

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Financial Statements and Supplemental Schedules  
Together with Reports of Independent Public Accountants**

**For the Year Ended December 31, 2020**



## DECEMBER 31, 2020

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

County Commissioners of Northumberland County  
Sunbury, Pennsylvania

### **Report on the Financial Statements**

We have jointly audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Northumberland County, Pennsylvania (the County), as of and for the year ended December 31, 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***

The County's 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Conservation District, which represent 100% of the assets, net position, and revenue of that discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit presentation of the Conservation District, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 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, schedules of net pension liability, pension contributions, net OPEB liability, and budgetary comparison information, as listed in the accompanying table of contents 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 and the other auditors 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Owings Mills, Maryland  
September 30, 2021

*SB & Company, LLC*

Shamokin, Pennsylvania  
September 30, 2021

*Klacik & Associates, P.C.*

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

This management's discussion and analysis of Northumberland County's (County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended December 31, 2020. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements. We hope this, in conjunction with additional information provided within the financial statements, will assist readers in identifying significant financial issues and changes in the County's financial position.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also contains **4) supplementary information** in addition to the basic financial statements themselves.

#### **1) 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 similar to a private business. The government-wide financial statements include a *statement of net position* and a *statement of activities*.

- The *statement of net position* presents information on the County's entire assets and liabilities, with the difference between the two reported as net position. Over time, increases and 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 government'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 this 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 these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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, parks and recreation, public safety, courts, health and social services, and highway maintenance.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

### 1) *Government-wide Financial Statements* (continued)

- The *business-type activities* of the County include an internal service fund.

The government-wide financial statements include not only the County itself (known as the primary government), but also include the Northumberland County Conservation District and Industrial Development Authority as a legally separate component unit and is reported separately from financial information presented for the primary government itself.

### 2) *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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental*, *proprietary*, or *fiduciary*.

- ***Governmental Funds.*** Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Behavioral Health and Intellectual Developmental Services, Children and Youth, Debt Service, Act 35, Domestic Relations, Planning, Liquid Fuels, Weatherization, Adult Service, Emergency Management, Planning, Area Agency on Aging, Drugs and Alcohol, Juvenile Court, Affordable Housing, Records Improvement, Capital Projects, Emergency 911 Fund, Inmate Fund and Northumberland County Authority funds.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

### 2) *Fund Financial Statements* (continued)

The County adopts an annual appropriated budget for all of its governmental fund budgets.

- ***Proprietary Funds.*** When the County charges customers for a service it provides, whether to outside customers or to other units of government, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal service funds*. The County does not utilize enterprise funds. Internal service funds are used to report an activity that provides supplies and services for the government's other programs and activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- ***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

### 3) *Notes to the Financial Statements*

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

### 4) *Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and includes budgetary comparison schedules for the general, community partnership and highway funds.

In addition to this MD&A, required supplementary information can be found on page 54-56 and 66-68 of this report.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

### Financial Analysis on Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$7.1 million as of the close of the most recent fiscal year.

	Governmental Activities		Change	% Change
	2020	2019		
Current and other assets	\$ 37,707,485	\$ 28,065,467	\$ 9,642,018	34.4%
Capital assets	52,607,948	51,228,450	1,379,498	2.7%
Total assets	<u>90,315,433</u>	<u>79,293,917</u>		
Deferred outflows- pensions and opeb	<u>938,668</u>	<u>566,664</u>	372,004	65.6%
Other liabilities	7,396,724	4,500,758	2,895,966	64.3%
Long-term liabilities outstanding	<u>68,512,731</u>	<u>71,722,369</u>	(3,209,638)	-4.5%
Total liabilities	<u>75,909,455</u>	<u>76,223,127</u>		
Deferred inflows- pensions and opeb	<u>8,259,017</u>	<u>6,893,122</u>	1,365,895	19.8%
Net position:				
Net investment in capital assets	(1,053,134)	(5,330,738)	4,277,604	-80.2%
Restricted	13,587,942	14,239,024	(651,082)	-4.6%
Unrestricted	<u>(5,449,179)</u>	<u>(12,163,954)</u>	6,714,775	-55.2%
Total net position	<u>\$ 7,085,629</u>	<u>\$ (3,255,668)</u>		

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, roads, and bridges) of \$52.6 million; less related outstanding net debt used to acquire those assets in the amount of \$53.7 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (\$13.6 million) represent resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position deficit of \$5.4 million represents liabilities that will be funded with future revenue streams.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

Capital assets increased by \$1.4 million during the year ended December 31, 2020 as a result of depreciation offset by capital asset additions funding with current assets. Current and other assets increased as a result of the increase in the net pension asset.

	Governmental Activities		Change	% Change
	2020	2019		
Revenue				
Program revenue:				
Charges for current services	\$ 7,368,446	\$ 7,156,790	\$ 211,656	3.0%
Operating grants and contributions	38,113,998	32,491,806	5,622,192	17.3%
General revenue:				
Property taxes	23,964,510	23,488,138	476,372	2.0%
Other	4,379,275	1,116,334	3,262,941	292.3%
Total revenue	<u>73,826,229</u>	<u>64,253,068</u>	9,573,161	14.9%
Expenses				
General activities	6,160,979	8,868,310	(2,707,331)	-30.5%
Judicial and Public Safety	19,923,875	23,090,855	(3,166,980)	-13.7%
Public works	864,516	1,851,221	(986,705)	-53.3%
Human services	33,478,879	32,963,725	515,154	1.6%
Conservation and development	979,695	1,126,185	(146,490)	-13.0%
Debt service	<u>2,076,988</u>	<u>2,250,514</u>	(173,526)	-7.7%
Total expenses	<u>63,484,932</u>	<u>70,150,810</u>	(6,665,878)	-9.5%
Change in net position	<u>\$ 10,341,297</u>	<u>\$ (5,897,742)</u>		

The County's total net position increased by \$10.4 million during the year ended December 31, 2020. This was primarily a result of decreases in expenses due to the change in the net pension asset.

## COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

### Management's Discussion and Analysis December 31, 2020

#### **Governmental Activities (government-wide) – Change in Net Position:**

Net position in governmental activities increased by \$10.4 million. Key factors in this increase are as follows:

- ❑ Total revenue increased by \$9.6 million during the year. This is primary driven by increase in grants from COVID related funding.
- ❑ Total expenses decreased by \$6.7 million primarily as a result of the increase in the net pension asset as well as decreased spending for various governmental functions.

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and restrictions, and fiscal accountability.

#### **Governmental Funds:**

The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance may serve as a useful measure of a government'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 combined fund balances of \$20.4 million, an increase of \$1.8 million in comparison with the prior year. This increase is largely caused by decreased spending during the year.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

Shown below are the fund balance and net changes in fund balance for each fund.

Fund	Fund Balance		% Change	Change in Fund Balance		
	2020	2019		2020	2019	% Change
General	\$ 6,769,901	\$ 3,598,951	88.1%	\$ 3,170,950	\$ (923,729)	-443.3%
BHIDS	10,681	10,681	0.0%	-	-	100.0%
Children and youth	-	-	0.0%	-	-	0.0%
COVID	-	-	0.0%	-	-	0.0%
Capital projects	365,490	1,052,564	-65.3%	(687,074)	(69,090)	894.5%
Act 35	196,617	152,848	28.6%	43,769	(1,258)	-3579.3%
Domestic relations	-	-	0.0%	-	-	0.0%
Liquid fuels	3,731,600	4,063,488	-8.2%	(331,888)	883,259	-137.6%
Weatherization	-	-	0.0%	-	-	0.0%
Adult services	14,458	16,075	-10.1%	(1,617)	6,321	-125.6%
Emergency management	115,484	107,661	7.3%	7,823	27,137	-71.2%
Planning	-	-	0.0%	-	-	0.0%
Area agency on aging	99,717	2,579	3766.5%	97,138	(141,468)	-168.7%
Drugs and alcohol	295,089	252,299	17.0%	42,790	24,446	75.0%
Affordable housing	87,006	176,551	-50.7%	(89,545)	783	-11536.1%
Record improvements	243,813	228,036	6.9%	15,777	17,566	-10.2%
Debt service	8,255,487	8,824,605	-6.4%	(569,118)	953,684	-159.7%
Juvenile courts	-	-	0.0%	-	-	0.0%
911 Center	-	-	0.0%	-	-	0.0%
Northumberland county authority	(177,320)	(160,999)	10.1%	(16,321)	(9,204)	-100.0%
Inmate fund	398,405	251,552	58.4%	146,853	148,038	-0.8%

### **Original Budget vs. Final Budget:**

There were no significant differences in budgets made during the 2020 year.

### **Final Budget vs. Actual Results:**

Final actual results yielded an approximate \$3.2 million increase in the general fund. Revenue was over by \$1.9 million as a result of additional funds from COVID. Expenditures were under budget by \$0.7 million and transfers were below budget by \$0.6 million as a result of decreased needs in other funds.

## COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

### Management's Discussion and Analysis December 31, 2020

#### Capital Asset Administration – Government Wide Statements

The County's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$52.6 million (net of depreciation). This investment in capital assets includes land, buildings, bridges, roads, equipment, and operational facilities.

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Land	\$ 225,874	\$ 225,874	0%
Construction in progress	88,127	-	-100%
Buildings and Improvements	49,327,536	49,308,157	0%
Infrastructure	12,397,646	11,841,905	5%
Machinery, Equipment, and Vehicles	35,864,277	32,327,961	11%
Less: Accumulated Depreciation	<u>(45,295,512)</u>	<u>(42,475,447)</u>	7%
Total	<u>\$ 52,607,948</u>	<u>\$ 51,228,450</u>	

Additional information on the County's capital assets can be found in Note 5 of this report.

#### Debt Administration

At the end of the current fiscal year, the County had total outstanding debt of approximately \$58.6 million. This amount was comprised of debt backed by the full faith and credit of the County and user fees. The County's outstanding debt decreased by \$3.4 million during the current fiscal year as a result of regularly scheduled principal payments.

