

County of Northampton, Virginia



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

ABOUT THE COVER

Featured on the cover are participants in Northampton County's first COMMUNITY PLANNING ACADEMY, offered during the fall of 2010. The first academy of its kind on the Eastern Shore, Northampton's Planning Academy was offered to provide County citizens a solid introduction to the community planning process by serving as a forum for discussing how Northampton County's future can be shaped through planning.

A demonstration of Northampton County's commitment to civic awareness and citizen involvement, the Academy provided each participant with a planning framework that was Northampton County-specific. A primary academy goal was the enhancement of citizen knowledge regarding the community planning process, the legal foundations of planning, the role of natural resources in the planning process, and the role citizens can play in developing a dialogue regarding Northampton County's future.

INTRODUCTORY SECTION

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COUNTY OF NORTHAMPTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2010**

Issued by the Department of Finance
Northampton County
Eastville, Virginia

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COUNTY OF NORTHAMPTON, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**COUNTY OF NORTHAMPTON, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR 2010

(July 1, 2009 through June 30, 2010)

BOARD OF SUPERVISORS

Laurence J. Trala, Chairman
Willie C. Randall, Vice Chairman
Oliver H. Bennett
H. Spencer Murray
Richard B. Tankard
Jeffrey K. Walker

COUNTY OFFICIALS

Katherine H. Nunez, County Administrator
Glenda E. Miller, Director of Finance
Bruce D. Jones, Jr., County/Commonwealth Attorney
Ilva M. James, Treasurer
Anne G. Sayers, Commissioner of Revenue
Traci W. Johnson, Clerk of Court
John P. Robbins, Jr., Sheriff
Theresa A. Wiser, Registrar

BOND COUNSEL

McGuireWoods LLP
One James Center
901 East Cary Street
Richmond, Virginia 23219

INDEPENDENT AUDITOR

Robinson, Farmer, Cox Associates
401 Southlake Boulevard, Suite C-1
Richmond, Virginia 23236

COUNTY OF NORTHAMPTON

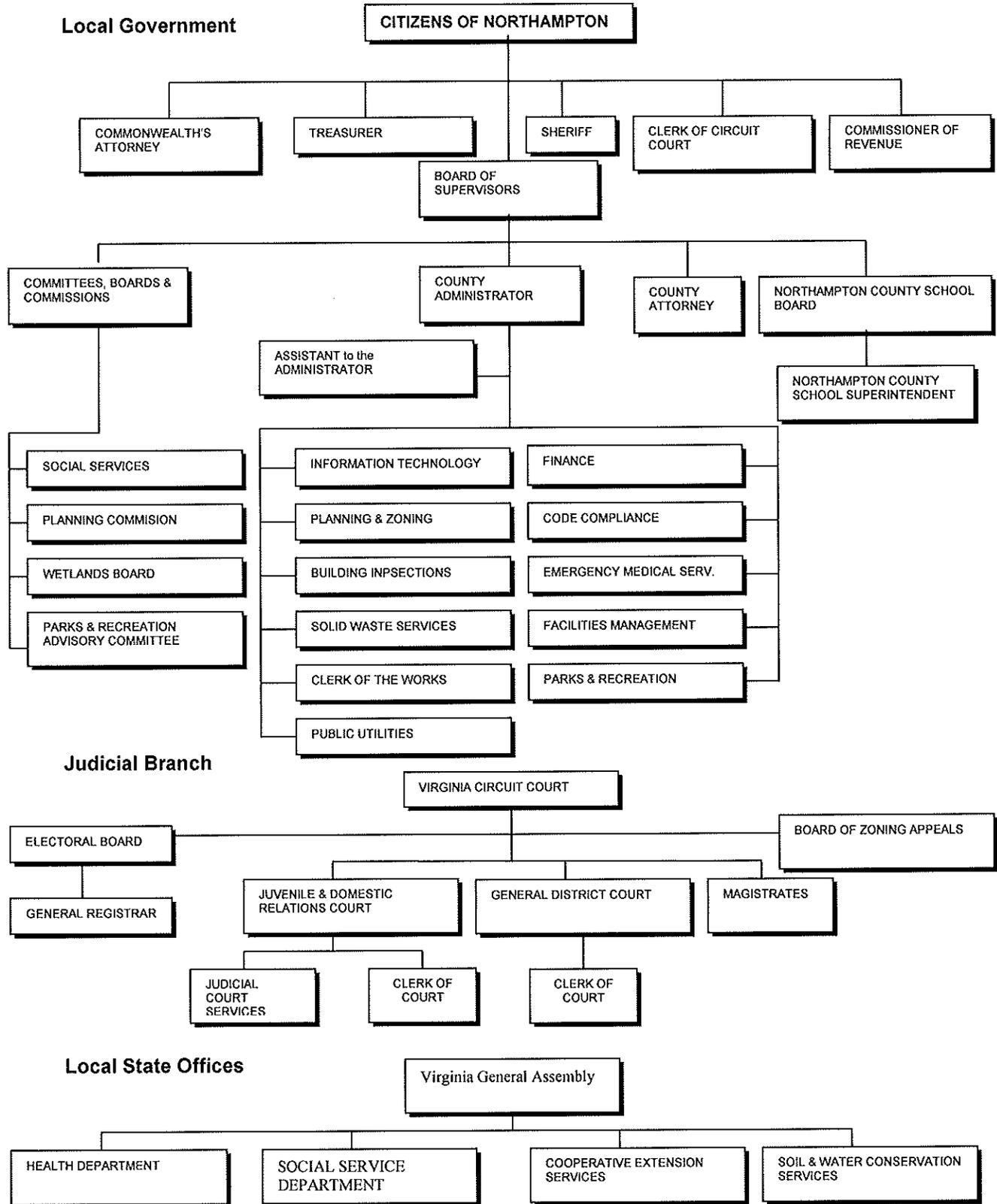
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COUNTY OF NORTHAMPTON, VIRGINIA

ORGANIZATION CHART



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Northampton
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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County of Northampton

P.O. Box 66

16404 Courthouse Rd.

Eastville, VA 23347

Phone: 757-678-0440 Fax: 757-678-0483

December 3, 2010

To the Board of Supervisors and the Citizens of Northampton County:

The Code of Virginia (§ 15.2-2511) requires that all localities publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, Northampton County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, has audited and issued an unqualified "clean" opinion on the financial statements of Northampton County for the fiscal year ended June 30, 2010. The Independent Auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Northampton County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Northampton County comprises the southernmost portion of the Eastern Shore of Virginia, bordered on the north by Accomack County, Virginia, on the west by the Chesapeake Bay, and on the east by the Atlantic Ocean. At the southern end of the County is the Chesapeake Bay Bridge-Tunnel, connecting the County to the Hampton Roads area of Virginia. The County encompasses a land area of approximately 355 square miles. The County's population was 13,093 according to the 2000 census. The County is a full-service County and provides a variety of services to its citizens as authorized by the laws of the Commonwealth of Virginia. The County is authorized to issue general obligation bonds, generally subject to voter referendum.



Northampton County was formed as an independent county in 1634 and is organized under the traditional county form of government. The Board of Supervisors, which establishes policies for the administration of the County, is the governing body of the County. The Board is composed of six members, one member elected from each of six election districts. A member must be a resident of the district in which he or she serves. Members are elected for four-year staggered terms, with three members' terms expiring every two years. Each year the Board elects a Chairman and Vice Chairman from among its members. In addition to the County Board, other elected County officials include the Commonwealth's Attorney, Commissioner of the Revenue, Treasurer, Sheriff, and Clerk of the Circuit Court.



The Board appoints a County Administrator to serve as the chief executive officer of the County. The County Administrator serves at the pleasure of the Board, implements its policies, directs business and administrative procedures, and recommends officials to be appointed by the Board. The County Administrator is currently assisted by eleven staff departments and offices including Finance; Information Technology; Planning and Zoning; Code Compliance; Clerk of the Works; Facilities Management; Building Inspections; Solid Waste Services; Public Utilities; Emergency Medical Services; and Parks and Recreation.

Northampton County is also financially accountable for a legally separate school system which is reported as a discretely presented component unit in the audited financial statements. The Northampton County public schools are governed by the Northampton County School Board, which is composed of eight members who are appointed by the County Board of Supervisors. A Superintendent is appointed by the School Board to administer the operations of the County's public schools. The School Board functions independently of the County Board but is required to prepare and submit an annual budget to the County Board of Supervisors for its consideration. Because the School Board can neither levy taxes nor incur indebtedness under Virginia law, the local costs of the school system are in large part provided by appropriation from the County's General Fund. The costs of constructing school facilities are generally provided by capital appropriations from the County's General Fund, through State Literary Fund loans, Qualified Zone Academy Bonds (QZAB), and through the Virginia Public School Authority.

In Virginia, cities and counties are not overlapping units of government. However, there are no incorporated cities within the boundaries of the County. There are six incorporated towns all or partly located in Northampton County, the largest of which are the Town of Exmore with a population of 1,349 and the Town of Cape Charles with a population of 1,464, and the others of which are the Towns of Cheriton, Eastville, Nassawadox and Belle Haven. These towns are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. Property in these towns is subject to County taxation and the County provides certain services to their residents. These towns may also incur general obligation indebtedness without the prior approval of the County.



The County operates under an annual operating budget adopted in accordance with the provisions of the Code of Virginia. The budget is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. The balanced budget must be adopted prior to the beginning of the fiscal year. The budget is subject to public inspection and a public hearing prior to its adoption. The budget is considered balanced when net revenue equals appropriations.



The operating budget is adopted on a departmental basis and is prepared using the modified accrual basis of accounting for all funds. Departmental appropriations that have not been expended by the end of the fiscal year are returned to the County's fund balance. Funds that are subject to carryover include unspent grant revenue or awards which must be presented to the Board for "re-appropriation."

