ 594,962</u>	<u>\$ 758,712</u>	<u>\$ 163,750</u>
Total School Cafeteria Fund	<u>\$ 589,174</u>	<u>\$ 738,882</u>	<u>\$ 795,961</u>	<u>\$ 57,079</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 18,865,998</u>	<u>\$ 19,508,870</u>	<u>\$ 18,818,253</u>	<u>\$ (690,617)</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 303,756	\$ 303,756	\$ 281,701	\$ 22,055
General and financial administration:				
County administrator	\$ 301,548	\$ 301,548	\$ 305,653	\$ (4,105)
Information Technology	236,398	236,398	235,382	1,016
Legal services	21,000	21,000	21,000	-
Commissioner of revenue	336,587	336,587	334,489	2,098
Legislative audit	56,811	56,811	50,265	6,546
Treasurer	387,407	387,407	399,944	(12,537)
Reassessment	145,460	145,460	105,203	40,257
Total general and financial administration	\$ 1,485,211	\$ 1,485,211	\$ 1,451,936	\$ 33,275
Board of elections:				
Electoral board and officials	\$ 57,442	\$ 62,442	\$ 52,667	\$ 9,775
Registrar	105,234	105,595	101,297	4,298
Total board of elections	\$ 162,676	\$ 168,037	\$ 153,964	\$ 14,073
Total general government administration	\$ 1,951,643	\$ 1,957,004	\$ 1,887,601	\$ 69,403
Judicial administration:				
Courts:				
Circuit court	\$ 83,813	\$ 83,813	\$ 93,136	\$ (9,323)
General district court	5,272	5,272	4,173	1,099
Victim witness protection program	52,918	52,918	50,406	2,512
Juvenile and domestic relations district court	63,633	63,633	43,414	20,219
Clerk of the circuit court	358,323	376,299	373,284	3,015
Total courts	\$ 563,959	\$ 581,935	\$ 564,413	\$ 17,522
Commonwealth's attorney:				
Commonwealth's attorney	\$ 348,345	\$ 348,345	\$ 345,126	\$ 3,219
Total judicial administration	\$ 912,304	\$ 930,280	\$ 909,539	\$ 20,741
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,447,232	\$ 2,481,578	\$ 2,445,180	\$ 36,398
Fire and rescue services:				
Fire department	\$ 509,987	\$ 509,987	\$ 516,245	\$ (6,258)
Ambulance and rescue services	1,414,222	1,560,157	1,508,183	51,974
Total fire and rescue services	\$ 1,924,209	\$ 2,070,144	\$ 2,024,428	\$ 45,716
Inspections:				
Building	\$ 232,928	\$ 282,468	\$ 230,257	\$ 52,211

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

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 233,238	\$ 242,699	\$ 262,811	\$ (20,112)
Emergency services	166,378	1,389,807	180,976	1,208,831
Medical examiner	350	350	20	330
Total other protection	<u>\$ 399,966</u>	<u>\$ 1,632,856</u>	<u>\$ 443,807</u>	<u>\$ 1,189,049</u>
Total public safety	<u>\$ 5,004,335</u>	<u>\$ 6,467,046</u>	<u>\$ 5,143,672</u>	<u>\$ 1,323,374</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,360	\$ 18,360	\$ 18,808	\$ (448)
Sanitation and waste removal:				
Refuse disposal	\$ 10,000	\$ 10,000	\$ 7,792	\$ 2,208
Refuse collection	1,391,691	1,407,969	1,259,442	148,527
Total sanitation and waste removal	<u>\$ 1,401,691</u>	<u>\$ 1,417,969</u>	<u>\$ 1,267,234</u>	<u>\$ 150,735</u>
Maintenance of general buildings and grounds:				
General properties	\$ 262,487	\$ 262,487	\$ 300,018	\$ (37,531)
Total public works	<u>\$ 1,682,538</u>	<u>\$ 1,698,816</u>	<u>\$ 1,586,060</u>	<u>\$ 112,756</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 177,160	\$ 177,160	\$ 177,160	\$ -
Mental health and mental retardation:				
Community services board	\$ 50,690	\$ 50,690	\$ 50,690	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,948,326	\$ 1,948,326	\$ 1,498,811	\$ 449,515
Children's services act	221,130	221,130	225,668	(4,538)
Tax relief for the elderly	-	82,406	93,003	(10,597)
Other Social Services	186,114	194,614	194,613	1
Total welfare	<u>\$ 2,355,570</u>	<u>\$ 2,446,476</u>	<u>\$ 2,012,095</u>	<u>\$ 434,381</u>
Total health and welfare	<u>\$ 2,583,420</u>	<u>\$ 2,674,326</u>	<u>\$ 2,239,945</u>	<u>\$ 434,381</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 9,104	\$ 9,104	\$ 9,104	\$ -
Adult education	4,467	4,467	-	4,467
Contribution to County School Board	12,299,734	12,694,866	12,478,098	216,768
Total education	<u>\$ 12,313,305</u>	<u>\$ 12,708,437</u>	<u>\$ 12,487,202</u>	<u>\$ 221,235</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, 2020