Additional Information on the County's long-term debt can be found in Note 6 of this report.

#### Economic Factors and Fiscal Year 2021

The economic outlook of the County is closely tied to the State of Pennsylvania. As the overall economy continues a recovery from the COVID pandemic, the County will continue to face a number of financial constraints as it balances the need to provide services with the related costs of such services.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Management's Discussion and Analysis December 31, 2020

### Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, Northumberland County Administration Center 399 South 5<sup>th</sup> Street, Sunbury, Pennsylvania 17801.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Statement of Net Position  
As of December 31, 2020**

	Primary Government	Component Units		
	Governmental Activities	Conservation District	Industrial Development Authority	Anthracite Outdoor Adventure Area Authority
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 23,200,046	\$ 921,162	\$ 431,088	\$ 458,423
Receivables, net:				
Taxes	3,648,802	-	-	-
Due from other governments	3,549,720	-	-	-
Other	793,217	-	10,000	-
Other assets	83,893	-	-	-
Total current assets	31,275,678	921,162	441,088	458,423
Long-term loan receivable	-	-	60,780	-
Net pension asset	6,431,807			
Capital Assets:				
Land and improvements not being depreciated	225,874	-	-	276,575
Construction in progress	88,127	-	-	-
Infrastructure and infrastructure in progress	12,397,646	-	-	-
Buildings	49,327,536	-	-	-
Equipment and furniture	35,864,277	241,290	-	407,228
Less: accumulated depreciation	(45,295,512)	(181,663)	-	(101,123)
Total capital assets	52,607,948	59,627	-	582,680
<b>TOTAL ASSETS</b>	<b>90,315,433</b>	<b>980,789</b>	<b>501,868</b>	<b>1,041,103</b>
<b>DEFERRED OUTFLOWS OF RESOURCES- Pension and OPEB</b>				
	938,668	-	-	-
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	4,016,262	2,429	-	19,644
Due to other governmental agencies	231,283	-	-	-
Unearned income	3,149,179	-	-	-
Long- Term Liabilities:				
Due within one year:				
Bonds	3,556,883	-	-	20,182
Due in more than one year:				
Bonds	55,070,025	-	-	68,627
Compensated absences	1,450,803	-	-	-
Net OPEB liability	8,395,293	-	-	-
Claims and judgments	39,727	-	-	-
<b>TOTAL LIABILITIES</b>	<b>75,909,455</b>	<b>2,429</b>	<b>-</b>	<b>108,453</b>
<b>DEFERRED INFLOWS OF RESOURCES- Pension and OPEB</b>				
	8,259,017	-	-	-
<b>NET POSITION:</b>				
Net investment in capital assets	(1,053,134)	59,627	-	493,871
Restricted for:				
Debt service	8,255,487	-	-	-
Program purposes	5,332,455	401,691	-	-
Unrestricted	(5,449,179)	517,042	501,868	438,780
<b>TOTAL NET POSITION</b>	<b>\$ 7,085,629</b>	<b>\$ 978,360</b>	<b>\$ 501,868</b>	<b>\$ 932,650</b>

The accompanying notes are an integral part of this financial statement.

COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

Statement of Activities  
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	Conservation District	Industrial Development Authority	Anthracite Outdoor Adventure Area Authority
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General activities	\$ 6,160,979	\$ 4,142,408	\$ 1,481,667	\$ -	\$ (536,904)	\$ -	\$ -	\$ -
Judicial	8,266,374	2,095,194	504,719	-	(5,666,461)	-	-	-
Public safety	11,657,501	68,190	1,765,601	-	(9,823,710)	-	-	-
Public works	864,516	407,703	652,638	-	195,825	-	-	-
Human services	33,478,879	597,136	32,920,746	-	39,003	-	-	-
Conservation and development	979,695	57,815	788,627	-	(133,253)	-	-	-
Debt service	2,076,988	-	-	-	(2,076,988)	-	-	-
Total primary government	63,484,932	7,368,446	38,113,998	-	(18,002,488)	-	-	-
<b>COMPONENT UNITS</b>								
Anthracite Outdoor Adventure Area Authority	740,227	919,746	12,500	35,437	-	-	-	227,456
Conservation District	958,021	132,326	841,017	-	-	15,322	-	-
Industrial Development Authority	14,214	12,838	-	62,676	-	-	61,300	-
Total Component Units	\$ 1,712,462	\$ 1,064,910	\$ 853,517	\$ 98,113	-	15,322	61,300	227,456
<b>GENERAL REVENUES:</b>								
Taxes:								
Property taxes					23,964,510	-	-	-
Unrestricted investment earnings					262,134	3,916	7,017	-
Miscellaneous					4,117,141	16,117	-	-
Total general revenues					28,343,785	20,033	7,017	-
Change in net position					10,341,297	35,355	68,317	227,456
Net position, beginning					(3,255,668)	943,005	433,551	705,194
Net position, ending					\$ 7,085,629	\$ 978,360	\$ 501,868	\$ 932,650

The accompanying notes are an integral part of this financial statement.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Balance Sheet- Governmental Funds  
As of December 31, 2020**

	GENERAL	BHIDS	CHILDREN & YOUTH	LIQUID FUELS	DEBT SERVICE	COVID	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 7,540,022	\$ 1,259,796	\$ 549,736	\$ 3,743,474	\$ 4,965,826	\$ 950,584	\$ 3,155,074	\$ 22,164,512
Taxes receivable, net	2,938,207	-	-	-	710,595	-	-	3,648,802
Due from other funds	1,577,816	75,920	5,003	-	3,109,000	-	76,751	4,844,490
Receivable from other governments	522,191	391,397	1,441,878	-	-	-	1,194,254	3,549,720
Other receivables	584,987	95,980	322	-	11,065	72	100,791	793,217
Other assets	9,874	13,410	-	-	-	-	60,609	83,893
<b>TOTAL ASSETS</b>	<b>13,173,097</b>	<b>1,836,503</b>	<b>1,996,939</b>	<b>3,743,474</b>	<b>8,796,486</b>	<b>950,656</b>	<b>4,587,479</b>	<b>35,084,634</b>
<b>LIABILITIES</b>								
Accounts payable	488,717	449,951	530,582	9,264	-	950,656	470,702	2,899,872
Due to other funds	3,259,238	4,029	1,225	2	-	-	1,573,602	4,838,096
Payable to other governments	-	-	-	-	-	-	231,283	231,283
Unearned revenue	10,403	1,284,384	1,347,748	-	-	-	506,644	3,149,179
Other accrued expenses	440,546	87,458	117,384	2,608	-	-	166,489	814,485
Total liabilities	4,198,904	1,825,822	1,996,939	11,874	-	950,656	2,948,720	11,932,915
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unavailable revenue	2,204,292	-	-	-	540,999	-	-	2,745,291
<b>Fund balances:</b>								
Restricted	139,585	10,681	-	3,731,600	8,255,487	-	1,450,589	13,587,942
Committed	2,000,000	-	-	-	-	-	-	2,000,000
Assigned	2,535,761	-	-	-	-	-	365,490	2,901,251
Unassigned	2,094,555	-	-	-	-	-	(177,320)	1,917,235
Total fund balances	6,769,901	10,681	-	3,731,600	8,255,487	-	1,638,759	20,406,428
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 13,173,097</b>	<b>\$ 1,836,503</b>	<b>\$ 1,996,939</b>	<b>\$ 3,743,474</b>	<b>\$ 8,796,486</b>	<b>\$ 950,656</b>	<b>\$ 4,587,479</b>	<b>\$ 35,084,634</b>

The accompanying notes are an integral part of this financial statement.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Reconciliation of the Balance Sheet- Governmental Funds to the Statement of Net Position As of December 31, 2020

Total Fund Balance, Governmental Funds \$ 20,406,428

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position 52,607,948

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported as deferred revenue in the funds 2,745,291

The assets and liabilities of the internal service fund is not included in the fund financial statements, but is included in the governmental activities of the statement of net position 898,189

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of December 31, 2019 are:

Accrued expenses	\$ (210,681)	
Bonds	(58,626,908)	
Compensated absences	(1,450,803)	
Deferred outflows/(inflows) related to pensions and OPEB	(7,320,349)	
Net pension asset	6,431,807	
Net OPEB liability	<u>(8,395,293)</u>	
		<u>(69,572,227)</u>

Net position of governmental activities in the statement of net position \$ 7,085,629

The accompanying notes are an integral part of this financial statement.

COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

Statement of Revenue, Expenditures, and Changes in Fund Balances- Governmental Funds  
For the Year Ended December 31, 2020