Department Heads and Constitutional Officers may approve transfers within their own operating budgets with the exception of transfers affecting salaries and related accounts. The County Administrator is authorized to transfer budgeted amounts between departments, but any revisions that alter total expenditures must be approved by the Board of Supervisors through legislative action. All supplemental appropriations

must be reported in a public meeting of the Board of Supervisors and made a matter of record in the minutes.

Appropriations designated for capital projects do not lapse at the end of the fiscal year but remain appropriations until the completion of the project or until the Board of Supervisors, by appropriate resolution, amends or eliminates the appropriation. Upon completion of a capital project, staff is authorized to close out the project and transfer to the funding source any remaining balances.

Demographic Factors and Local Economy

From Colonial times to the present, agriculture has been the mainstay of the Eastern Shore economy. Early farmers grew tobacco and later turned to livestock, some of which freely grazed on the seaside barrier islands. Eventually



these farms raised grain crops and produce. Agriculture is still estimated to represent approximately 18% of the local economy. During the 1880's, the arrival of the railroad stimulated the local economy and literally changed the face of the Eastern Shore. Built down the spine of the peninsula, towns and villages sprang up along the line.

Watermen have been active on the shore for generations. Once abundant, oysters were a mainstay of the seafood industry along with the famed blue crab, clams and scallops. Waterfront villages and

towns enjoyed a healthy economy as watermen brought in their catch and seafood packing, oyster shucking and crab picking houses stayed busy. Though oysters are not as abundant today due to over-harvesting and disease, blue crabs from the Eastern Shore are still a sought after commodity. Clam aquaculture or water farming is a multi-million dollar industry with operations in Willis Wharf, Chincoteague and Cherrystone Creek.



Unemployment

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

Average Annual Unemployment Rates

Calendar Year	<u>Northampton County</u>	<u>Commonwealth of Virginia</u>	<u>United States</u>
2001	4.0	3.5	4.8
2002	5.9	4.1	5.8
2003	5.7	3.6	5.4
2004	4.3	3.7	5.5
2005	4.9	3.5	5.1
2006	4.4	3.0	4.6
2007	4.1	3.8	4.6
2008	5.5	4.0	5.8
2009	9.7	7.1	7.5
May 2010	9.3	6.9	8.3

Source: Virginia Employment Commission

INCOME

Per capita personal income for Northampton County in 2008 was \$33,514, the latest year for which data was available. Selected per capita personal income data for Northampton County and other jurisdictions is as follows:

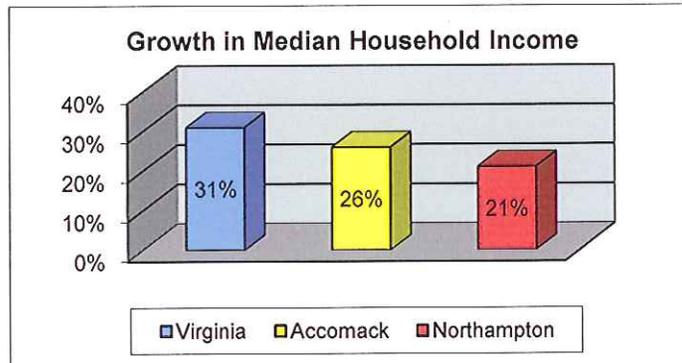
Per Capita Personal Income Selected Years

Year	<u>Northampton County</u>	<u>Commonwealth of Virginia</u>	<u>United States</u>
1999	19,321	29,299	27,843
2000	21,049	31,120	29,469
2001	22,547	32,338	30,413
2002	23,001	33,018	30,814
2003	24,057	33,993	31,487
2004	24,660	36,175	33,041
2005	25,502	37,503	34,471
2006	26,481	39,540	36,714
2007	32,413	43,158	39,392
2008	33,514	44,075	40,166

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

Since 2000, Northampton County's median household income has been growing at a slower rate than that of Accomack County or the State of Virginia as evidenced below.

	<u>2000</u>	<u>2008</u>	<u>% Increase</u>
Virginia	46,789	61,210	31%
Accomack	29,809	37,564	26%
Northampton	28,405	34,424	21%



The following chart reflects the number of households by income levels on the eastern shore of Virginia. The area's growing popularity with retirees and those seeking vacation homes has clearly had a dramatic affect on this indicator.

	<u>1990</u>	<u>2000</u>	<u>% Change</u>
< \$25,000	10,799	8,730	-19%
\$25,000 to \$49,999	5,113	6,802	+33%
\$50,000 to \$74,999	1,222	2,958	+142%
\$75,000 to \$99,999	325	1,062	+227%
\$100,000 or more	275	1,037	+277%

Employment

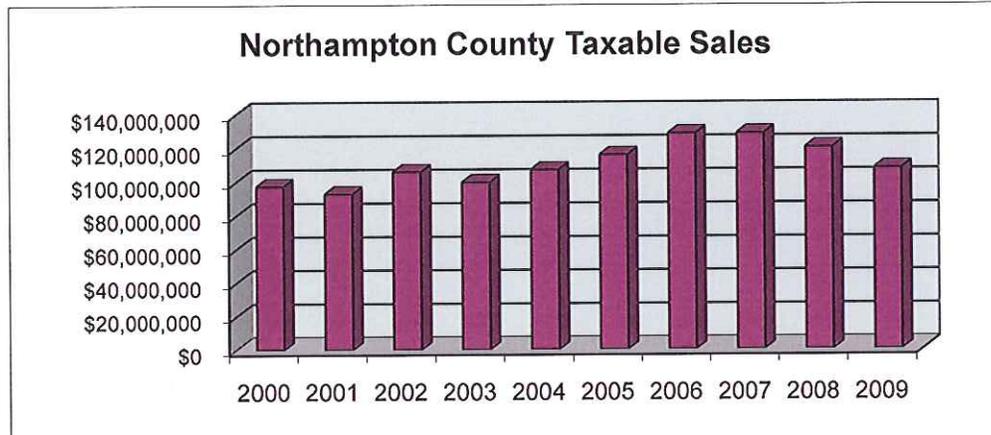
The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending December 31, 2009.

Industry	Employment	Percentage
Health Care & Social Assistance	1,034	21.45%
Government (Federal, State & Local)	961	19.93%
Agriculture, Forestry, Fishing & Hunting	631	13.09%
Retail Trade	575	11.93%
Manufacturing	467	9.69%
Accommodation & Food Services	391	8.11%
Other Services	290	6.01%
Construction	167	3.46%
Non-Disclosable (Utilities, Information, Educational Serv., Entertainment & Recreation)	151	3.13%
Finance & Insurance	87	1.81%
Wholesale Trade	67	1.39%
Total	4,821	100.00%

Source: Virginia Employment Commission

Taxable Sales

Northampton County has experienced a 10.5% increase in taxable sales over the last ten years, however, sales for 2008 and 2009 reflect declines of 6.5% and 10.4% respectively; and the first quarter of 2010 reflects a 9.7% decrease from the same quarter last year.



Housing

According to the 2000 U.S. Census (the most recent data available), there were 6,547 total housing units (including rental apartments) located in the County of Northampton, of which 5,321 were occupied. Of those occupied units, the following table presents data regarding their respective types of occupancy.

HOUSING UNITS BY OCCUPANCY

	<u>2000</u>
Owner Occupied	3,649
Renter Occupied	<u>1,672</u>
Total:	5,321

Source: U.S. Department of Commerce, Census Bureau, 2000 Census



The County's dependence on property tax revenue continues to increase. For FY11, property tax revenue is expected to generate 67.5% of General Fund revenues compared to 50% in FY04. Residential real estate is the fastest growing portion of the tax base. The residential portion of current year real estate tax revenue was 80% of the total real estate tax base for the 2009 tax year. By comparison, in 2000, it was only 64%. For FY11, current year real estate tax revenues are expected to increase by only .66% over FY10. Overall property tax revenue is expected to increase by .5%.

Travel and Tourism

Tourism remains one of the County's primary industries due to its location between the Atlantic Ocean and the Chesapeake Bay. According to the Virginia Division of Tourism, preliminary figures indicate that travel expenditures in the County exceeded \$62,736,875 in 2008 and approximately 764 tourism-related jobs are located in the County. Travel expenditures increased by .1% over 2007, while the number of tourism related jobs fell by 2.5%. Major tourism spots on the Eastern Shore of Virginia include the Assateague Island National Seashore, the Chincoteague National Wildlife Refuge, Kiptopeke State Park, the Eastern Shore National Wildlife Refuge and the NASA/Wallops Island Visitor Center.



Northampton County's tourism program is directed by the Eastern Shore of Virginia Tourism Commission, a joint commission created by the Boards of Supervisors of Accomack and Northampton Counties in 1984. The Commission's mission is to advertise, promote, and market the two counties as a vacation destination and is funded jointly by each County. Additional funding is provided by local businesses in the form of tax-deductible patronships. Beginning in FY08, Northampton County raised the transient occupancy tax on lodging from 2% to 5% and dedicated the additional 3% to fund tourism programs within the County. A portion of the additional funding is ear-marked for capital projects related to tourism within the County. Since FY09, a portion of these funds have been released as part of a local competitive grant program.



The Eastern Shore Tourism Commission has recently adopted a strategy for tourism on the Eastern Shore of Virginia. The stated vision includes transforming Virginia's Eastern Shore into a well-known brand used to market everything from the tourism experience to farm produce and shellfish. The vision would also promote the Eastern Shore of Virginia as an environmental beacon, where family farms and historic villages co-exist with a teeming fishery, rich oyster and clam beds, and a vast wilderness of marsh and barrier islands of global ecological significance. The Tourism Commission intends to promote the development of a high dollar-low impact tourism industry which plays to the natural strengths of the shore, including its uniqueness. The Tourism Commission would encourage a vibrant tourist industry including eco-tourism, agri-tourism, and historical tourism to generate

economic opportunities that capitalize on the special qualities of the shore.