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to county library	\$ 157,600	\$ 157,600	\$ 157,600	\$ -
Total parks, recreation, and cultural	\$ 207,600	\$ 207,600	\$ 207,600	\$ -
Community development:				
Planning and community development:				
Planning and zoning	\$ 239,836	\$ 239,836	\$ 220,248	\$ 19,588
Economic development	58,500	58,500	41,720	16,780
Planning district commission	9,500	9,500	13,250	(3,750)
Total planning and community development	\$ 307,836	\$ 307,836	\$ 275,218	\$ 32,618
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 11,250	\$ 3,750
Wetlands	18,389	18,389	14,401	3,988
Forestry	5,700	5,700	5,700	-
Total environmental management	\$ 39,089	\$ 39,089	\$ 31,351	\$ 7,738
Cooperative extension program:				
Extension office	\$ 59,813	\$ 59,813	\$ 38,743	\$ 21,070
Total community development	\$ 406,738	\$ 406,738	\$ 345,312	\$ 61,426
Capital projects:				
County owned facilities	\$ 1,236,838	\$ 1,841,938	\$ 449,969	\$ 1,391,969
Debt service:				
Principal retirement	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ -
Interest and other fiscal charges	976,915	976,915	977,615	(700)
Total debt service	\$ 2,026,915	\$ 2,026,915	\$ 2,027,615	\$ (700)
Total General Fund	\$ 28,325,636	\$ 30,919,100	\$ 27,284,515	\$ 3,634,585
Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Sheriff:				
Forfeited assets	\$ -	\$ 26,109	\$ 26,109	\$ -
Commonwealth Attorney:				
Forfeited assets	\$ -	\$ 1,904	\$ 1,903	\$ 1
Total Forfeited Assets Fund	\$ -	\$ 28,013	\$ 28,012	\$ 1
Total Primary Government	\$ 28,325,636	\$ 30,947,113	\$ 27,312,527	\$ 3,634,586

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 896,816	\$ 896,816	\$ 898,506	\$ (1,690)
Instruction costs	13,446,306	13,526,602	13,075,533	451,069
Pupil transportation	1,153,958	1,153,958	1,118,297	35,661
Operation and maintenance of school plant	1,891,078	2,303,946	1,896,215	407,731
Technology	846,576	846,576	843,398	3,178
Total education	<u>\$ 18,234,734</u>	<u>\$ 18,727,898</u>	<u>\$ 17,831,949</u>	<u>\$ 895,949</u>
Capital projects:				
Capital Outlay	\$ 42,090	\$ 42,090	\$ 190,343	\$ (148,253)
Total School Operating Fund	<u>\$ 18,276,824</u>	<u>\$ 18,769,988</u>	<u>\$ 18,022,292</u>	<u>\$ 747,696</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
School food	\$ 589,174	\$ 738,882	\$ 737,282	\$ 1,600
Total School Cafeteria Fund	<u>\$ 589,174</u>	<u>\$ 738,882</u>	<u>\$ 737,282</u>	<u>\$ 1,600</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 18,865,998</u>	<u>\$ 19,508,870</u>	<u>\$ 18,759,574</u>	<u>\$ 749,296</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 Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2010-11	\$ 1,449,612	\$ 1,885,783	\$ 3,112,797	\$ 1,239,359	\$ 2,113,100	\$ 10,152,027	\$ 160,000	\$ 356,559	\$ 1,747,492	\$ 804,516	\$ 23,021,245
2011-12	1,575,956	809,001	3,192,554	1,197,769	2,108,697	9,613,564	160,000	866,569	1,681,962	805,077	22,011,149
2012-13	1,887,494	748,238	3,340,665	1,209,904	1,991,739	11,598,124	161,418	754,292	1,608,524	836,447	24,136,845
2013-14	1,745,031	729,034	3,489,876	1,341,207	2,034,759	13,264,282	160,216	632,469	1,565,816	780,519	25,743,209
2014-15	1,752,971	668,958	3,638,800	1,261,806	2,254,600	10,703,493	234,380	392,796	1,509,002	912,461	23,329,267
2015-16	1,565,248	787,486	4,167,123	1,373,510	2,381,542	14,239,193	193,173	359,072	1,542,994	1,065,484	27,674,825
2016-17	1,553,729	963,843	4,306,715	1,480,539	2,373,831	11,771,380	191,995	368,178	1,101,641	1,096,077	25,207,928
2017-18	1,573,195	914,671	4,275,981	1,478,033	2,393,486	12,723,019	232,225	334,174	944,956	1,001,468	25,871,208
2018-19	2,044,349	893,461	4,590,304	1,636,075	2,429,433	12,744,896	322,613	360,106	894,562	1,115,713	27,031,512
2019-20	1,896,227	1,003,459	5,716,966	1,586,507	2,291,488	13,537,202	208,401	596,669	841,642	1,201,052	28,879,613