	GENERAL	BHIDS	CHILDREN & YOUTH	LIQUID FUELS	DEBT SERVICE	COVID	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:								
Taxes	\$ 19,481,908	\$ -	\$ -	\$ -	\$ 4,548,673	\$ -	\$ -	\$ 24,030,581
Intergovernmental	586,284	9,030,905	9,137,956	652,638	-	8,203,928	10,502,287	38,113,998
Charges for services	4,565,057	143,972	311,961	67,636	-	-	2,079,500	7,168,126
Investment earnings	139,286	6,066	-	20,033	77,706	8,385	10,658	262,134
Miscellaneous	3,250,105	74,470	-	559	694,780	-	97,227	4,117,141
Total Revenues	28,022,640	9,255,413	9,449,917	740,866	5,321,159	8,212,313	12,689,672	73,691,980
EXPENDITURES:								
Current:								
General government	5,071,061	-	-	-	10,321	-	71,455	5,152,837
Judicial	5,716,404	-	-	-	-	-	2,699,755	8,416,159
Public safety	8,967,934	-	-	-	-	-	2,829,767	11,797,701
Human services	143,260	9,560,068	11,047,613	-	-	8,212,313	8,100,631	37,063,885
Public works	-	-	-	1,072,754	-	-	-	1,072,754
Conservation and development	259,894	-	-	-	-	-	789,659	1,049,553
Capital outlay	-	-	-	-	-	-	1,776,120	1,776,120
Debt service:								
Principal	-	-	-	-	2,897,000	-	543,352	3,440,352
Interest and other charges	-	-	-	-	1,898,130	-	244,577	2,142,707
Total Expenditures	20,158,553	9,560,068	11,047,613	1,072,754	4,805,451	8,212,313	17,055,316	71,912,068
Excess (deficiency) of revenues over expenditures	7,864,087	(304,655)	(1,597,696)	(331,888)	515,708	-	(4,365,644)	1,779,912
OTHER FINANCING SOURCES (USES):								
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-
Fixed asset sale proceeds	-	-	-	-	-	-	-	-
Transfers in	68,054	344,655	1,866,230	-	-	-	3,944,491	6,223,430
Transfers out	(4,761,191)	(40,000)	(268,534)	-	(1,084,826)	-	(19,245)	(6,173,796)
Total other financing sources and uses	(4,693,137)	304,655	1,597,696	-	(1,084,826)	-	3,925,246	49,634
NET CHANGE IN FUND BALANCES	3,170,950	-	-	(331,888)	(569,118)	-	(440,398)	1,829,546
FUND BALANCES, BEGINNING	3,598,951	10,681	-	4,063,488	8,824,605	-	2,079,157	18,576,882
FUND BALANCES, ENDING	\$ 6,769,901	\$ 10,681	\$ -	\$ 3,731,600	\$ 8,255,487	\$ -	\$ 1,638,759	\$ 20,406,428

The accompanying notes are an integral part of this financial statement.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances- of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2020

Net changes in fund balances, total governmental funds	\$	1,829,546
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Depreciation expense	\$ (3,888,961)	
Capital outlay	<u>5,268,459</u>	1,379,498
<p>Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the Statement of Activities, however, revenues are recorded regardless of when financial resources are available.</p>		
		(66,071)
<p>Governmental funds report repayment of bond and capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long term liabilities.</p>		
		3,440,352
<p>Pension and other post employment benefit (OPEB) expense reported in the Statement of Activities is recognized on the accrual basis. The net pension liability and net OPEB liability is adjusted for any difference between years and OPEB expenses and contributions made in relation to the annual determined contribution and recordation of related deferred outflows and inflows.</p>		
		3,491,933
<p>The County uses an Internal Service Fund to charge the costs for workers' compensation. The net income related to this activity is reported with the governmental activities.</p>		
		200,320
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. This adjustment combines the net changes of the following balances:</p>		
Change in accrued expenses	<u>\$ 65,719</u>	<u>65,719</u>
Change in net position of governmental activities	<u>\$</u>	<u>10,341,297</u>

The accompanying notes are an integral part of this financial statement.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Statement of Net Position- Proprietary Fund  
For the Year Ended December 31, 2020**

	<u>INTERNAL SERVICE FUND</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	<u>\$ 1,035,534</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and current claims and judgements	48,809
Non-current liabilities:	
Claims and judgments	<u>88,536</u>
Total liabilities	<u>137,345</u>
NET POSITION:	
Unrestricted	<u>\$ 898,189</u>

The accompanying notes are an integral part of this financial statement.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Statement of Revenue, Expenses, and Changes in Net Position- Proprietary Fund  
For the Year Ended December 31, 2020**

	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUE:	
Total operating revenue	\$ 289,992
OPERATING EXPENSES:	
Insurance claims and expenses	<u>64,151</u>
OPERATING INCOME	<u>225,841</u>
NON-OPERATING REVENUES (EXPENSES):	
Transfer to General Fund	(48,809)
Interest and investment revenue	<u>23,288</u>
CHANGE IN NET POSITION	200,320
TOTAL NET POSITION, Beginning	<u>697,869</u>
TOTAL NET POSITION, Ending	<u>\$ 898,189</u>

The accompanying notes are an integral part of this financial statement.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Statement of Cash Flows- Proprietary Fund  
For the Year Ended December 31, 2020**

	<u>INTERNAL SERVICE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Claims activity	\$ 228,155
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES,	
Transfer to General Fund	(48,809)
CASH FLOWS FROM INVESTING ACTIVITIES,	
Interest income	23,288
INCREASE IN CASH AND CASH EQUIVALENTS	<u>202,634</u>
CASH AND CASH EQUIVALENTS, BEGINNING	832,900
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,035,534</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income	\$ 225,841
Adjustments to reconcile operating loss to net cash from operating activities:	
Effect of changes in non-cash operating assets and liabilities:	
Accounts payable	14,501
Claims and judgements	<u>(12,187)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 228,155</u>

The accompanying notes are an integral part of this financial statement.





# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by the County of Northumberland, Pennsylvania (the “County”) conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the County’s financial statements:

#### REPORTING ENTITY

The County of Northumberland is a fifth-class county formed on March 21, 1772. The County operates under the direction of an elected Board of Commissioners, and provides the following services: administrative services, tax assessment and collections, judicial, public improvements, public safety, conservation and development, and human service programs.

The County follows the criteria promulgated by the Governmental Accounting Standards Board (“GASB”) for purposes of determining the scope of its reporting entity.

The financial statements of the County include the accounts of all County operations. As required under accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units, discussed below, are included in the County’s financial reporting entity because of the significance of their operational or financial relationships with the County:

- Northumberland County Authority (the “County Authority,” a public finance authority, included as a blended component unit in the accompanying financial statements);
- Northumberland County Conservation District (the “Conservation District”) (a Pennsylvania conservation district, discretely presented within the accompanying financial statements);
- Northumberland County Industrial Development Authority (the “IDA,” discretely presented within the accompanying financial statements) and;
- Northumberland Anthracite Outdoor Adventure Area Authority (the “AOAA”, a discretely presented component unit in the accompanying financial statements).

The IDA did not issue separate financial statements in 2020.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### JOINT VENTURES

The County is a participant with the other municipalities in joint ventures that provide services to the constituents of all the participants. The County has no interest in the equity of these organizations. The following is a summary of the significant facts and circumstances for each organization:

<u>Name of Organization</u>	<u>Services Provided</u>	<u>County Participation</u>
Northumberland Montour Airport Commission	Airport Facility Management	One-half of the board of directors
SEDA-COG	Numerous governmental services provided to members	One of eleven counties participating
SEDA-COG Joint Rail Authority	Preserve and foster rail service in Central Pennsylvania	One of eleven counties participating

#### RELATED ORGANIZATIONS

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County does not supply funding (either directly or as a result of special financing relationships) and has no responsibility for fiscal matters for these entities (i.e., not responsible for deficits or entitled to surpluses, no guarantees of debt, etc.) These organizations include:

- Northumberland County Airport Authority
- Northumberland County Housing Authority
- Planning Commission
- Children and Youth Advisory Board
- Behavioral Health and Intellectual Developmental Services Advisory Board
- Drug and Alcohol Advisory Board
- Area Agency on Aging Advisory Board
- Shared-ride Transportation Advisory Committee
- Agricultural Land Preservation Board
- Local Emergency Planning Commission
- Pennsylvania Council on Aging, Northeast Division
- Lewis Township Recreational Complex

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### RELATED ORGANIZATIONS (continued)

- Northumberland County Recreation Commission
- Redevelopment Authority of Northumberland County

#### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 user fees and charges for support.

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 benefit directly from the goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense/expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expense/expenditure.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes, which must be received within 60 days of year-end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the County receives the cash.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities.

Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial revenues of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general County government, boards, commission, the court systems, and the health and welfare services.
- The Behavioral Health and Intellectual Developmental Services (BHIDS) Fund is used to account for specific revenue sources related to the provisions of services that are restricted to expenditures for those specified purposes.
- The Children and Youth Fund is used to account for specific revenue sources related to the provisions of Children and Youth services that are restricted to expenditures for those specified purposes.
- The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- The Liquid Fuels Fund is used to account for the expenditures of resources for liquid fuels activity.
- The COVID fund is used to account for the revenue and expenditures related to COVID grant funding.

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)

liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

Additionally, the County reports the following fund types:

- The Pension Trust Fund-Employee Benefit Plan accounts for the revenue (i.e., member contributions, County contributions, and net investment income) and the expenses (i.e., contributions refunded, retirement allowances and death benefits paid) of the Pension Trust Fund.
- The Agency Funds consist of restricted funds of the various row offices of the County. Agency Funds reported by the County and their respective purpose(s) include:
  - Treasurer Escrow-licenses and permits sold on behalf of the Commonwealth of Pennsylvania;
  - Medical Claims-deposits held for employee medical claims;
  - Tax Claim Escrow-delinquent tax collections held for various taxing districts;
  - Coal Land Royalty-royalties collected on coal extracted held for various taxing districts;
  - Sheriff Escrow-deposits held for Sheriff sales, undisbursed Sheriff sale proceeds, and personal liens;
  - Bid Deposit Escrow-deposits held by County for bid security;
  - Escheats-unclaimed property held for distribution to Commonwealth of Pennsylvania Treasurer;

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)

- Prothonotary- inmate funds held during incarceration and various escrow transactions;
- Juvenile Court Restitution-restitution funds held for disbursement;
- District Justice-undisbursed deposits held by District Justice(s);
- BHIDS Patient-BHIDS client funds held under Social Security Administration guidelines;
- Register and recorder- funds held on behalf of various organizations
- Domestic Relations-fees collected on behalf of the Commonwealth of Pennsylvania; and,
- Court Costs-funds forfeited pursuant to the Controlled Substances Forfeitures Act.
- An Internal Service Fund, which accounts for the operations of the County's self-insured workers' compensation fund.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed for their intended purposes.

#### ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCES

##### CASH EQUIVALENTS

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

##### INTERFUND RECEIVABLES AND PAYABLES

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to /from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All receivables are shown net of an allowance for doubtful accounts.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ACCOUNTS RECEIVABLE

All receivables are reported at net realizable value. Amounts are written off when they are determined to be uncollectible based upon management's assessment of individual amounts. The allowance for doubtful accounts is estimated based upon a combination of the County's historical losses and a percentage of aged receivables. The allowance for uncollectible real estate and debt service taxes as of December 31, 2020 amounted to \$259,795 and \$22,182, respectively.