Long-Term Financial Planning and Major Initiatives

The Northampton County Board of Supervisors has adopted long and short-term goals in order to accomplish their strategic plan for the County. The goals for FY11 and beyond include the following initiatives:

- **Organization-wide Overall Goal - Develop a financial plan to maintain and enhance the community by providing a sound quality of life and a safe living environment for our citizens.**

Long-term Goals - Beyond 2012

- US Route 13 – explore and capture funds to continue to implement changes to further the goals of VDOT's Access Management Plan
- Full funding for Accomack Northampton Regional Housing Authority and Affordable Northampton County Housing Authority & clarify role of BOS and ANPDC on this issue
- Expansion of recreation opportunities for youth and encourage private sector possibilities for expansion of recreation opportunities
- Restructuring EMS System
- Update Hurricane Preparedness Plan

Medium-term Goals - 2010/2011

- US Route 13 – Pursue funding to implement VDOT Access Management Plan

- Develop plan of target areas for affordable housing and forward to Accomack Northampton Regional Housing Authority and Affordable Northampton County Housing Authority for action (i.e., Cheapside, Treherneville)
- Explore relationship with Randy Custis Park

Short-term Goals - 2010

- Work in tandem with School Board to develop FY2011 budget
- Create Proffer Committee and review/revise Proffer Policies
- Review the requirements of the Rental Inspection Program/determination to retain or repeal ordinance
- Drainage, County wide Comprehensive plan to begin process of clearing ditches in the more heavily impacted neighborhoods
- Update Emergency Operations Plan

- **Organization-wide Overall Goal - Invigorate the economic viability of the County, while managing growth in such a way as to preserve the existing natural resources and tranquil rural life style.**

Long-term Goals - Beyond 2012

- Develop educational campaign for promotion of recycling

Medium-term Goals - 2010/2011

- Subdivision Ordinance – review for compliance with revised Comprehensive Plan and Zoning Ordinance
- Finalize Town Edge Plans
- Historic Corridor Designation for Rte. 184 (Stone Road) and Old Cape Charles Road in Cape Charles
- Pursue legislation for creation of Agricultural Enterprise Zone
- Encourage Industrial Development along with Block Commercial Development in the Land Use Section of the Comp Plan
- Evaluate elevation requirements for structures located near tidal waters

Short-term Goals - 2010

- Overview/review of Zoning Ordinance thru a Steering Committee to forward recommendations to BOS for any action by Planning Commission.
- Finalize Town Edge Plans
- Create Watershed Management Plan
- Review Comprehensive Plan
- Establish structure/composition of a Public Service Authority (PSA)
- Establish Economic Development Advisory Committee
- Review of potential incentives that County may wish to adopt
- Gain better understanding of present employers, understand their needs
- Re-activate the Industrial Development Authority in terms of purpose and mission
- Resolve all issues associated with STIP property, specifically the Nature Preserve Property and the 2 acre leased property
- Annually update the CEDS (Comprehensive Economic Development Strategy) through the ANPDC

- **Organization-wide Overall Goal - Maintain a reasonable County tax structure by effectively and responsibly balancing the increasing demands for services with available resources to achieve maximum value for our citizens.**

Long-term Goals - Beyond 2012

- Lower Taxes on Existing Businesses

Medium-term Goals - 2010/2011

- Explore "lease" option re: delinquent tax properties
- Explore joint purchasing of health insurance benefits with Accomack County/county-wide

Short-term Goals - 2010

- Inventory of County property for potential sale and/or economic development reuse
- Completion of grants for wastewater service for communities (north & south)
- Sell holdings on east side of Courthouse Road
- Develop payment plan parameters/policy re: tax collections
- Increase frequency of Delinquent Tax Sales and take necessary steps to exhaust all options before referring a delinquent tax property to the County Tax Attorney if the property is the primary residence of the tax payer
- Consider bi-annual tax billing
- Review use of technology to assist with tax collections
- Institute tax lien program
- Review County policy re: boundary adjustments
- Improve Town/County relations & communications and institute quarterly joint work sessions

- **Organization-wide Overall Goal - Maintain a Capital Improvement Program to address capital expenditures for infrastructure and required services.**

Long-term Goals - Beyond 2012

- Combined facilities with school garage & county maintenance
- Morley's Wharf – Boat Slips
- Willis Wharf & Oyster Harbor – permanent restrooms
- Community Docking
- Acquire bayside beach in Northern half of county
- Investigate feasibility of a firing range at closed landfill and examine private sector possibilities of providing a firing range

Medium-term Goals - 2010/2011

- Extend water & wastewater service to County property across from old Courthouse
- Examine water line to high school/upgrade
- Work with Health Department to relocate further south (possibly to middle school)
- Devise strategy for Raccoon Park (Firing Range)

Short-term Goals - 2010

- Implement grant funds for renovation of Indiantown Park
- Get nighttime lighting to be more dark-sky friendly for the County-owned properties. Seek grant funding to accomplish this goal.
- Examine reuse options for Willow Oak property
- Renovate Admin buildings and utilize 1914 jail and re-examine priority of this construction
- EMS location – purchase existing site or relocate to former middle school
- Determine use/access of birding walkway @ landfill

- **Organization-wide Overall Goal - Promote the development of an accountable, responsive local government with demonstrated efficiency and effectiveness.**

Long-term Goals - Beyond 2012

- Study feasibility of curbside pick-up for recycling

Medium-term Goals - 2010/2011

- Computer/Technology Recycling Event
- Beautify Waste Collection Centers and sponsor competitive beautification program for the 6 centers

Short-term Goals -- 2010

- Complete construction and beautify sites of remaining two waste collection centers.
Status: (6 Sites Planned)
 - Birdsnest: Opened January 1, 2006
 - Bayview: Opened July 1, 2006
 - Wardtown: Opened September 1, 2006
 - Hare Valley: Opened June 1, 2008
 - Eastville: Working to locate land for this purpose.
 - Cheapside: Under construction
 - Institute recycling for County offices
 - Review BOS policy re: disposal restrictions @ waste collection centers
 - Establish litter campaign; examine penalties allowed in Code & in local ordinance
 - Examine feasibility of Probationer use in other aspects of County Maintenance
 - Examine shared services with schools (payroll, facilities management, fuel purchasing, leasing/financing services, purchases, accounts payable)
- **Organization-wide Overall Goal - Facilitate the development of a quality educational environment that provides for high quality educational and job readiness skills for all Northampton County residents.**

Medium-term Goals - 2010/2011

- Examination of Capital Plant

Short-term Goals - 2010

- Cafeteria Wall Repair – Adhere to time line for repairs with start date for June 2010
- Finalize Capital Improvement Plan for School
- Study regionalization opportunities with Accomack County Schools, i.e. purchasing

The County Administrator and the County department heads have committed to the accomplishment of these goals and use the goals as a foundation for the budgetary process, both annual and capital.

Several projects have been completed under the County's capital plan which was initiated in 2002. The Transfer Station was completed in December 2008 and went online for handling the County's waste stream in April 2009. County staff man and operate the facility, which requires the packing of 18-wheel trucks with solid waste to a certain weight limit and a third party vendor hauls these trucks to a private landfill located off the Eastern Shore for disposal. As a new operating expense first contained in the Fiscal Year 2009 budget, we are continuing to monitor and maximize the truck loads to achieve the most cost-effective price under our contract for hauling and disposal services. The fifth of six manned waste collection centers is under construction and will be operational by the end of 2010. The conversion of the former Temporary Housing Unit for prisoners has been completed for new offices for the Sheriff's Department and Emergency Operations Center and the former building/property utilized for Sheriff's offices has been returned to the School Board.

There are three remaining projects that will be financed through the bonds already obtained for our capital plan. The first is a new building for Juvenile and Domestic Relations Court Services, the support service facility to Juvenile & Domestic Relations Court. This project is under architectural contract and is scheduled for start of construction in January 2011. The second is the renovation of County Administration and the adjacent, vacated Courthouse building and old jail. This project is under architectural contract and construction is underway. The last project is the sixth and final waste collection center which has been delayed due to difficulties in obtaining property in or around Eastville.

In Fiscal Year 2009, the School Board closed the middle school facility and distributed its student population amongst the two elementary schools and the high school. This closure was a result of a decade long decline in student population and increasing budgetary requirements for operation of the school system with facilities that were not being fully utilized. In November 2009, the middle school facility was transferred to the County for ownership and operation. The County has temporarily moved its administration offices to the site while renovation of the historic courthouse is underway. It is still formulating a full re-use plan for this property which includes a potential use for the EMS department. Northampton County Extension Services into this facility in 2009 and has turned over the gymnasium and several classrooms to the Parks & Recreation Department. The County is negotiating with the Eastern Shore Community College for use of space in the middle school facility to hold classes, training sessions and other workforce development programs.

Relevant Financial Policies

During FY05, the Board of Supervisors adopted a Fund Balance Policy and a Debt Policy. The Fund Balance Policy establishes the minimum level of acceptable unreserved general fund balance at 8% of the combined actual operating expenditures of the General Fund, Virginia Public Assistance Fund, Eastern Shore Regional Jail Fund and School Operating Funds (net of interfund transfers). At June 30, 2010, unreserved, undesignated general fund balance was \$4,336,539 or 11.92%. If at any time the unreserved fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level. The adopted Debt Service Policy established a limit of 4% for debt as a percentage of assessed value of real estate. The ratio of debt service expenditures as a percent of governmental fund expenditures is similarly limited to 12%.

Awards & Acknowledgements

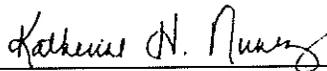
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Northampton for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the seventh consecutive year the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

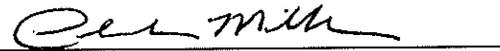
This report reflects the results of the Board of Supervisors' strong financial policies. The Board's support and cooperation in planning and conducting the financial operations of the County is acknowledged and appreciated.