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2010-11	\$ 534,321	\$ 2,948,734	\$ -	\$ 15,295,156	\$ 1,693,183	\$ 232,707	\$ 245,832	\$ 1,430,443	\$ 22,380,376		
2011-12	561,706	2,605,285	560,885	15,443,129	1,731,687	182,448	170,499	1,379,120	22,634,759		
2012-13	612,221	2,507,321	298,775	16,199,114	1,749,597	170,617	233,532	1,440,348	23,211,525		
2013-14	590,151	2,707,605	138,084	16,291,941	1,787,209	157,150	139,608	1,430,889	23,242,637		
2014-15	582,684	2,926,608	137,940	17,085,338	1,853,559	148,763	59,502	1,430,436	24,224,830		
2015-16	520,600	3,107,559	-	17,109,646	1,812,625	135,194	176,920	1,431,224	24,293,768		
2016-17	719,838	3,140,722	-	18,905,618	1,860,367	144,597	186,909	1,454,303	26,412,354		
2017-18	1,044,413	3,270,979	-	19,516,880	1,905,317	165,219	157,041	1,457,415	27,517,264		
2018-19	1,110,329	3,017,728	-	20,039,580	1,949,417	287,546	160,385	1,377,543	27,942,528		
2019-20	1,193,566	3,255,933	-	21,096,700	2,192,579	252,562	270,257	1,419,505	29,681,102		

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
2010-11	\$ 1,449,459	\$ 750,685	\$ 3,183,692	\$ 1,258,125	\$ 2,110,973	\$ 14,929,147	\$ 160,000	\$ 365,561	\$ 2,945,797	\$ 27,153,439
2011-12	1,303,952	799,970	3,214,223	1,212,832	2,094,948	15,549,789	160,000	399,377	2,918,399	27,653,490
2012-13	1,611,371	746,282	3,761,020	1,209,452	2,026,063	15,803,625	160,000	434,021	2,716,454	28,468,288
2013-14	1,525,218	726,972	3,592,050	1,343,060	2,041,404	15,929,537	160,000	398,097	2,701,296	28,417,634
2014-15	1,465,848	703,337	4,384,453	1,278,360	2,245,848	16,346,444	233,132	370,274	2,384,030	29,411,726
2015-16	1,700,773	742,368	4,565,904	1,379,597	2,396,073	16,923,056	193,263	355,043	2,332,679	30,588,756
2016-17	1,540,938	841,441	4,172,472	1,487,091	2,459,477	16,649,355	193,263	367,975	1,727,528	29,439,540
2017-18	1,590,404	860,773	4,683,605	1,491,756	2,458,919	17,941,925	193,263	337,495	2,028,615	31,586,755
2018-19	2,081,399	889,196	5,170,072	1,631,454	2,463,341	18,414,288	322,263	337,889	2,029,378	33,339,280
2019-20	1,887,601	909,539	5,171,684	1,586,060	2,239,945	18,578,335	207,600	345,312	2,027,615	32,953,691