#### INVESTMENTS

Investments for the County are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

#### CAPITAL ASSETS

Capital assets, which include property, equipment, and infrastructure assets (e.g., bridges) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives in excess of one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated costs if purchased or constructed. Donated capital assets are recorded at estimated fair 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 its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of governmental and business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 years
Equipment	3-20 years
Infrastructure	40 years
Leasehold Assets	40 years

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### COMPENSATED ABSENCES

County policy permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded.

#### LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The proprietary and fiduciary fund financial statements utilize the net position presentation as described above.

#### UNEARNED REVENUES

Unearned revenues reported in government-wide financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unavailable revenues reported in governmental fund financial statements represent unearned revenues or revenues, which are measurable but not available and in accordance with the modified accrual basis of accounting. The County deems revenues received within 60 days of the year end to be available.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

#### NET POSITION/FUND BALANCES

The government-wide and business-type activities financial statements utilize a net position presentation. Net position are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Net Investment in Capital Assets*- This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position*- This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position*- This category represents net position of the County, not restricted for any project or other purpose. In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board of Commissioners and management and can be increased, reduced, or eliminated by similar actions. The proprietary and fiduciary fund financial statements utilized the net position presentation as described above.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### NET POSITION/FUND BALANCES (continued)

Nonspendable fund balance reports resources cannot be spent because of their form, or due to legal or contractual requirements. Restricted fund balance is restricted based on third party requirements or enabling legislation. Committed fund balance reports resources with self-imposed limitation approved by the Commissioners of the County to the end of the period. Formal action is required to remove or modify a constraint reflected in the committed fund balance. There was one commitment for future debt service payments of \$2 million as of December 31, 2020. Assigned fund balance records the portion of fund balance that reflects the Commissioners' intended use of resources. Assigned fund balance can be established by either the Commissioners or senior management. Unlike committed fund balance, formal action is not required to impose, remove, or modify assigned fund balance. The County assigned approximately \$2.9 million primarily for COVID related items. The remaining balance of approximately \$1.9 million is unassigned and can be used for any purpose.

#### ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### 2. BUDGETARY DATA

Formal budgetary accounting is employed as management control for the General Fund, certain Special Revenue Funds, and the Debt Service Fund of the County. Annual operating budgets are adopted each year through the passage of an annual budget ordinance and accounting principles generally accepted in the United States of America are used to complete the budget. The County of Northumberland follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) During August and September, the department heads use current financial status reports to develop financial projections for their programs for the ensuing year. These financial projections are reviewed with the budget staff.
- (2) The Finance Office reviews and consolidates submitted financial projections and forwards the projections to the Commissioners' Office.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 2. BUDGETARY DATA (continued)

- (3) Upon consolidation of the department and agency expenditure projections, the Commissioners' Office must ascertain the most viable method of financing them.
- (4) Subsequently, the Commissioners' Office assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
- (5) By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements, as set forth in the County Code, public notice is given that the proposed budget is available for inspection for a period of 20 days.
- (6) After the 20-day inspection period but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate ordinance.
- (7) As required by the Commonwealth of Pennsylvania County Code, the proposed budget is made available for public inspection for at least 20 days prior to the date of adoption, with adoption required by December 31. Subsequent to the budget approval, the County Commissioners adopt the appropriation measures required to put the budget into effect and fix the rate of taxation. Within 15 days subsequent to the legal adoption of the budget, the County Commissioners file a copy of the budget with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof.

#### LEVEL OF CONTROL

The County is legally required to maintain budgetary controls at the major function level. In practice, the County maintains budgetary control at the fund level.

#### LAPSING OF APPROPRIATIONS

Unexpended appropriations lapse at year-end.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 2. BUDGETARY DATA (continued)

#### MANAGEMENT AMENDMENT AUTHORITY

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of a department's budget or additional revenue may need to be on a line item basis during the year and are approved by the County Commissioners.

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

### 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest in the following:

- A. United States Treasury Bill
- B. Short-term obligations of the United States government or its agencies or instrumentalities.
- C. Savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania ("Commonwealth") and insured by the Federal Deposit Insurance Corporation ("FDIC")
- D. Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth, or of any agencies instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth, or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. The County may also invest in shares of a registered investment company under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- E. Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth, which are insured by federal agencies. For any amounts in excess of the insured maximum, such as deposits, shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

F. “Commercial paper” and “prime commercial paper” meeting certain requirements.

Pension or retirement funds may be invested by the County according to the “Prudent Man Rule” as defined by Decedents, Estates, and Fiduciaries Act, 20 PA C.S.CH.73, which is referred to in the County Code.

It is the policy of the County to invest funds under the County’s control principally in certificates of deposit, repurchase agreements, U.S. government securities, and money market mutual funds. Funds under the County’s direct control exclude monies of the Retirement Trust Fund. GAAP requires disclosures related to the following deposit and investment risks, custodial credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following is a description of the County’s deposit and investment risks.

#### DEPOSITS

***Custodial credit risk-*** Is the risk that in the event of a bank failure, the County will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2020, the County’s total book and bank balance was approximately \$26.0 million and \$28.7 million, respectively. Of this amount, approximately \$6.9 million was insured by the FDIC. The remaining bank deposits of approximately \$21.8 million were exposed to custodial credit risk, since the deposits were collateralized with securities held by pledging financial institutions, but not in the County’s name. The discretely presented component unit total cash balance of approximately \$1.8 million was covered by federal depository insurance or by collateral held by the component units agent.

#### INVESTMENTS-PENSION TRUST FUND

Assets in the pension trust fund are stated at fair value, The Employees Pension Board has adopted investment guidelines that summarize the investment philosophy of the Board, as follows:

***Custodial Credit Risk-*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of December 31, 2020, all of the County’s Pension trust funds investments were held in Wells Fargo, and were insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. Additional coverage is provided up to \$1 billion including up to \$1.9 million for cash per client.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

#### INVESTMENTS-PENSION TRUST FUND (continued)

**Credit Risk-** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized rating organization. The County's investment policy protects against credit risk by limiting investments to the following:

- Fixed income investments shall be high quality, marketable securities with a preponderance of the investment in (1) U.S. Treasury, federal agencies and U.S. Government guaranteed obligations, and (2) investment grade corporate issues including convertibles.
- The overall rating of the fixed income assets shall be at least "A" according to either Moody's or Standard and Poor's rating system. In cases where the yield spread adequately compensates for additional risk, BAA, BBB, or below investment grade ratings can be purchased up to a maximum of 15% of total market value of fixed income securities.

As of December 31, 2020, the County's credit quality distribution of securities as a percentage of total investments is as follows:

<u>Credit Rating</u>	<u>% of portfolio</u>
BBB-AAA	13%
AAA	7%
N/A	80%

**Concentration of Credit Risk-** Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issue, as follows: for equity securities, not more than 5% of the total stock portfolio (valued at market) may be invested in the common stock of any one corporation; ownership of the shares of one company shall not exceed two (2%) percent of those outstanding, and; not more than 25% of stock (valued at market) may be held in any one industry category. For fixed income securities, any one issue shall not exceed 5% of the total bond portfolio at time of purchase (this rule does not apply to issues of the U.S. Treasury or other federal agencies). As of December 31, 2020, there were no individual investments that exceeded 5% of the total portfolio's market value.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)**

**INVESTMENTS-PENSION TRUST FUND (continued)**

**Interest Rate Risk-** Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. The County does not have a specific policy with regard to interest rate risk.

Information about the sensitivity of the fair values of the County’s investments to market interest rate fluctuations is provided by the following table which provides a distribution of the County’s investments by maturity at December 31,2020:

<u>Investment</u>	<u>Matures</u>	<u>Fair Value</u>
Corporate bonds	Average of 7 years	\$ 13,425,731
U.S. government obligations	Average of 13 years	7,263,063
Managed equities	N/A	57,253,764
Mutual funds	N/A	14,787,960
Cash and cash equivalents	N/A	7,744,702
		<u>\$ 100,475,220</u>
Reported in the financial statements as:		
Cash and cash equivalents		\$ 7,744,702
Investments		92,730,518
		<u>\$ 100,475,220</u>

**Foreign Currency Risk-** Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. The County is not directly invested in any foreign securities as of December 31, 2020.

**INVESTMENTS-INTERNAL SERVICE FUNDS**

The Internal Service Fund is comprised of the County’s Workers’ Compensation Fund. The Workers Compensation Fund does not have an investment policy with regard to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. As of December 31, 2020, investments held for the County’s Government Obligations included only a money market fund of \$1,035,534.

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments held by the County are considered Level 1 and are valued using prices quoted in active markets for those securities.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 4. PROPERTY TAXES

#### REAL ESTATE PROPERTY TAXES

Real estate property taxes attach as an enforceable lien on property on January 1, based on assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at 100% of calculated market value. Taxes are billed on or about March 1, payable under the following terms: 2% discount, March 1 through April 30; face amount, May 1 through June 30, and a 10% penalty from July 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Uncollected real estate property taxes levied for 2020 are recorded as receivables, net of estimated uncollectible amounting to \$259,795 and \$22,182, for debt service purposes as of December 31, 2020. Net receivables estimated to be collectible subsequent to March 31 are reflected in unearned revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectability.