We also acknowledge and extend special recognition to the staffs of the Finance and Treasurer's departments for their efficient and dedicated service to the County. Their efforts to maintain the accounting and financial reporting system of the County have led to the high quality of information being reported to the Board of Supervisors and citizens of the County, as well as present and potential investors.

Respectfully submitted,



Katherine H. Nunez
County Administrator



Glenda E. Miller
Director of Finance

FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

**To The Honorable Members of the Board of Supervisors
County of Northampton
Northampton, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Northampton, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, on our consideration of the County of Northampton, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the schedules of pension funding progress and funding progress for the retiree health insurance plans as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Northampton, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Northampton, Virginia. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farnham, Cox & Associates

Richmond, Virginia
December 3, 2010

Management's Discussion and Analysis

As management of the County of Northampton (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages x through xix of this report.

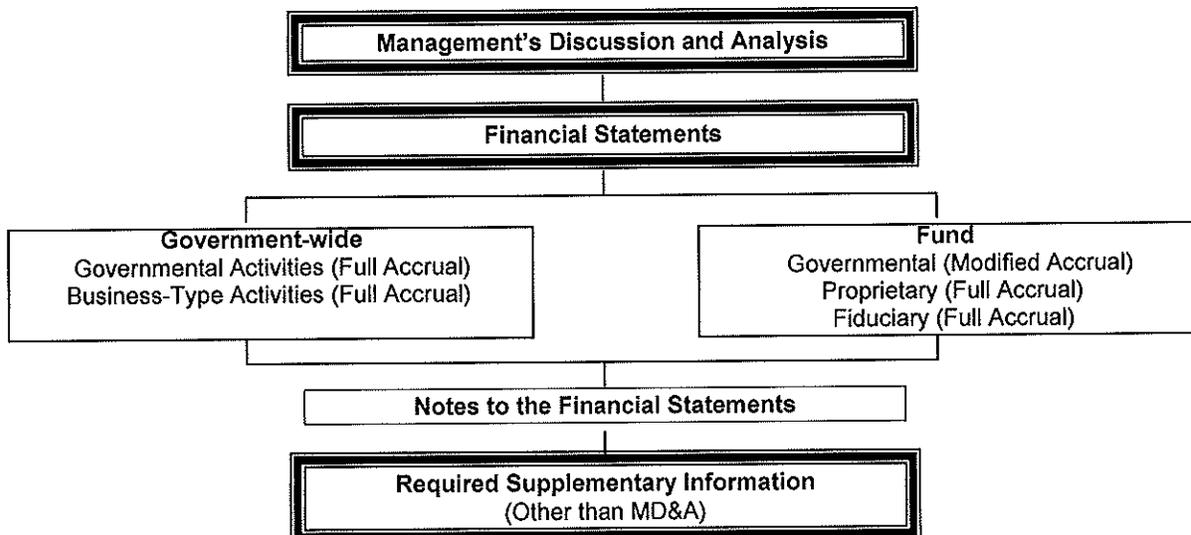
Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$21,817,694 (*net assets*). The County's investment in capital assets, net of related debt decreased from \$12,338,750 to \$8,902,413. Unrestricted net assets increased by \$10,181,461 mainly from an increase in total assets of \$3,360,724 and a decrease of \$4,373,733 on total liabilities.
- At June 30, 2010, unreserved, undesignated General Fund balance was \$4,336,539 or 11.92% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance increased by \$710,957 from FY2009. Of the increase, \$531,573 was a result of school operating revenues exceeding expenditures and \$179,384 was generated from revenues over expenditures in the General Fund.
- On a government-wide basis for governmental activities the County had expenses net of program revenues of \$12,248,053 which were \$7,734,457 less than the general revenues of \$19,982,510.
- On a government-wide basis for business-type activities the County had expenses net of program revenues of \$26,107.
- During fiscal year 2010, the County entered into a \$79,232 capital lease agreement as lessee for financing the acquisition of three new sheriff's vehicles. The School Board also entered into a \$356,882 capital lease for the acquisition of 4 school buses.
- The County expected to receive another \$3,353,992 in additional reimbursement from the state for the construction of the regional jail during FY10; however, this reimbursement was delayed and is now expected during the spring of 2011.
- During FY10, the County re-financed a \$1,378,350 one-year note it issued during FY09 in anticipation of Literary Loan funding from the state. This borrowing funded the repair of a wall at the County's high school. The new financing is for \$1,390,000 and is for a three year term in order to allow time for the state to reenact funding for the program.

Using the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. As illustrated in the chart below, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section



The County's financial statements present two different kinds of statements (government-wide and fund), with two different approaches and views of the County's finances. The government-wide statements provide information on the overall financial status of the County. This method is more comparable to the method used in private industry. The fund financial statements focus on the individual funds of the County government, reporting the operations in more detail than the government-wide statements. When presented in a single report, both perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the County's accountability.

Government-wide Financial Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. These statements include all assets and liabilities using the accrual method of accounting. All of the year's revenue and expenses are taken into account regardless of when the cash is received or paid.

The two government-wide statements, the Statement of Net Assets and the Statement of Activities, report the County's net assets and changes in them. The County's net assets can be thought of as the difference between assets and liabilities, which is one way to measure the County's financial position. Over time, increases and decreases in net assets can be one indicator that the County's financial health is improving or deteriorating.

The Statement of Net Assets presents information on all the County's assets and liabilities. As discussed earlier, the difference between assets and liabilities is reported as net assets. Net assets are presented in three categories: invested in capital assets-net of related debt, restricted, and unrestricted. To accurately use changes as an indicator of the County's financial health, the factors that contribute to the increases and decreases must be analyzed. Other factors such as the County's tax rate, changes in the property tax base, and the condition of fixed assets must also be considered when using the Statement of Net Assets as a financial indicator.

The Statement of Activities provides information on how the net assets changed during the year. Since the government-wide financial statements use the accrual method of accounting, changes in net assets are recognized when an event occurs, regardless of the timing of cash. This will result in revenues and expenses being reported in this statement for some items that will not impact cash flow until a later time in another fiscal period.

The Statement of Net Assets and the Statement of Activities are divided into the following types of activities:

- Governmental Activities: These activities are supported primarily by property taxes and report the County's basic services such as general and judicial administration, public safety, parks and recreation, and community development.
- Business-Type Activities: These activities charge fees to customers to help cover the costs of the service. The County's Public Utilities Fund is its only business-type activity at the current time.
- Component Units: The Northampton County Public School Board is a component unit of the County. Component units are legally separate entities, but are reported in the County's financial statements because the County is financially accountable and provides operating and capital funding.

Fund Financial Statements

Fund financial statements are the traditional governmental financial statements. They focus on the most significant funds instead of the County as a whole. Northampton County operates three types of funds.

- **Governmental Funds:** The governmental funds report most of the County's basic services. The governmental funds serve essentially the same function as the governmental activities in the government-wide financial statements. The governmental fund financial statements focus on near-term cash flows and the amount of spendable resources available at the end of the fiscal year. It provides the reader a short-term view of the financial position. Since the information provides a narrow focus, the government-wide statements will provide additional information. Reconciliation from the fund statements is provided to facilitate this comparison.
- **Proprietary Funds:** There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds report the same functions as the business-type activities in the government-wide financial statements. Internal service funds account for the goods and services provided by one department or agency to other departments or agencies of the County. The County of Northampton currently has one Enterprise Fund and no Internal Service Funds.
- **Fiduciary Funds:** Fiduciary funds are used to report assets held in trustee or agency capacity for others and cannot be used to support the government's own programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Assets for several scholarships, the Northampton 911 Commission, Tourism Commission, and Special Welfare are held in fiduciary funds. These fiduciary activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-59 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Northampton County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 60 of this report.

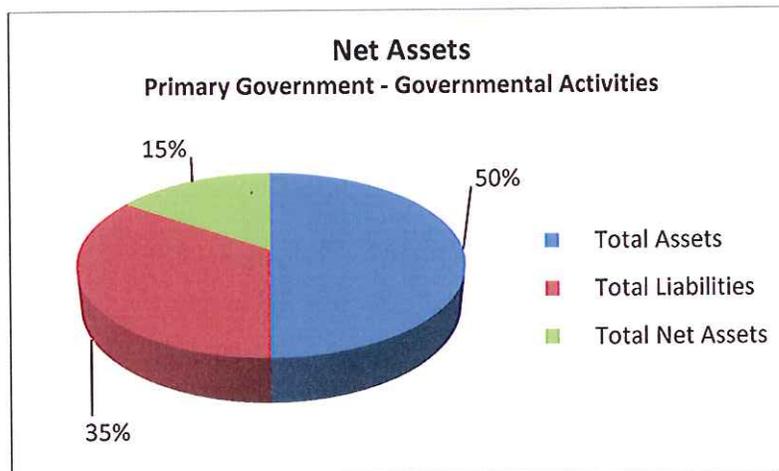
The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66-86 of this report.