(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
2010-11	\$ 15,151,420	\$ 1,693,183	\$ 138,534	\$ 23,951	\$ 232,690	\$ 251,972	\$ 353,815	\$ 115,436	\$ 9,935,375	\$ 27,896,376
2011-12	15,503,870	1,731,687	134,362	30,603	182,269	215,937	276,157	102,261	9,293,353	27,470,499
2012-13	16,134,615	1,749,597	127,195	27,611	169,793	197,537	359,880	102,265	8,904,032	27,772,525
2013-14	16,246,598	1,787,209	107,766	28,476	156,447	149,392	353,604	111,246	9,100,199	28,040,937
2014-15	17,102,085	1,853,559	112,582	27,675	154,421	162,050	291,499	124,422	10,167,053	29,995,346
2015-16	17,175,133	1,812,625	102,714	20,871	142,032	187,144	312,655	393,090	9,939,582	30,085,846
2016-17	18,802,915	1,860,367	105,581	33,817	147,492	298,605	138,069	239,059	10,132,755	31,758,660
2017-18	19,536,736	1,905,317	128,861	35,607	167,873	482,714	131,516	814,557	10,413,030	33,616,211
2018-19	19,880,326	1,949,417	111,896	26,933	293,025	448,286	188,310	486,798	10,716,583	34,101,574
2019-20	20,918,767	2,192,579	106,133	19,406	253,219	392,068	269,186	284,408	10,798,501	35,234,267

(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
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
2010-11	\$ 16,041,437	\$ 15,693,936	97.83%	\$ 256,693	\$ 15,950,629	99.43%	\$ 560,820	3.50%
2011-12	16,275,738	15,971,392	98.13%	294,244	16,265,636	99.94%	561,257	3.45%
2012-13	16,995,677	16,679,439	98.14%	203,352	16,882,791	99.34%	647,572	3.81%
2013-14	17,106,506	16,736,919	97.84%	261,762	16,998,681	99.37%	710,759	4.15%
2014-15	17,840,566	17,569,040	98.48%	273,210	17,842,250	100.01%	685,239	3.84%
2015-16	17,941,860	17,621,608	98.22%	281,548	17,903,156	99.78%	647,344	3.61%
2016-17	19,591,804	19,169,559	97.84%	401,482	19,571,041	99.89%	610,191	3.11%
2017-18	20,239,412	19,933,512	98.49%	363,644	20,297,156	100.29%	725,861	3.59%
2018-19	20,520,510	20,193,277	98.41%	390,812	20,584,089	100.31%	786,872	3.83%
2019-20	21,565,193	20,307,726	94.17%	394,622	20,702,348	96.00%	929,549	4.31%

(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
2010-11	\$ 3,047,497,890	\$ 106,808,354	\$ 2,688,648	\$ 5,243,876	\$ 36,317,490	\$ 3,198,556,258
2011-12	3,080,451,758	106,163,570	5,161,162	4,939,229	45,441,422	3,242,157,141
2012-13	3,091,570,771	105,462,100	4,893,424	4,567,724	41,926,278	3,248,420,297
2013-14	3,120,026,152	105,379,492	5,828,476	4,685,002	45,044,045	3,280,963,167
2014-15	2,805,775,428	106,938,812	5,468,822	4,821,578	45,154,586	2,968,159,226
2015-16	2,810,608,837	107,339,101	5,349,593	5,015,304	47,412,637	2,975,725,472
2016-17	2,831,421,491	109,539,932	5,763,066	4,889,664	50,513,573	3,002,127,726
2017-18	2,845,060,107	111,077,054	5,269,889	4,971,022	53,156,984	3,019,535,056
2018-19	2,855,073,442	116,259,000	6,792,540	4,887,523	54,583,803	3,037,596,308
2019-20	2,869,693,572	119,587,017	6,480,685	4,566,290	53,515,841	3,053,843,405

(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
2010-11	\$ 0.40	\$ 0.40	\$ 3.60	\$ 1.00	\$ 3.60
2011-12	0.40	0.40	3.60	1.00	3.60
2012-13	0.40	0.40	3.60	1.00	3.60
2013-14	0.42	0.42	3.60	1.00	3.60
2014-15	0.49	0.49	3.60	1.00	3.60
2015-16	0.49	0.49	3.60	1.00	3.60
2016-17	0.54	0.54	3.60	1.00	3.60
2017-18	0.56	0.56	3.60	1.00	3.60
2018-19	0.56	0.56	3.60	1.00	3.60
2019-20	0.59	0.59	3.60	1.00	3.60

(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
2010-11	12,330	\$ 3,198,556,258	\$ 1,006,775	0.03%	\$ 82
2011-12	12,330	3,242,157,141	615,000	0.02%	50
2012-13	12,330	3,248,420,297	310,000	0.01%	25
2013-14	12,330	3,280,963,167	-	0.00%	-
2014-15	12,330	2,968,159,226	-	0.00%	-
2015-16	12,330	2,975,725,472	29,580,000	0.99%	2,399
2016-17	12,330	3,002,127,726	29,580,000	0.99%	2,399
2017-18	12,330	3,019,535,056	28,630,000	0.95%	2,322
2018-19	12,330	3,037,596,308	27,630,000	0.91%	2,241
2019-20	12,330	3,053,843,405	26,580,000	0.87%	2,156

(1) Center for Public Service at the University of Virginia.