The County is permitted by the County Code to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for General County purposes, exclusive of the requirements for the payment of interest and principal on funded debt. The County levy for 2020 was 25 mills for general government purposes and 5.885 mills for debt services purposes.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**5. CAPITAL ASSETS**

Capital assets of the governmental activities for the year ended December 31, 2020 were as follows:

	<u>Balance, January 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance, December 31, 2020</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 225,874	\$ -	\$ -	\$ -	\$ 225,874
Construction in progress	-	88,127	-	-	88,127
Total capital assets, not being depreciated	<u>225,874</u>	<u>88,127</u>	<u>-</u>	<u>-</u>	<u>314,001</u>
Capital assets, being depreciated					
Buildings and Improvements	49,308,157	19,379	-	-	49,327,536
Infrastructure	11,841,905	555,741	-	-	12,397,646
Machinery, Equipment, and Vehicles	<u>32,327,961</u>	<u>4,605,212</u>	<u>(1,068,896)</u>	<u>-</u>	<u>35,864,277</u>
Total capital assets, being depreciated	<u>93,478,023</u>	<u>5,180,332</u>	<u>(1,068,896)</u>	<u>-</u>	<u>97,589,459</u>
Less: Accumulated Depreciation	<u>(42,475,447)</u>	<u>(3,888,961)</u>	<u>1,068,896</u>	<u>-</u>	<u>(45,295,512)</u>
Total capital assets being depreciated, net	<u>51,002,576</u>	<u>1,291,371</u>	<u>-</u>	<u>-</u>	<u>52,293,947</u>
Governmental activities, net	<u>\$ 51,228,450</u>	<u>\$ 1,379,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,607,948</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

<b>Governmental Activities</b>	
General government	\$ 1,648,488
Judicial	374,149
Public safety	523,449
Human services	783,262
Public works	<u>559,613</u>
Total depreciation expense, governmental activities	<u>\$ 3,888,961</u>

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**6. LONG-TERM LIABILITIES**

As of December 31, 2020, the County's long term liabilities consisted of the following:

Governmental activities	Balance, January			Balance,	Current
	1, 2020	Additions	Retirements	December 31, 2020	Portion
Long term debt	\$ 62,067,260	\$ -	\$ 3,440,352	\$ 58,626,908	\$ 3,556,883
Compensated absences	1,450,803	-	-	1,450,803	72,540
Net pension liability (asset)	(1,654,264)	-	4,777,543	(6,431,807)	-
Net OPEB liability	8,103,583	291,710	-	8,395,293	-
Claims and judgements	100,723	21,085	33,272	88,536	48,809
Total	<u>\$ 70,068,105</u>	<u>\$ 312,795</u>	<u>\$ 8,251,167</u>	<u>\$ 62,129,733</u>	<u>\$ 3,678,232</u>

As of December 31, 2020, the County's long-term debt consisted of the following:

Description	Interest Rate	Amount of Original Issue	Balance as of 1/1/20	Additions	Retirements	Balance as of 12/31/20	Current Portion
2012 Guaranteed Lease Revenue Note	2.16%	\$ 5,200,000	\$ 1,385,000	\$ -	\$ (685,000)	\$ 700,000	\$ 700,000
2012 General Obligation Note	3.39%	1,800,000	1,705,000	-	(70,000)	1,635,000	115,000
2013 General Obligation Note	3.15%	7,355,000	6,855,000	-	(150,000)	6,705,000	405,000
2015 General Obligation Note	2.77%	10,000,000	9,565,000	-	(405,000)	9,160,000	380,000
2015 Guaranteed Lease Revenue Note	4.07-6.5%	7,405,399	5,382,260	-	(543,352)	4,838,908	565,883
General Obligation Bond, Series of 2015	1.90%	1,035,000	215,000	-	(215,000)	-	-
2017 General Obligation Bond, Series of 2017	3.54%	31,125,000	30,745,000	-	(985,000)	29,760,000	990,000
2018 General Obligation Note	4.13%	3,330,000	3,152,000	-	(192,000)	2,960,000	200,000
2019 General Obligation Note	3.04%	3,300,000	3,063,000	-	(195,000)	2,868,000	201,000
			<u>\$ 62,067,260</u>	<u>\$ -</u>	<u>\$ (3,440,352)</u>	<u>\$ 58,626,908</u>	<u>\$ 3,556,883</u>

## COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

### Notes to the Financial Statements December 31, 2020

#### 6. LONG-TERM LIABILITIES (continued)

##### BONDS AND NOTES PAYABLE

In 2012, the County issued \$5,200,000, of Guaranteed Lease Revenue Notes bearing interest at 2.16% per annum, maturing in 2021. The proceeds of these notes were used for the Authority to purchase a building from the County.

In 2012, the County issued \$1,800,000, of General Obligation Notes bearing interest at 3.39% per annum, maturing in 2025. The proceeds of these notes were used for general capital asset purchases.

In 2013, the County issued \$7,355,000 of General Obligation Notes bearing interest at 3.15% per annum maturing in 2025. The proceeds of these notes were used for general capital asset purchases.

In 2015, the County issued \$10,000,000 of General Obligation Notes bearing interest at 2.77% per annum through 2025 then becomes variable and can be no more than 5% per annum thereafter, maturing in 2035. The proceeds of these notes were used for general capital asset purchases. The County issued \$1,035,000 of General Obligation Bonds bearing interest at 1.9% per annum maturing in 2020. The proceeds of these bonds were used to partially pay off the 2011 General Obligation Notes. Additionally, the County issued \$7,405,399 of Guaranteed Lease Revenue Note, Series 2015 bearing interest at 4.07% per month through 2022 and reset thereafter through 2028 at a maximum rate of 6.5%.

In 2017, the County issued \$31,125,000 of General Obligation Bonds bearing interest at rates ranging from 3% to 5% per annum maturing in 2042. The proceeds of these notes were used for general capital asset purchases.

In 2018, the County issued \$3,330,000 of General Obligation Notes bearing interest at 4.13% per annum maturing in 2032. The proceeds of these notes were used for general capital asset purchases.

In 2019, the County issued \$3,300,000 of General Obligation Notes bearing interest at 3.04% per annum maturing in 2032. The proceeds of these notes were used for general capital asset purchases.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 6. LONG-TERM LIABILITIES (continued)

An analysis of debt service requirements to maturity on these obligations is as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 3,556,883	\$ 2,017,740	\$ 5,574,623
2022	3,690,349	1,885,860	5,576,209
2023	3,733,026	1,835,736	5,568,762
2024	3,873,322	1,684,061	5,557,383
2025	4,022,982	1,526,078	5,549,060
2026-2030	12,491,980	6,383,514	18,875,494
2031-2035	10,711,000	4,069,376	14,780,376
2036-2040	11,455,000	2,110,806	13,565,806
2041-2042	5,092,366	271,950	5,364,316
Totals	<u>\$ 58,626,908</u>	<u>\$ 21,785,121</u>	<u>\$ 80,412,029</u>

### 7. COMPENSATED ABSENCES

#### VACATION PAY

Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31 of each period; however, current practice allows for the carryover of 55 unused vacation days to the subsequent calendar year. Time carried over in this manner is considered vested.

#### SICK PAY

Employees earn 1 1/4 sick days for each month of service or 15 days per year. Current practice allows for the accumulation of unused sick days to be paid at retirement if the employee meets either of the applicable vesting requirements: Age 55 with 20 or more years of credited service to the County or Age 60.

Applicable GASB pronouncements require accrual of sick and vacation pay that meet certain specific conditions. The County has determined that such conditions apply to vested vacation pay and accumulated sick pay of Governmental Funds. The County has accrued a liability for vacation and sick pay in financial statements at the fund level for the Governmental Activities in government-wide financial statements.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**8. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances consist of the following at December 31, 2020:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b>Governmental funds</b>		
General Fund	\$ 1,577,816	\$ 3,259,238
Special revenue/Internal Service/Agency	3,266,676	1,585,254
<b>Total</b>	<u>\$ 4,844,492</u>	<u>\$ 4,844,492</u>

The County utilizes a pooled operating fund to enhance investment return; therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund in the pooled amount on behalf of other funds. In addition, the General Fund has paid expenses on behalf of other funds; therefore, a corresponding interfund receivable and payable has been recorded.

**9. INTERFUND OPERATING TRANSFERS**

Interfund transfers are executed as a result of the requirements for the General Fund to "match" a portion of the expenditures or expenses of other funds. Interfund operating transfers for such purposes are as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers to Other Funds</u>
<b>Governmental funds</b>		
General Fund	\$ 68,054	\$ 4,761,191
Special revenue/Internal Service/Agency	6,155,376	1,462,239
<b>Total</b>	<u>\$ 6,223,430</u>	<u>\$ 6,223,430</u>

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 10. RISK MANAGEMENT

The County is exposed to risk of loss related to self-insurance activities for workers' compensation, medical, and prescription drug claims. The County records the liability for the risk associated with the County's self-insurance activities in the Internal Service Fund.

#### WORKERS' COMPENSATION

The County self-insures its Workers' Compensation claims and has established a trust account (the "Workers' Compensation Trust") with a local bank to fund its workers' compensation liabilities. Under this program, the Workers' Compensation Trust provides coverage for up to a maximum of \$400,000. The County purchases commercial insurance for claims in excess of coverage provided by the Fund. There have been no changes in insurance coverages, retention limits or excess loss policies from the prior year. Settled claims have not exceeded this commercial coverage since inception.

The County establishes claims liabilities for its self-insured workers' compensation based on the requirements of GASB No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation, and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to revenue in the periods in which they are made. Such claims are not discounted.

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2020 and 2019, and reported self-insurance liabilities as of December 31, 2020 and 2019.

	<u>Liability, beginning of year</u>	<u>Incurred claims and changes in estimate</u>	<u>Benefit payments</u>	<u>Liability, end of year</u>
2020	\$ 100,723	\$ 21,085	\$ (33,272)	\$ 88,536
2019	61,744	62,191	(23,212)	100,723

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 11. EMPLOYEES RETIREMENT PLAN

The Employees' Retirement Trust Fund Plan (the "Plan") is a contributory defined benefit single employer retirement plan covering all County employees, except those hired on a part-time basis. The Plan is included in the accompanying financial statements of the County as a pension trust fund. The financial statements of the Retirement Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

As of December 31, 2020, the date of the latest valuation, employees covered by the Plan consisted of the following:

Active plan members	444
Retirees and beneficiaries currently receiving benefits	665
Terminated employees entitled to benefits	<u>92</u>
Total	<u>1,201</u>

### INVESTMENTS

All investments of the pension trust fund are reported at fair value. Securities traded on a national level are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation.