Government-wide Financial Analysis

The following table presents the condensed Statement of Net Assets:

Northampton County, VA Summary Statement of Net Assets

	Primary Government				Component Unit School Board	
	Governmental Activities		Business-type Activities		2009	2010
	2009	2010	2009	2010		
Current and Other Assets	\$ 19,233,870	\$ 17,351,467	\$ (7,570)	\$ (5,430)	\$ 2,557,248	\$ 2,610,700
Capital Assets (net)	48,331,046	53,573,746	10,562	8,849	1,579,640	1,915,347
Total Assets	67,564,916	70,925,213	2,992	3,419	4,136,888	4,526,047
Long-term Liabilities	46,067,689	47,645,078	-	-	1,203,462	1,843,589
Other Liabilities	7,406,724	1,455,175	10,258	10,685	2,151,991	1,770,154
Total Liabilities	53,474,413	49,100,253	10,258	10,685	3,355,453	3,613,743
Net Assets:						
Invested in Capital Assets, Net of Related Debt	12,328,188	8,893,564	10,562	8,849	800,625	1,015,082
Restricted for Debt Service	1,027,524	2,016,857	-	-	-	-
Unrestricted	734,791	10,914,539	(17,828)	(16,115)	(19,190)	(102,778)
Total Net Assets	\$ 14,090,503	\$ 21,824,960	\$ (7,266)	\$ (7,266)	\$ 781,435	\$ 912,304



The Primary Government's governmental combined net assets increased by \$7,734,457 to \$21,817,694 from \$14,083,237 due largely to the transfer of the former middle school property from the component unit school board to the County. The transfer included land of \$57,210 and a building with an estimated value of \$5,636,300. A portion of net assets are invested in capital assets or restricted for a particular purpose such as debt service. The portion reserved for debt service increased by \$989,333 due to additional deposits in the sinking funds related to QZAB bonds. The Primary Government's governmental unrestricted net assets increased from \$734,791 to \$10,914,539 due partly to the addition of the middle school property, the reduction of outstanding debt and revenues in excess of expenditures for the year resulting in an addition to fund balance. Due to delays in the implementation of a portion of planned operations, the proprietary fund ended the year with liabilities in excess of its assets by \$7,266. The component unit's net assets totaled \$912,304, which was primarily invested in capital assets.

Northampton County, VA
Summary Statement of Changes in Net Assets

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program Revenues						
Charges for Service	\$ 1,093,377	\$ 911,526	\$ 26,663	\$ 57,489	\$ 320,974	\$ 308,800
Operating Grants & Contributions	16,209,093	6,591,543	0	0	11,467,812	12,152,408
Capital Grants & Contributions	101,611	6,269,953	0	0	272,664	0
General Revenues						
Real Estate & Personal Property Taxes	15,323,293	15,591,694	0	0	0	0
Other Taxes	2,906,279	2,892,710	0	0	0	0
Payments from Primary Government	0	0	0	0	8,473,657	7,590,508
Non-restricted Grants	1,307,051	1,349,942	0	0	0	0
Investment Earnings	208,654	86,717	0	0	243	0
Miscellaneous	303,303	87,554	0	0	408,466	577,488
Transfers	(59,739)	(26,107)	59,739	26,107	0	0
Gain on Sale of Capital Assets	119,409	0	0	0	0	0
Total Revenues	<u>37,512,331</u>	<u>33,755,532</u>	<u>86,402</u>	<u>83,596</u>	<u>20,943,816</u>	<u>20,629,204</u>
Expenses:						
General Administration	2,062,347	1,609,696	0	0	0	0
Judicial Administration	1,118,587	700,167	0	0	0	0
Public Safety	7,067,742	7,006,458	0	0	0	0
Public Works	2,771,451	1,345,320	0	0	0	0
Public Utilities	0	0	86,402	83,596	0	0
Health & Welfare	3,855,439	4,192,321	0	0	0	0
Education	9,583,116	8,307,555	0	0	20,667,700	20,498,335
Parks, Recreation, and Cultural	293,853	300,973	0	0	0	0
Community Development	1,368,325	900,746	0	0	0	0
Interest on Long-Term Debt	2,176,369	1,657,839	0	0	0	0
Total Expenses	<u>30,297,229</u>	<u>26,021,075</u>	<u>86,402</u>	<u>83,596</u>	<u>20,667,700</u>	<u>20,498,335</u>
Change in Net Assets	7,215,102	7,734,457	0	0	276,116	130,869
Net Assets, Beginning, As Adjusted	6,875,401	14,090,503	(7,266)	(7,266)	505,319	781,435
Net Assets, Ending	<u>\$ 14,090,503</u>	<u>\$ 21,824,960</u>	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ 781,435</u>	<u>\$ 912,304</u>

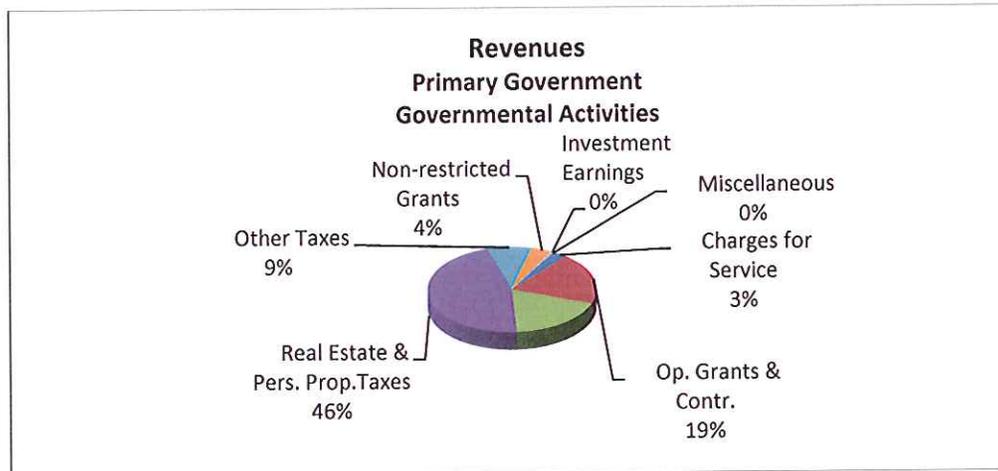
Revenues

For the fiscal year ended June 30, 2010, revenues generated by the Primary Government's governmental activities totaled \$33,755,532. General property taxes, the County's largest revenue source, were \$15,591,694. Included in this total are real and personal property levies, which are due on December 5th each year. The real estate tax rate for FY10 was \$0.49 per \$100 of assessed value, the same as the rate for FY09. Eight cents of the real estate tax rate has been earmarked for debt service on the 2002 bond issue and the 2005, 2006 and 2007 bank-qualified financings.

FY10 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The new PPTRA became effective with the 2006 tax year and is based on the amount collected for 2004 taxes through December 2005. The total amount Northampton County receives under the new program is \$1,421,967. This amount enabled the County to provide car tax relief of 58% up to the first \$20,000 in value for FY10.

The other local tax category includes sales tax, consumer utilities tax, occupancy tax, recordation tax, and food and beverage tax. This category of income reflects an overall decrease of \$13,569 from the previous year which was \$292,850 lower than FY08. The decrease for the current year was due to several factors including a decrease in sales and use tax and a decrease in the Communications Sales and Use tax which were offset to a large degree by an increase in Consumer Utility Taxes. Taxes on wills and recordation fees were up for the year by \$25,088 due largely to refinancing activity in the County. Transient Occupancy Taxes and Food and Beverage Taxes remained steady when compared with FY09.

Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues for governmental activities were \$13,773,022. Program revenues in the governmental funds include a "charges for services" category that totaled \$911,526 and includes charges for waste disposal, recreation programs, and building permits. This category decreased by \$181,851 from the previous fiscal year. The proprietary fund generated program revenues of \$57,489 from user charges for water and sewer services.



Expenses

For the fiscal year ended June 30, 2010, expenses for governmental activities totaled \$26,021,075, a decrease of \$4,276,154. Expenses include the cost of employee compensation, contributions to the school board, and interest on governmental debt and were reduced in almost every category.

Personnel expenses for FY10 included no salary adjustments due to budget constraints. These compensation changes do not include employees of the School System, Social Services or the 911 Commission employees which are determined by those respective Boards. Retirement contributions remained at 12.44% of the employees' salary. There was a reduction from .82% to .79% in the premiums for group life insurance coverage.

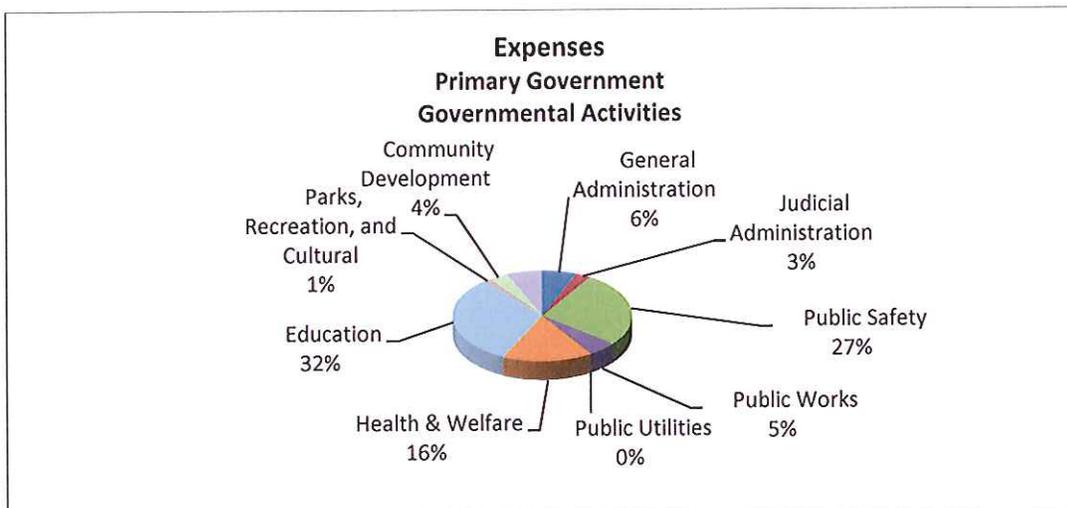
During FY10, the County was forced to refine and reduce operational expenses due to revenue projections not being met. The county implemented expenditure reductions ranging from expenses involving travel, training and office supplies to personnel furloughs of 2 days up to 10 days based upon pay grade and reduction of salaries for the Board of Supervisors and renegotiated contracts for insurance and audit services. Additionally, the state imposed reductions to the funding for the constitutional offices that required reductions and vacancy freezes to offset this loss of state funding. Overall, the county implemented a mid-year reduction to the Fiscal Year 2010 budget of \$1.8 million or 4%.