(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, capital 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*

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, 2020, and the related notes to the financial statements, which collectively comprise the County of Northumberland, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of 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.

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

Richmond, Virginia
November 30, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited County of Northumberland, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Northumberland, Virginia's major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Richmond, Virginia
November 30, 2020

County of Northumberland, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Provider Relief Fund	93.498	n/a	\$ 18,187
Pass Through Payments:			
<i>Department of Social Services:</i>			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120	11,009
Temporary Assistance for Needy Families	93.558	0400119/0400120	95,896
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500119/0500120	172
Low-income Home Energy Assistance	93.568	0600419/00600420	18,904
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760119/0760120	19,081
Adoption and Legal Guardianship Incentive Payments	93.603	1150119/11501120	3,306
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900119/090120	182
Foster Care - Title IV-E	93.658	1100119/1100120	60,604
Adoption Assistance	93.659	1150119/11501120	73,096
Social Services Block Grant	93.667	1000119/1000120	73,240
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	889
Children's Health Insurance Program	93.767	0540119/0540120	3,197
Medical Assistance Program (Medicaid Cluster)	93.778	1200119/1200120	193,663
Total Department of Health and Human Services			<u>\$ 571,426</u>
Department of Homeland Security:			
Pass Through Payments:			
<i>Department of Emergency Management:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	7760200-155	\$ 12,780
Department of Housing and Urban Development:			
Pass Through Payments:			
<i>Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	53305-50799	\$ 224,086
Department of Treasury:			
Pass Through Payments:			
<i>Virginia Department of Accounts:</i>			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 20,668
Department of Justice:			
Pass Through Payments:			
<i>Department of Criminal Justice:</i>			
Crime Victims Assistance	16.575	390001-CJS86015	\$ 54,460
Edward Byrne Memorial Justice Assistance Grant Program	16.738	390001-CJS81015/022	1,980
Total Department of Justice			<u>\$ 56,440</u>
Department of Defense:			
Direct payments:			
Jr ROTC	12.u01	N/A	\$ 51,048
Department of Transportation:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-50159/59255	\$ 9,223
Department of Agriculture:			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
Food Distribution - Summer Food Service Program for Children	10.559	unavailable	\$ 1,060
<i>Department of Education:</i>			
COVID-19 Summer Food Service Program for Children	10.559	unavailable	310,810
Summer Food Service Program for Children	10.559	unavailable	15,214
			<u>\$ 327,084</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
<i>Department of Agriculture:</i>			
Food Distribution - National School Lunch Program	10.555	17901-45707	\$ 48,648
<i>Department of Education:</i>			
COVID-19 National School Lunch Program	10.555	17901-40623	23,565
National School Lunch Program	10.555	17901-40623	<u>256,547</u>
COVID-19 School Breakfast Program	10.553	17901-40591	8,753
School Breakfast Program	10.553	17901-40591	<u>94,115</u>
Total Child Nutrition Cluster			\$ 758,712
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010119/0010120	<u>184,205</u>
Total Department of Agriculture			<u>\$ 942,917</u>
Department of Education:			
Pass Through Payments:			
<i>Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 341,350
Special Education - Grants to States (Special Education Cluster (IDEA))	84.027	17901-43071	4,992
Career and Technical Education - Basic Grants to States	84.048	17901-61095	9,433
Rural Education	84.358	17901-43481	2,916
Education Stabilization Fund	84.425	17901-43481	129,987
Student Support and Academic Enrichment Program	84.424	S424A170048	<u>9,100</u>
Total Department of Education			<u>\$ 497,778</u>
Total Expenditures of Federal Awards			<u>\$ 2,386,366</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Northumberland, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Northumberland, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200. 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	\$ <u>1,078,828</u>
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Component Unit School Board:

School Operating Fund	\$ 548,826
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School Cafeteria Fund	758,712
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Total Component Unit School Board	\$ <u>1,307,538</u>
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Total expenditures of federal awards per basic financial statements	\$ <u>2,386,366</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ <u><u>2,386,366</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Northumberland, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

There were no prior audit findings.

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