### CONTRIBUTIONS

Employees are required to contribute a portion of their salaries (5% of earnings in 2020) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the aggregate actuarial cost funding method.

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 11. EMPLOYEES RETIREMENT PLAN (continued)

#### CONTRIBUTIONS (continued)

The annual required contribution was determined based on the most recent annual actuarial valuation dated January 1, 2020. The entry age normal actuarial cost method of funding was used in the valuation, which does not identify and separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50% per year compounded annually; (b) projected salary increases of 3.50% per annum; and (c) no postretirement benefit increases. Both (a) and (b) include an inflation component based on 3%. The method used to determine the actuarial value of assets is a five-year smoothed market.

#### INVESTMENTS

The table below summarizes the target asset class assumed rates of return:

<u>Investment Type</u>	<u>Target Allocation</u>	<u>Assumed Rate of Return</u>
Domestic Equity	40-80%	5.4-6.4%
International Equity	40-80%	5.5-6.5%
Fixed Income	20-60%	1.3-3.3%
Cash	0-5%	0.0-1.0%

#### ACTUARIAL ASSUMPTIONS

The Plan had the following actuary assumptions and methods:

Actuarial cost method	Entry Age Normal
Amortization Method	Level Dollar
Mortality	RP-2013 Annuitant and Non-Annuitant Tables for Males and Females
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Investment rate of return	7.50%
Projected salary increases	3.50%
Inflation	3.00%

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**11. EMPLOYEES RETIREMENT PLAN (continued)**

**NET PENSION LIABILITY**

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of December 31, 2020 was as follows:

	<u>2020</u>
Total pension liability	\$ 94,023,392
Net position	<u>100,455,199</u>
Net pension asset	<u>\$ (6,431,807)</u>
 Net position as a percentage of total pension liability	 106.8%

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The sensitivity of the net pension liability of the plan to a 1% change to the discount rate is as follows:

	<u>1% Decrease</u>	<u>6.5%</u>	<u>Current Discount</u>	<u>1% Increase</u>
			<u>Rate 7.5%</u>	<u>8.5%</u>
Net pension (asset) liability	\$	4,481,853	\$ (6,431,807)	\$ (12,883,218)

**DEFERRED OUTFLOWS AND INFLOWS RELATED TO PENSIONS**

For the 2020 measurement period, the County recognized a negative pension expense of approximately \$2.0 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 322,621
Net difference between projected and actual earnings on pension plan investments	-	7,829,394
	<u>\$ -</u>	<u>\$ 8,152,015</u>

# COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

## Notes to the Financial Statements December 31, 2020

### 11. EMPLOYEES RETIREMENT PLAN (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended:</u>		
2021	\$	(2,752,786)
2022		(1,495,502)
2023		(3,186,967)
2024		(716,760)
	<u>\$</u>	<u>(8,152,015)</u>

### 12. OTHER POSTEMPLOYMENT BENEFITS

#### PLAN DESCRIPTION

The County's Retiree Health and Welfare Benefit Plan (the "OPEB Plan") is a single employer defined benefit plan administered by the County. The OPEB Plan provides postemployment benefits to eligible retirees. The County pays eligible retirees \$100 for each year of service rendered to the County up to a maximum of 20 years; with an eligibility requirement of 20 years of service. This is to offset the employees cost of purchasing health insurance after retirement. The Plan is unfunded and no financial report is prepared. The OPEB Plan is authorized and under the control, maintenance and operation of the County Commissioners. During the year ended December 31, 2012, the OPEB Plan was amended to make non-union employees hired after June 26, 2012, no longer eligible to participate in the OPEB Plan.

#### FUNDING POLICY

OPEB Plan members do not contribute to the plan, the County pays 100% of the cost of coverage for retired covered employees. The required contribution is based on pay-as-you-go financing requirements. The County Commissioners have the authority to amend the plan including changing the obligations of the plan members and the County to contribute to the plan. The County has not set up an OPEB trust to hold assets for the OPEB Plan.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**12. OTHER POSTEMPLOYMENT BENEFITS (continued)**

As of December 31, 2020, the date of the latest valuation, employees covered by the OPEB Plan consisted of the following:

Active plan members	432
Retirees and beneficiaries currently receiving benefits	297
Terminated employees entitled to benefits	<u>-</u>
Total	<u>729</u>

**ACTUARIAL ASSUMPTIONS**

The OPEB Plan had the following actuary assumptions and methods:

Actuarial cost method	Entry Age Normal
Mortality	RP-2000 Mortality Table with projected improvement through 2020 for retirees and through 2028 for active participants with no future projected improvements

Actuarial Assumptions

Health care cost trends	N/A- the County only provides a projected fixed dollar stipend that is not expected to increase in the future
Projected salary increases	3.50%
Inflation	3.00%
Discount rate	2.12%

**NET OPEB LIABILITY**

The net OPEB liability is equal to the total OPEB liability minus the net position of the plan. The result as of December 31, 2020, was as follows:

	<b><u>2020</u></b>
Total OPEB liability	\$ 8,395,293
Net position	<u>-</u>
Net OPEB liability	<u>\$ 8,395,293</u>
Net position as a percentage of total OPEB liability	0.0%

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Notes to the Financial Statements  
December 31, 2020**

**12. OTHER POSTEMPLOYMENT BENEFITS (continued)**

**SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The sensitivity of the net OPEB liability of the plan to a 1% change to the discount rate and healthcare cost trend rate is as follows:

	Discount Rate		
	1% Decrease	Current Discount	1% Increase
Healthcare Cost Trend	1.12%	Rate 2.12%	3.12%
1% Decrease		n/a	
Current	\$ 9,437,488	\$ 8,395,293	\$ 7,517,267
1% increase		n/a	

**DEFERRED OUTFLOWS AND INFLOWS RELATED TO OPEB**

For the 2020 measurement period, the County recognized OPEB expense of approximately \$0.5 million and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 938,668	\$ -
Differences between expected and actual experience	-	107,002
Total	\$ 938,668	\$ 107,002

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended:	
2021	\$ 167,324
2022	167,324
2023	167,326
2024	253,347
2025	76,345
	\$ 831,666

## COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

### Notes to the Financial Statements December 31, 2020

#### 13. COMMITMENTS AND CONTINGENCIES

##### LITIGATION

In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position as of December 31, 2020.

##### GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

#### 14. PENDING ACCOUNTING PRINCIPLES

As of the year ended December 31, 2020, GASB issued GASB Statement No. 84, Fiduciary Activities; GASB Statement No. 86, Certain Debt Extinguishment Issues; GASB Statement No. 87, Leases; GASB No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements; GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period; GASB No. 90, Majority Equity Interests; and GASB No. 91, Conduit Debt Obligations.

The County will be analyzing the effects of these pronouncements and plans to adopt them by their respective effective dates. Management expects the adoption of GASB 87 to have a material effect on the financial statements.

#### 15. SUBSEQUENT EVENTS

On February 4, 2021, the County issued its General Obligation Note, Series of 2021 in the amount of \$9,268,000. The principal amount of the Series 2021 Note was used to refinance and pay off the 2015 General Obligation Note.

On June 29, 2021, the County issued its General Obligation Note, Series A of 2021 in the amount of \$2,907,000 and its General Obligation Note, Series B of 2021 in the amount of \$1,500,000.

On March 4, 2021, the County modified its 2018 General Obligation Note in order to lower the interest rate.

**REQUIRED SUPPLEMENTARY INFORMATION**

COUNTY OF NORTHUMBERLAND, PENNSYLVANIA

Required Supplementary Information  
December 31, 2020

Schedule of Net Pension Liability

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ 1,829,383	\$ 1,802,425	\$ 1,644,212	\$ 1,789,747	\$ 1,673,926	\$ 1,777,546	\$ 1,711,360
Interest	6,791,592	6,678,874	6,596,236	6,421,572	6,086,746	6,120,383	5,787,423
Changes in benefit terms	-	-	-	-	2,936,316	-	2,942,480
Differences between expected and actual experience	(282,897)	(341,675)	477,672	648,351	(1,568,646)	30,074	(329,007)
Benefit Payments, including refunds of member contributions	<u>(6,527,510)</u>	<u>(6,910,479)</u>	<u>(6,998,218)</u>	<u>(6,558,158)</u>	<u>(7,383,770)</u>	<u>(6,054,180)</u>	<u>(6,072,799)</u>
<b>Net change in total pension liability</b>	1,810,568	1,229,145	1,719,902	2,301,512	1,744,572	1,873,823	4,039,457
Total pension liability - beginning	<u>92,212,824</u>	<u>90,983,679</u>	<u>89,263,777</u>	<u>86,962,265</u>	<u>85,217,693</u>	<u>83,343,870</u>	<u>79,304,413</u>
Total pension liability - ending (a)	<u>\$ 94,023,392</u>	<u>\$ 92,212,824</u>	<u>\$ 90,983,679</u>	<u>\$ 89,263,777</u>	<u>\$ 86,962,265</u>	<u>\$ 85,217,693</u>	<u>\$ 83,343,870</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 1,468,318	\$ 1,926,337	\$ 1,771,378	\$ 1,958,315	\$ 1,685,928	\$ 1,111,373	\$ 1,135,549
Contributions - Member	1,271,174	1,259,646	1,160,205	1,099,322	1,063,212	1,127,652	1,060,075
Net investment income (loss)	10,480,502	18,091,860	(2,594,000)	11,602,979	5,678,272	323,884	5,651,579
Benefit payments, including refunds of member contributions	(6,527,510)	(6,910,479)	(6,998,218)	(6,558,158)	(7,383,770)	(6,054,180)	(6,072,799)
Administrative expense	<u>(104,373)</u>	<u>(101,558)</u>	<u>(99,677)</u>	<u>(92,481)</u>	<u>(99,501)</u>	<u>(103,721)</u>	<u>(58,547)</u>
<b>Net change in plan fiduciary net position</b>	6,588,111	14,265,806	(6,760,312)	8,009,977	944,141	(3,594,992)	1,715,857
Plan fiduciary net position - beginning	<u>93,867,088</u>	<u>79,601,282</u>	<u>86,361,594</u>	<u>78,351,617</u>	<u>77,407,476</u>	<u>81,002,468</u>	<u>79,286,611</u>
Plan fiduciary net position - ending (b)	<u>\$ 100,455,199</u>	<u>\$ 93,867,088</u>	<u>\$ 79,601,282</u>	<u>\$ 86,361,594</u>	<u>\$ 78,351,617</u>	<u>\$ 77,407,476</u>	<u>\$ 81,002,468</u>
<b>Net Pension Liability- ending (a)-(b)</b>	<u>\$ (6,431,807)</u>	<u>\$ (1,654,264)</u>	<u>\$ 11,382,397</u>	<u>\$ 2,902,183</u>	<u>\$ 8,610,648</u>	<u>\$ 7,810,217</u>	<u>\$ 2,341,402</u>
Plan fiduciary net position as a percentage of total pension liability	106.84%	101.79%	87.49%	96.75%	90.10%	90.83%	97.19%
Covered employee payroll	\$ 20,157,641	\$ 19,113,684	\$ 17,401,380	\$ 17,342,703	\$ 16,087,224	\$ 17,280,652	\$ 17,243,020
Net liability as a percentage of covered payroll	-31.91%	-8.65%	65.41%	16.73%	53.52%	45.20%	13.58%
Annual money-weighted rate of return, net of investment expense	11.42%	23.32%	-3.08%	15.14%	8.31%	0.37%	7.35%