Expenses in the General Administration function of governmental activities decreased by \$452,651. The decrease reflects budget reductions which were implemented as a result of reduced local and state funding. The Judicial Administration function decreased by \$418,420 for the same reasons and included the reduction of a locally funded position in the Clerk of the Circuit Court's office. The Public Safety category reflects a decrease of \$61,284 in governmental activities. Although most of the base staff costs for the Eastern Shore Regional Jail are reimbursed by the State Compensation Board, portions of five support positions and the necessary training periods for all positions remain at the County's expense.

Expenses in the Public Works category for FY10 decreased by \$1,426,131. This total reflects a decrease in the landfill closure liability of \$892,135 which was included in FY09, along with operational increases and equipment purchases associated with the opening of the transfer station. Most of these costs were funded through capital project funds.

Health and Welfare was one of the only categories to reflect an increase for FY10 and it was less than one percent. The County's expenses for Education decreased by a total of \$1,275,561 compared to FY09. The approved operating contribution for FY10 was reduced by \$348,530 or 4.1% due to budget constraints and FY09 also included extraordinary expenses related to the purchase of two modular classroom units (\$698,776), the rental of a temporary modular unit (\$194,641) and additional expenses for their installation (\$144,887).

The County's Proprietary Fund reflects a total of \$83,596 in expenses for its third year of operation.



Financial Analysis of the Government's Funds

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

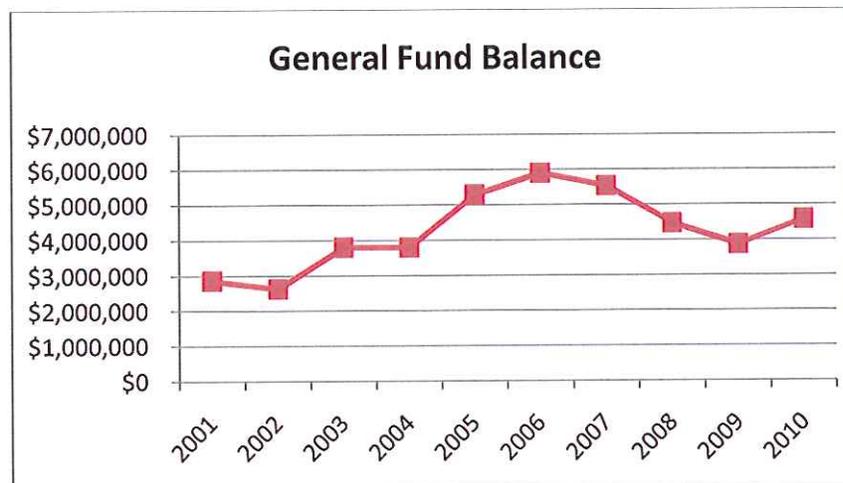
For the fiscal year ended June 30, 2010, the County's governmental funds reflect a combined fund balance of \$14,173,291, most of which is reserved for specific purposes such as capital outlay and debt service. This is a decrease of \$2,227,971 from FY09 which is due to the use of financing proceeds in the capital project funds. Fund balance in the General Fund increased by \$710,957 mainly due efforts on the part of County departments and the School Board to limit expenditures as much as possible in light of the ongoing recession and projected revenue shortfalls.

When fund balance is used, it can be identified under two categories: one-time, capital items and operational budget funding. Historically, fund balance has not been utilized to support the operational departmental budgets; however, the Board of Supervisors determined that the use of fund balance for FY11 to assist in the budget development was in keeping with their financial policies and goals to maintain a reasonable tax structure while staying within the guidelines of its adopted policy. A total of \$139,329 has been designated for the FY11 budget. This amount is intended to fund a shortfall which resulted from a delay in receiving the state's reimbursement for eligible construction costs for the Eastern Shore Regional Jail.

The Social Service and School Funds have not historically accumulated a separate fund balance (except for a small amount designated for scholarships, etc.); therefore general fund balance must be sufficient to cover unexpected cash flow needs and lagging revenue collections in those funds when necessary. For fiscal years FY07 through FY09, the Board took action to allow the School Operating Fund to accumulate a reserved fund balance with unspent appropriations for the purpose of funding projects included in their approved capital improvement plan. At the end of FY10, there was a balance of \$604,694 available for this purpose which resulted from operational savings achieved during FY09. Although the School Operating Fund ended the year with revenues in excess of expenditures of \$531,573, the Board of Supervisors chose not to reserve the funds due to the heavy usage of fund balance for the past several years. This amount was transferred back to the General Fund and is part of the \$710,957 addition to fund balance for the year.

Fund Balances in the capital project funds fluctuated with the issuance of new debt and the on-going project expenses of each fund.

In the General Fund, unreserved, undesignated fund balance is \$4,336,539 compared to \$3,442,641 for 2009. The Board of Supervisors has established a fund balance policy which sets the minimum level of acceptable unreserved General Fund balance at 8% of the combined actual operating expenditures of the General Fund, Virginia Public Assistance Fund, Eastern Shore Regional Jail Fund and School Operating Funds (net of interfund transfers). At June 30, 2010, unreserved, undesignated General Fund balance increased from 9.06% to 11.92% of expenditures as defined in the policy. If at any time the unreserved fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenses in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level.



General Fund Budgetary Highlights

Differences between the original operating budget and the final operating budget resulted in a net increase of \$290,587 in additional appropriations. Highlights of the budget amendments are as follows:

- \$289,000 in a carryover appropriation for a pass-through grant for improvements at the Barrier Islands Center.
- \$104,440 in additional grants funds were appropriated for the Sheriff's department for a communications console, speed enforcement program, K-9 purchase, and wireless cards for computers.
- \$102,853 in various departmental budget reductions due to revenue shortfalls.

Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$53,582,595 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.

Northampton County, VA Primary Government Change in Capital Assets			
	Restated Balance June 30, 2009	Net Increase/ (Decrease)	Balance June 30, 2010
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 1,743,903	\$ 316,500	\$ 2,060,403
Construction in Progress	105,122	1,347,985	1,453,107
Jointly Owned Land	134,600	-	134,600
Other Capital Assets:			
Buildings	36,850,580	5,636,300	42,486,880
Furniture and Other Equipment	3,606,263	6,147	3,612,410
Improvements other than buildings	943,377	57,210	1,000,587
Jointly Owned Improvements	14,080,644	-	14,080,644
Less: Accumulated Depreciation	(9,133,443)	(2,121,442)	(11,254,885)
Business-type Activities:			
Furniture and Other Equipment	13,702	-	13,702
Less: Accumulated Depreciation	(3,140)	(1,713)	(4,853)
Net Capital Assets	\$ 48,341,608	\$ 5,240,987	\$ 53,582,595

School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit School Board for as long as the County owes general obligation debt on such assets. The County reports depreciation on these assets as an element of its share of the costs of the public school system. Readers desiring more detailed information on capital asset activity should refer to Note 6 on pages 36-37 in the notes to the financial statements.

Long-Term Debt

The County operates debt service funds for debt associated with the school system and other general debt including the County Complex, Regional Jail, Landfill Closure and Transfer Station. Funding for the repayment of school debt comes directly from the County's General Fund. For the remaining debt, debt service is funded in accordance with a plan developed by the County's financial advisors. The County is currently contributing to a debt service fund which is designed to cover all current and future debt service anticipated as part of the County's Capital Improvement Plan. For FY10, in accordance with the plan, eight cents of the property tax levy was transferred to this fund to adequately cover the required debt service. Revenues in the General Debt Service Fund are generated through a combination of the special tax levy, growth in the existing tax base; savings achieved through the bond program and rent payments from the department of Social Services for their new building.

In the General Debt Service Fund, FY09 included the payoff of \$9,822,050 in a five year note associated with the state's portion of funding for the regional jail. This payoff took place in December 2008. The County expects to receive another \$3,353,992 in additional reimbursement from the state for the same project during FY11. A large portion of these funds (\$2,535,654) will be used to offset future debt service that would otherwise have been funded through General Fund transfers.

The County occasionally uses short-term lease-purchase financing (capital leases) to acquire large equipment items as approved in the annual operating budget process. During fiscal year 2010, the County entered into a \$79,232 capital lease agreement as lessee for financing the acquisition of three new sheriff's vehicles. The School Board also entered into a \$356,882 capital lease for the acquisition of 4 school buses.

The Constitution of Virginia, Article VII, Section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. The Northampton County Board of Supervisors adopted a local policy during FY05 which states that the ratio of debt service expenditures as a percentage of governmental fund expenditures should not exceed 12%. For FY10, this ratio was approximately 14.8%. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY10, this ratio was approximately .23%.

All debt secured by the general obligation of the County must be approved by the Board of Supervisors and a public referendum, with the exception of Virginia Public School Authority (VPSA) Bonds and State Literary Fund Loans which do not need approval by referendum.

The Primary Government's outstanding debt at July 1, 2010 is as follows:

2002 Lease Revenue Bonds	8,933,490
2005 Bank-Qualified Financing	8,810,000
2006 Bank-Qualified Financing	9,218,000
2007 Bank-Qualified Financing	8,482,471
1992 & 1994 Bonds	1,790,153
1999, 2001, 2003 and 2006 Qualified Zone Academy Bonds	5,125,655
Literary Loan Anticipation Note	1,390,000
Literary Loans	145,568
Capital Leases	784,845
Landfill closure and postclosure care liability	2,204,908
Net OPEB Obligation	91,000
Compensated Absences	668,988
Grand Total	\$ 47,645,078

Additional information on the County's long-term debt can be found in Note 8 on pages 38-47 of this report.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Glenda Miller, Director of Finance. P.O. Box 66, Eastville, VA 23347, telephone 757-678-0444, e-mail gmliller@co.northampton.va.us, or visit the County's web site at www.co.northampton.va.us.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 11,887,077	\$ 1,713	\$ 11,888,790	\$ 1,665,393
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,889,874	-	1,889,874	-
Accounts receivable	255,813	-	255,813	41,525
Interest receivable	31,844	-	31,844	-
Internal balances	7,143	(7,143)	-	-
Due from other governmental units	902,835	-	902,835	866,271
Prepaid expenses	-	-	-	37,511
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	1,997,579	-	1,997,579	-
Other assets:				
Unamortized bond issue costs	379,302	-	379,302	-
Capital assets (net of accumulated depreciation):				
Land	2,195,003	-	2,195,003	130,505
Buildings and system	47,623,153	-	47,623,153	210,618
Improvements other than buildings	832,984	-	832,984	296,632
Machinery and equipment	1,469,499	8,849	1,478,348	1,277,592
Construction in progress	1,453,107	-	1,453,107	-
Total assets	\$ 70,925,213	\$ 3,419	\$ 70,928,632	\$ 4,526,047
LIABILITIES				
Accounts payable	\$ 386,073	\$ 1,318	\$ 387,391	\$ 249,451
Accrued liabilities	576,979	3,044	580,023	1,520,703
Accrued interest payable	384,564	-	384,564	-
Unearned revenue	107,559	6,323	113,882	-
Long-term liabilities:				
Due within one year	2,582,523	-	2,582,523	324,023
Due in more than one year	45,062,555	-	45,062,555	1,519,566
Total liabilities	\$ 49,100,253	\$ 10,685	\$ 49,110,938	\$ 3,613,743
NET ASSETS				
Invested in capital assets, net of related debt	\$ 8,893,564	\$ 8,849	\$ 8,902,413	\$ 1,015,082
Restricted for:				
Debt service and bond covenants	2,016,857	-	2,016,857	-
Unrestricted (deficit)	10,914,539	(16,115)	10,898,424	(102,778)
Total net assets	\$ 21,824,960	\$ (7,266)	\$ 21,817,694	\$ 912,304

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

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Activities
 For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,609,696	\$ -	\$ 221,924	\$ -
Judicial administration	700,167	236,585	417,355	-
Public safety	7,006,458	294,899	3,102,044	-
Public works	1,345,320	330,861	-	-
Health and welfare	4,192,321	-	2,733,513	-
Education	8,307,555	-	-	5,952,800
Parks, recreation, and cultural	300,973	49,180	94,382	-
Community development	900,746	-	22,325	317,153
Interest on long-term debt	1,657,838	-	-	-
Total governmental activities	\$ 26,021,074	\$ 911,525	\$ 6,591,543	\$ 6,269,953
Business-type activities:				
Public utilities	\$ 83,596	\$ 57,489	\$ -	\$ -
Total business-type activities	\$ 83,596	\$ 57,489	\$ -	\$ -
Total primary government	\$ 26,104,670	\$ 969,014	\$ 6,591,543	\$ 6,269,953
COMPONENT UNITS:				
School Board	\$ 20,498,335	\$ 308,800	\$ 12,152,408	\$ -
Total component units	\$ 20,498,335	\$ 308,800	\$ 12,152,408	\$ -

General revenues:
 General property taxes
 Local sales and use tax
 Consumer utility tax
 Business license taxes
 Restaurant food taxes
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Grants and contributions not restricted to specific programs
 Payment from Northampton County
 Transfers
 Total general revenues
 Change in net assets
 Net assets - beginning, as restated
 Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,387,772)	\$ -	\$ (1,387,772)	\$ -
(46,227)	-	(46,227)	-
(3,609,515)	-	(3,609,515)	-
(1,014,459)	-	(1,014,459)	-
(1,458,808)	-	(1,458,808)	-
(2,354,755)	-	(2,354,755)	-
(157,411)	-	(157,411)	-
(561,268)	-	(561,268)	-
(1,657,838)	-	(1,657,838)	-
<u>\$ (12,248,053)</u>	<u>\$ -</u>	<u>\$ (12,248,053)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (26,107)</u>	<u>\$ (26,107)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (26,107)</u>	<u>\$ (26,107)</u>	<u>\$ -</u>
<u>\$ (12,248,053)</u>	<u>\$ (26,107)</u>	<u>\$ (12,274,160)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,037,127)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,037,127)</u>
\$ 15,591,694	\$ -	\$ 15,591,694	\$ -
1,041,256	-	1,041,256	-
512,946	-	512,946	-
42,978	-	42,978	-
252,755	-	252,755	-
725,925	-	725,925	-
86,717	-	86,717	-
87,554	-	87,554	577,488
1,666,792	-	1,666,792	-
-	-	-	7,590,508
(26,107)	26,107	-	-
<u>\$ 19,982,510</u>	<u>\$ 26,107</u>	<u>\$ 20,008,617</u>	<u>\$ 8,167,996</u>
<u>\$ 7,734,457</u>	<u>\$ -</u>	<u>\$ 7,734,457</u>	<u>\$ 130,869</u>
<u>14,090,503</u>	<u>(7,266)</u>	<u>14,083,237</u>	<u>781,435</u>
<u>\$ 21,824,960</u>	<u>\$ (7,266)</u>	<u>\$ 21,817,694</u>	<u>\$ 912,304</u>

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FUND FINANCIAL STATEMENTS

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Balance Sheet
 Governmental Funds
 June 30, 2010

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 4,108,823	\$ 75,317	\$ 19,778	\$ 7,590,203	\$ 92,956	\$ 11,887,077
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,889,874	-	-	-	-	1,889,874
Accounts receivable	230,024	8,766	-	-	-	238,790
Due from other funds	217,700	-	-	-	-	217,700
Due from other governmental units	465,877	147,880	-	-	289,078	902,835
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	-	1,997,579	-	-	1,997,579
Total assets	\$ 6,912,298	\$ 231,963	\$ 2,017,357	\$ 7,590,203	\$ 382,034	\$ 17,133,855
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 225,749	\$ 49,058	\$ 500	\$ 71,537	\$ 39,229	\$ 386,073
Accrued liabilities	338,199	144,579	-	-	94,201	576,979
Due to other funds	-	-	-	-	193,534	193,534
Deferred revenue	1,765,652	38,326	-	-	-	1,803,978
Total liabilities	\$ 2,329,600	\$ 231,963	\$ 500	\$ 71,537	\$ 326,964	\$ 2,960,564
Fund balances:						
Reserved for:						
Harbor improvements	\$ 102,633	\$ -	\$ -	\$ -	\$ -	\$ 102,633
Subsequent year's budget	139,329	-	-	-	-	139,329
Records preservation	4,197	-	-	-	-	4,197
Debt service	-	-	2,016,857	-	-	2,016,857
Unreserved, reported in:						
General fund	4,336,539	-	-	-	-	4,336,539
Special revenue funds	-	-	-	-	55,070	55,070
Capital projects funds	-	-	-	7,518,666	-	7,518,666
Total fund balances	\$ 4,582,698	\$ -	\$ 2,016,857	\$ 7,518,666	\$ 55,070	\$ 14,173,291
Total liabilities and fund balances	\$ 6,912,298	\$ 231,963	\$ 2,017,357	\$ 7,590,203	\$ 382,034	\$ 17,133,855

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,173,291	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	64,828,631	
Less: accumulated depreciation		<u>(11,254,885)</u>	53,573,746
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Deferred revenue	\$	1,696,419	
Unamortized bond issue costs		<u>379,302</u>	2,075,721
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not accrued in the funds.			
			31,844
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds and loans payable	\$	(43,895,337)	
Interest payable		(384,564)	
Other post employment benefits obligation		(91,000)	
Capital lease obligations		(784,845)	
Landfill post-closure liability		(2,204,908)	
Compensated absences		<u>(668,988)</u>	<u>(48,029,642)</u>
Net assets of governmental activities	\$		<u>21,824,960</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2010

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 15,077,656	\$ -	\$ -	\$ -	\$ -	\$ 15,077,656
Other local taxes	2,575,860	-	-	-	-	2,575,860
Permits, privilege fees, and regulatory licenses	192,264	-	-	-	300	192,564
Fines and forfeitures	114,132	-	-	-	-	114,132
Revenue from the use of money and property	36,645	-	37,730	4,431	-	78,806
Charges for services	503,538	101,291	-	-	-	604,829
Miscellaneous	50,361	-	25,000	-	12,193	87,554
Recovered costs	265,946	1,040	161,139	-	-	428,125
Intergovernmental revenues:						
Commonwealth	3,107,898	2,078,720	-	-	1,030,328	6,216,946
Federal	326,726	385	-	-	2,031,431	2,358,542
Total revenues	\$ 22,251,026	\$ 2,181,436	\$ 223,869	\$ 4,431	\$ 3,074,252	\$ 27,735,014
EXPENDITURES						
Current:						
General government administration	\$ 1,770,821	\$ -	\$ -	\$ -	\$ -	\$ 1,770,821
Judicial administration	584,458	-	-	-	-	584,458
Public safety	2,933,996	3,185,998	-	-	-	6,119,994
Public works	1,725,082	-	-	-	-	1,725,082
Health and welfare	690,307	-	-	-	3,414,518	4,104,825
Education	7,656,078	-	-	-	-	7,656,078
Parks, recreation, and cultural	313,905	-	-	-	-	313,905
Community development	974,061	-	-	-	29,134	1,003,195
Capital projects	-	-	-	2,479,891	12,545	2,492,436
Debt service:						
Principal retirement	251,513	-	3,573,713	-	-	3,825,226
Interest and other fiscal charges	21,045	-	1,789,045	-	-	1,810,090
Total expenditures	\$ 16,921,266	\$ 3,185,998	\$ 5,362,758	\$ 2,479,891	\$ 3,456,197	\$ 31,406,110
Excess (deficiency) of revenues over (under) expenditures	\$ 5,329,760	\$ (1,004,562)	\$ (5,138,889)	\$ (2,475,460)	\$ (381,945)	\$ (3,671,096)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 74,570	\$ 1,004,562	\$ 4,992,016	\$ -	\$ 378,828	\$ 6,449,976
Transfers out	(4,772,605)	-	-	(1,696,500)	(6,978)	(6,476,083)
Issuance of debt	-	-	-	1,390,000	-	1,390,000
Issuance of capital lease	79,232	-	-	-	-	79,232
Total other financing sources (uses)	\$ (4,618,803)	\$ 1,004,562	\$ 4,992,016	\$ (306,500)	\$ 371,850	\$ 1,443,125
Net change in fund balances	\$ 710,957	\$ -	\$ (146,873)	\$ (2,781,960)	\$ (10,095)	\$ (2,227,971)
Fund balances - beginning, as adjusted	3,871,741	-	2,163,730	10,300,626	65,165	16,401,262
Fund balances - ending	\$ 4,582,698	\$ -	\$ 2,016,857	\$ 7,518,666	\$ 55,070	\$ 14,173,291