Notes to schedule:

This information is not available for prior years.

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Required Supplementary Information  
December 31, 2020**

**Schedule of Pension Contributions**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 1,468,318	\$ 1,926,337	\$ 1,771,378	\$ 1,958,315	\$ 1,685,928	\$ 1,111,373	\$ 1,135,549
Contributions in Relation to the Actuarially Determined Contribution	1,468,318	1,926,337	1,771,378	1,958,315	1,685,928	1,111,373	1,135,549
Contribution Deficiency (Excess)	<u>\$ -</u>						
Covered Employee Payroll	\$ 20,157,641	\$ 19,113,684	\$ 17,401,380	\$ 17,342,703	\$ 16,087,224	\$ 17,280,652	\$ 17,243,020
Contributions as a Percentage of Covered Employee Payroll	7.3%	10.1%	10.2%	11.3%	10.5%	6.4%	6.6%

Notes to schedule:

Valuation Date:	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
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Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date:	
Actuarial Cost Method:	Entry age
Amortization Method:	Level dollar
Remaining Amortization Period:	21 years
Asset Valuation Method:	Method prescribed by Pennsylvania State Law, Act 44
Inflation:	3%
Salary Increases:	3.5% average, including inflation
Investment Rate of Return:	7.5%, net of pension plan investment expense, including inflation
Retirement Age:	Age 60 or 55 with 20 years' experience
Mortality:	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

\* This information is not available for prior years.

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Required Supplementary Information  
December 31, 2020**

**Retiree Health and Welfare Benefit Plan  
Schedule of Net OPEB Liability**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 112,333	\$ 76,634	\$ 92,314
Interest	218,808	287,808	264,064
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(103,674)	(30,911)	-
Change in assumptions or other inputes	527,804	1,092,890	(516,118)
Benefit Payments, including refunds of member contributions	<u>(463,561)</u>	<u>(492,700)</u>	<u>(504,467)</u>
<b>Net change in total opeb liability</b>	291,710	933,721	(664,207)
Total OPEB liability - beginning	<u>8,103,583</u>	<u>7,169,862</u>	<u>7,834,069</u>
Total OPEB liability - ending (a)	<u>\$ 8,395,293</u>	<u>\$ 8,103,583</u>	<u>\$ 7,169,862</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 463,561	\$ 492,700	\$ 504,467
Contributions - Member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(463,561)	(492,700)	(504,467)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Net OPEB Liability- ending (a)-(b)</b>	<u>\$ 8,395,293</u>	<u>\$ 8,103,583</u>	<u>\$ 7,169,862</u>
 Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%

Notes to schedule:

A) This information is not available for prior years.

B) Actuarial contributions for the OPEB plan have not been determined.

The accompanying notes are an integral part of this schedule.

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
As of December 31, 2020**

	ACT 35	DOMESTIC RELATIONS	PLANNING	WEATHERIZATION	ADULT SERVICES	EMERGENCY MANAGEMENT	CAPITAL PROJECTS	AREA AGENCY ON AGING	DRUGS & ALCOHOL
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 202,061	\$ -	\$ 3,248	\$ -	\$ 12,859	\$ 52,390	\$ 365,490	\$ 700,677	\$ 313,536
Due from other funds	-	-	-	-	-	-	-	-	-
Receivable from other governments	-	156,620	6,994	267,691	4,386	73,466	-	17,555	95,868
Other receivables	-	-	-	-	-	-	-	57,652	8,724
Other assets	-	-	-	60,609	-	-	-	-	-
<b>TOTAL</b>	<b>202,061</b>	<b>156,620</b>	<b>10,242</b>	<b>328,300</b>	<b>17,245</b>	<b>125,856</b>	<b>365,490</b>	<b>775,884</b>	<b>418,128</b>
<b>LIABILITIES</b>									
Liabilities:									
Accounts payable	5,425	30,746	35	(15,692)	2,624	4,377	-	227,824	67,082
Due to other funds	19	95,974	-	335,746	-	-	-	39,173	12,124
Payable to other governments	-	-	-	-	-	-	-	-	3,897
Unearned revenue	-	-	10,207	-	-	5,995	-	361,531	28,205
Other accrued expenses	-	29,900	-	8,246	163	-	-	47,639	11,731
<b>Total liabilities</b>	<b>5,444</b>	<b>156,620</b>	<b>10,242</b>	<b>328,300</b>	<b>2,787</b>	<b>10,372</b>	<b>-</b>	<b>676,167</b>	<b>123,039</b>
<b>FUND BALANCES,</b>									
Restricted for,									
Program purposes	196,617	-	-	-	14,458	115,484	-	99,717	295,089
Assigned	-	-	-	-	-	-	365,490	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>196,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,458</b>	<b>115,484</b>	<b>365,490</b>	<b>99,717</b>	<b>295,089</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 202,061</b>	<b>\$ 156,620</b>	<b>\$ 10,242</b>	<b>\$ 328,300</b>	<b>\$ 17,245</b>	<b>\$ 125,856</b>	<b>\$ 365,490</b>	<b>\$ 775,884</b>	<b>\$ 418,128</b>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
As of December 31, 2020**

JUVENILE COURT	AFFORDABLE HOUSING	RECORDS IMPROVEMENT	911 CENTER	INMATE FUNDS	NORTH- UMBERLAND COUNTY AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 125	\$ 81,311	\$ 241,941	\$ 743,237	\$ 400,508	\$ 37,691	\$ 3,155,074
-	-	-	4,998	71,753	-	76,751
208,116	-	-	363,558	-	-	1,194,254
644	5,768	2,608	1,065	24,330	-	100,791
-	-	-	-	-	-	60,609
<u>208,885</u>	<u>87,079</u>	<u>244,549</u>	<u>1,112,858</u>	<u>496,591</u>	<u>37,691</u>	<u>4,587,479</u>
56,124	41	736	55,616	35,764	-	470,702
90,842	-	-	999,724	-	-	1,573,602
12,375	-	-	-	-	215,011	231,283
3,198	-	-	35,086	62,422	-	506,644
46,346	32	-	22,432	-	-	166,489
<u>208,885</u>	<u>73</u>	<u>736</u>	<u>1,112,858</u>	<u>98,186</u>	<u>215,011</u>	<u>2,948,720</u>
-	87,006	243,813	-	398,405	-	1,450,589
-	-	-	-	-	-	365,490
-	-	-	-	-	(177,320)	(177,320)
-	87,006	243,813	-	398,405	(177,320)	1,638,759
<u>\$ 208,885</u>	<u>\$ 87,079</u>	<u>\$ 244,549</u>	<u>\$ 1,112,858</u>	<u>\$ 496,591</u>	<u>\$ 37,691</u>	<u>\$ 4,587,479</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2020**

	ACT 35	DOMESTIC RELATIONS	PLANNING	WEATHERIZATION	ADULT SERVICES	EMERGENCY MANAGEMENT	CAPITAL PROJECTS	AREA AGENCY ON AGING	DRUGS & ALCOHOL
<b>REVENUES:</b>									
Fees and fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	809,164	788,627	895,383	430,137	104,198	-	4,036,611	1,272,045
Charges and services	340,067	49,053	-	-	-	31,305	-	58,121	34,029
Investment earnings	827	-	-	-	-	-	4,220	(738)	1,615
Miscellaneous	2,446	-	-	-	-	1,195	-	56,145	-
Total revenues	343,340	858,217	788,627	895,383	430,137	136,698	4,220	4,150,139	1,307,689
<b>EXPENDITURES:</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Public Safety	299,571	-	-	-	-	232,750	-	-	-
Human services	-	1,248,516	-	895,592	431,754	-	-	4,107,299	1,270,114
Public works	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	789,659	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,776,120	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total expenditures	299,571	1,248,516	789,659	895,592	431,754	232,750	1,776,120	4,107,299	1,270,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	43,769	(390,299)	(1,032)	(209)	(1,617)	(96,052)	(1,771,900)	42,840	37,575
<b>OTHER FINANCING SOURCES (USES):</b>									
Proceeds From Long Term Debt	-	-	-	-	-	-	-	-	-
Transfers in	-	397,958	1,032	209	-	103,875	1,084,826	54,298	16,806
Transfers out	-	(7,659)	-	-	-	-	-	-	(11,586)
Total other financing sources and uses	-	390,299	1,032	209	-	103,875	1,084,826	54,298	5,220
NET CHANGE IN FUND BALANCES	43,769	-	-	-	(1,617)	7,823	(687,074)	97,138	42,795
FUND BALANCES, Beginning	152,848	-	-	-	16,075	107,661	1,052,564	2,579	252,294
FUND BALANCES, Ending	\$ 196,617	\$ -	\$ -	\$ -	\$ 14,458	\$ 115,484	\$ 365,490	\$ 99,717	\$ 295,089

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2020**

JUVENILE COURTS	AFFORDABLE HOUSING	RECORDS IMPROVEMENTS	911 CENTER	INMATE FUND	NORTH- UMBERLAND COUNTY AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
504,719	-	-	1,661,403	-	-	10,502,287
30,643	57,815	64,606	36,885	587,089	789,887	2,079,500
-	-	1,174	1,821	1,566	173	10,658
30,031	-	-	4,410	-	3,000	97,227
565,393	57,815	65,780	1,704,519	588,655	793,060	12,689,672
-	-	50,003	-	-	21,452	71,455
2,257,953	-	-	-	441,802	-	2,699,755
-	-	-	2,297,446	-	-	2,829,767
-	147,356	-	-	-	-	8,100,631
-	-	-	-	-	-	-
-	-	-	-	-	-	789,659
-	-	-	-	-	-	1,776,120
-	-	-	-	-	543,352	543,352
-	-	-	-	-	244,577	244,577
2,257,953	147,356	50,003	2,297,446	441,802	809,381	17,055,316
(1,692,560)	(89,541)	15,777	(592,927)	146,853	(16,321)	(4,365,644)
-	-	-	-	-	-	-
1,692,560	-	-	592,927	-	-	3,944,491
-	-	-	-	-	-	(19,245)
1,692,560	-	-	592,927	-	-	3,925,246
-	(89,541)	15,777	-	146,853	(16,321)	(440,398)
-	176,547	228,036	-	251,552	(160,999)	2,079,157
\$ -	\$ 87,006	\$ 243,813	\$ -	\$ 398,405	\$ (177,320)	\$ 1,638,759

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Statement of Assets and Liabilities  
Fiduciary Funds Custodial  
December 31, 2020**

	TREASURER ESCROW	MEDICAL CLAIMS	TAX CLAIM ESCROW	COAL LAND ROYALTY	SHERIFF ESCROW	ESCHEATS
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 19,620	\$ 865	\$ 580,543	\$ 14,627	\$ 154,676	\$ 75,272
Due from other funds	2	-	-	-	-	-
Other receivables	-	4,417	5,825	-	-	-
Total Assets	<u>\$ 19,622</u>	<u>\$ 5,282</u>	<u>\$ 586,368</u>	<u>\$ 14,627</u>	<u>\$ 154,676</u>	<u>\$ 75,272</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ 252,803	\$ 13,771	\$ -	\$ -
Due to other funds	-	5,282	249	856	-	10
Due to other governments	-	-	-	-	-	-
Refunds payable and others	19,622	-	333,316	-	154,676	75,262
Total Liabilities	<u>\$ 19,622</u>	<u>\$ 5,282</u>	<u>\$ 586,368</u>	<u>\$ 14,627</u>	<u>\$ 154,676</u>	<u>\$ 75,272</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Statement of Assets and Liabilities  
Fiduciary Funds Custodial  
December 31, 2020**

PROTHONOTARY	JUVENILE COURT RESTITUTION	DISTRICT JUSTICE	BHIDS PATIENT	REGISTER and RECORDER	DOMESTIC RELATIONS	COURT COST	TOTAL
\$ 186,220	\$ 71,047	\$ 120,552	\$ 693,296	\$ 501,021	\$ 9,011	\$ 332,712	\$ 2,759,462
-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	10,242
<u>\$ 186,220</u>	<u>\$ 71,047</u>	<u>\$ 120,552</u>	<u>\$ 693,296</u>	<u>\$ 501,021</u>	<u>\$ 9,011</u>	<u>\$ 332,712</u>	<u>\$ 2,769,706</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	266,574
-	-	-	-	-	-	-	6,397
-	-	-	-	-	-	-	-
186,220	71,047	120,552	693,296	501,021	9,011	332,712	2,496,735
<u>\$ 186,220</u>	<u>\$ 71,047</u>	<u>\$ 120,552</u>	<u>\$ 693,296</u>	<u>\$ 501,021</u>	<u>\$ 9,011</u>	<u>\$ 332,712</u>	<u>\$ 2,769,706</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Statement of Increases and Decreases  
Fiduciary Funds Custodial  
December 31, 2020**

	TREASURER ESCROW	MEDICAL CLAIMS	TAX CLAIM ESCROW	COAL LAND ROYALTY	SHERIFF ESCROW	ESCHEATS
<b>ASSETS:</b>						
Balance December 31, 2019	\$ 20,798	\$ 27,017	\$ 602,262	\$ 23,119	\$ 203,432	\$ 73,067
Increases	205,133	2,558,110	9,059,735	37,865	691,091	20,554
Decreases	206,309	2,579,845	9,075,629	46,357	739,847	18,349
Balance December 31, 2020	<u>\$ 19,622</u>	<u>\$ 5,282</u>	<u>\$ 586,368</u>	<u>\$ 14,627</u>	<u>\$ 154,676</u>	<u>\$ 75,272</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Combining Statement of Increases and Decreases  
Fiduciary Funds Custodial  
December 31, 2020**

PROTHONOTARY	JUVENILE COURT RESTITUTION	DISTRICT JUSTICE	BHIDS PATIENT	REGISTER and RECORDER	DOMESTIC RELATIONS	COURT COST	TOTAL
\$ 160,935	\$ 63,561	\$ 124,020	\$ 510,526	\$ 247,986	\$ 8,965	\$ 322,622	\$ 2,388,310
386,372	9,346	2,497,126	1,496,184	10,216,169	129	1,879,224	29,057,038
361,087	1,860	2,500,594	1,313,414	9,963,134	83	1,869,134	28,675,642
<u>\$ 186,220</u>	<u>\$ 71,047</u>	<u>\$ 120,552</u>	<u>\$ 693,296</u>	<u>\$ 501,021</u>	<u>\$ 9,011</u>	<u>\$ 332,712</u>	<u>\$ 2,769,706</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Schedule of Revenue, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2020**

	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCES WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Taxes	\$ 20,392,481	\$ 20,392,481	\$ 19,481,908	\$ (910,573)
Intergovernmental	563,046	563,046	586,284	23,238
Charges for services	4,306,096	4,335,971	4,565,057	229,086
Investment earnings	209,200	209,200	139,286	(69,914)
Miscellaneous	587,756	587,756	3,250,105	2,662,349
Total revenues	<u>26,058,579</u>	<u>26,088,454</u>	<u>28,022,640</u>	<u>1,934,186</u>
<b>EXPENDITURES:</b>				
Current:				
General government	4,779,336	4,809,336	5,071,061	(261,725)
Judicial	6,473,362	6,473,237	5,716,404	756,833
Public safety	9,149,089	9,149,089	8,967,934	181,155
Human services	167,584	167,584	143,260	24,324
Conservation and development	249,986	249,986	259,894	(9,908)
Total expenditures	<u>20,819,357</u>	<u>20,849,232</u>	<u>20,158,553</u>	<u>690,679</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,239,222</u>	<u>5,239,222</u>	<u>7,864,087</u>	<u>2,624,865</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from long term debt	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	82,373	82,373	68,054	(14,319)
Transfers out	(5,321,595)	(5,321,595)	(4,761,191)	560,404
Total other financing uses, net	<u>(5,239,222)</u>	<u>(5,239,222)</u>	<u>(4,693,137)</u>	<u>546,085</u>
Net change in fund balances	-	-	3,170,950	3,170,950
Fund balances, beginning	-	-	3,598,951	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,769,901</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Schedule of Revenue, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Behavioral Health and Intellectual Development Services  
For the Year Ended December 31, 2020  
(Unaudited) Budgeted Amounts**

	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 10,603,561	\$ 10,603,561	\$ 9,030,905	\$ (1,572,656)
Charges for services	82,924	82,924	143,972	61,048
Investment earnings	2,500	2,500	6,066	3,566
Miscellaneous revenue	41,581	41,581	74,470	32,889
Total revenues	<u>10,730,566</u>	<u>10,730,566</u>	<u>9,255,413</u>	<u>(1,475,153)</u>
EXPENDITURES,				
Current,				
Human services	<u>11,048,032</u>	<u>11,048,032</u>	<u>9,560,068</u>	<u>1,487,964</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(317,466)	(317,466)	(304,655)	12,811
OTHER FINANCING SOURCES (USES):				
Transfers in	357,466	357,466	344,655	(12,811)
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total other financing sources and uses	<u>317,466</u>	<u>317,466</u>	<u>304,655</u>	<u>(12,811)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, Beginning	-	-	10,681	-
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,681</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF NORTHUMBERLAND, PENNSYLVANIA**

**Schedule of Revenue, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Children and Youth  
For the Year Ended December 31, 2020  
(Unaudited) Budgeted Amounts**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental	\$ 12,606,530	\$ 12,640,730	\$ 9,137,956	\$ (3,502,774)
Charges for services	312,441	323,241	311,961	(11,280)
Total revenues	<u>12,918,971</u>	<u>12,963,971</u>	<u>9,449,917</u>	<u>(3,514,054)</u>
EXPENDITURES,				
Current,				
Human services	<u>14,171,687</u>	<u>14,218,487</u>	<u>11,047,613</u>	<u>3,170,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,252,716)</u>	<u>(1,254,516)</u>	<u>(1,597,696)</u>	<u>(343,180)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,593,713	1,595,513	1,866,230	270,717
Transfers out	(340,997)	(340,997)	(268,534)	72,463
Total other financing sources and uses	<u>1,252,716</u>	<u>1,254,516</u>	<u>1,597,696</u>	<u>343,180</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, Beginning	-	-	-	-
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.