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds \$ (2,227,971)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 1,597,054	
Depreciation expense	<u>(2,307,154)</u>	(710,100)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 5,952,800

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

Increase (decrease) in property taxes receivable	\$ 514,038	
Increase (decrease) in interest receivable	<u>7,911</u>	521,949

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

Issuance of long-term debt	\$ (1,469,232)	
Principal payments	3,825,226	
Decrease in landfill post-closure liability	1,748,668	
Bond issuance cost amortization	(67,270)	
Premium amortization	<u>(13,369)</u>	4,024,023

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

(Increase) decrease in accrued leave	\$ (11,135)	
(Increase) decrease in other post employment benefit payable	(48,000)	
(increase) decrease in interest payable	<u>232,891</u>	<u>173,756</u>

Change in net assets of governmental activities \$ 7,734,457

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

Statement of Net Assets
 Proprietary Fund
 June 30, 2010

	Enterprise Fund Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,713
Total current assets	<u>\$ 1,713</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	\$ 13,702
Less accumulated depreciation	<u>(4,853)</u>
Total capital assets	\$ 8,849
Total noncurrent assets	<u>\$ 8,849</u>
Total assets	<u>\$ 10,562</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,318
Accrued liabilities	3,044
Due to other funds	7,143
Deferred revenue	<u>6,323</u>
Total current liabilities	\$ 17,828
Total liabilities	<u>\$ 17,828</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 8,849
Unrestricted	<u>(16,115)</u>
Total net assets	<u>\$ (7,266)</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Fund
 For the Year Ended June 30, 2010

	Enterprise Fund <u>Public Utilities Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 11,498
Wastewater revenues	45,991
Total operating revenues	<u>\$ 57,489</u>
OPERATING EXPENSES	
Personal services	\$ 37,448
Fringe benefits	12,293
Contractual services	30,850
Other charges	1,292
Depreciation	1,713
Total operating expenses	<u>\$ 83,596</u>
Operating income (loss)	<u>\$ (26,107)</u>
NONOPERATING REVENUES (EXPENSES)	
Income before contributions and transfers	\$ (26,107)
Transfers in	<u>26,107</u>
Change in net assets	<u>\$ -</u>
Total net assets - beginning	<u>(7,266)</u>
Total net assets - ending	<u><u>\$ (7,266)</u></u>

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

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2010

	Enterprise Fund Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 57,489
Payments to suppliers	(31,473)
Payments to employees	(49,983)
Net cash provided (used) by operating activities	<u>\$ (23,967)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 25,680
Net cash provided (used) by noncapital financing activities	<u>\$ 25,680</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,713
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u>\$ 1,713</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (26,107)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 1,713
Increase (decrease) in accounts payable and accrued liabilities	427
Total adjustments	<u>\$ 2,140</u>
Net cash provided (used) by operating activities	<u>\$ (23,967)</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 168,133
Accounts receivables	91,051
Due from other governmental funds	<u>63,571</u>
Total assets	<u>\$ 322,755</u>
LIABILITIES	
Accounts payable	\$ 19,802
Accrued liabilities	31,966
Due to other funds	17,023
Amounts held for social services clients	67,018
Amounts held for others	<u>186,946</u>
Total liabilities	<u>\$ 322,755</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Financial Statement Presentation

The County's financial report is prepared in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2010.

Discretely Presented Component Units. The Eight School Board members are appointed by the County's Board of Supervisors. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2010.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

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

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

None

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

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

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds – are those through which most governmental functions typically are financed. The County reports the General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund and Capital Projects Fund as major governmental funds.

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for fund reporting purposes.

Special Revenue Funds – account for the proceeds of special revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The County reports the Eastern Shore Regional Jail Fund as a major Special Revenue Fund.

Debt Service Fund – accounts for debt service expenditures for the County including the school system. Payment of principal and interest on the County and school system's general long-term debt financing is provided by appropriations from the General Fund.

Capital Projects Fund – accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

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

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

The County reports the following non-major governmental funds:

Special Revenue Funds – The County reports the following nonmajor Special Revenue Funds: Forfeited Asset Sharing, Purchase of Development Rights, CDBG Projects, HMGP Home Elevation Project, Virginia Public Assistance and Parks and Recreation Project.

Fiduciary Funds – (Trust and Agency Funds) – accounts for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients, tourism commission, E-911 programs and IDA funds.

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

Enterprise Funds – Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Enterprise Funds consist of the Public Utilities Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system.

E. Cash and Cash Equivalents:

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

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

Investments for the government, as well as for its component unit, are reported at fair value. The State Treasurer's Local Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

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

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$500,016 at June 30, 2010 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market 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 assets lives are not capitalized.

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

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

H. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Machinery and equipment	5-15

I. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

K. Use of Estimates

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

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

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. 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 governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

O. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost. Prepaid expenditures in governmental funds are offset by reservation of fund balance.

P. Restricted Assets

Restricted assets of \$1,278,256 represent amounts set aside in a sinking fund for debt service at June 30, 2010. In addition, restricted assets of \$719,323 are held at U.S. Bank to fund a required debt service reserve fund. Total restricted assets at June 30, 2010 are \$1,997,579.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation totals for each fund can only be revised by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds and Debt Service Fund of the Primary Government. The Discretely Presented Component Unit is integrated only at the level of legal adoption.
6. All budgets of the County are adopted on a modified accrual basis. Annual budgets are adopted for all governmental funds. The budgets of the Discretely Presented Component Unit are adopted on a cash basis but differences between cash and accrual/modified accrual basis budgets are not considered to be material.
7. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2010.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County's investment policy requires that all securities purchased for the County be held by the County or by the County's designated custodian. The County's investments at June 30, 2010 were held by the County or in the County's name by the County's custodial banks.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County and its discretely presented component unit have no investment policies that would further limit their investment choices.

<u>Locality's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 3,878,273
Money Market Funds	<u>7,356,425</u>
Total	<u>\$ 11,234,698</u>

Interest Rate Risk

The County and its discretely presented component unit do not have formal investment policies that limit investment maturities as a means of managing exposure to fair value losses arriving from increasing interest rates.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Treasury obligations	\$ 719,323	\$ 719,323
U.S. Treasury money market funds	<u>7,356,425</u>	<u>7,356,425</u>
Total	<u>\$ 8,075,748</u>	<u>\$ 8,075,748</u>

External Investment Pool

The County invests in an externally managed investment pool, Local Government Investment Pool (LGIP), which is not SEC-registered. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pool rests with the Virginia State Treasury. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the *Code of Virginia*. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 4--DUE FROM OTHER GOVERNMENTS:

At June 30, 2010, the County has receivables from and amounts due to other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 185,036	\$ -
Local communication sales tax	89,758	-
Victim witness	6,598	-
Motor vehicle carrier tax	1,983	-
Mobile home titling tax	5,653	-
Recordation tax	11,683	-
VPA funds	26,211	-
State sales tax	-	283,505
Constitutional officer reimbursements	272,180	-
Miscellaneous	-	8,771
School resource officer	11,302	-
VDOT Grant	3,963	-
Federal Government:		
School fund grants	-	573,995
CDBG grant funds	135,342	-
Housing and Urban Development grant	59,725	-
VPA funds	67,800	-
Other federal grants	25,601	-
 Total due from other governments	 \$ <u>902,835</u>	 \$ <u>866,271</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2010, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 217,700	\$ -
Nonmajor Special Revenue:		
CDBG Projects	-	133,809
Parks and Recreation Project	-	59,725
Proprietary:		
Public Utilities	-	7,143
Fiduciary:		
Special Welfare	-	8,021
State Health Department Fees	-	9,002
Total Governmental Funds	<u>\$ 217,700</u>	<u>\$ 217,700</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2010:

Primary Government:

Primary Government:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,743,903	\$ 316,500	\$ -	\$ 2,060,403
Construction in progress	105,122	1,469,260	121,275	1,453,107
Jointly owned land	134,600	-	-	134,600
Total capital assets not subject to depreciation	<u>\$ 1,983,625</u>	<u>\$ 1,785,760</u>	<u>\$ 121,275</u>	<u>\$ 3,648,110</u>
Capital assets subject to depreciation:				
Buildings	\$ 36,850,580	\$ 5,636,300	\$ -	\$ 42,486,880
Improvements other than buildings	943,377	57,210	-	1,000,587
Equipment	3,606,263	191,859	185,712	3,612,410
Jointly owned assets	14,080,644	-	-	14,080,644
Total capital assets being depreciated	<u>\$ 55,480,864</u>	<u>\$ 5,885,369</u>	<u>\$ 185,712</u>	<u>\$ 61,180,521</u>
Less accumulated depreciation for:				
Buildings	\$ (3,036,055)	\$ (1,408,522)	\$ -	\$ (4,444,577)
Improvements other than buildings	(145,373)	(22,230)	-	(167,603)
Equipment	(1,983,431)	(345,192)	(185,712)	(2,142,911)
Jointly owned assets	(3,968,584)	(531,210)	-	(4,499,794)
Total accumulated depreciation	<u>\$ (9,133,443)</u>	<u>\$ (2,307,154)</u>	<u>\$ (185,712)</u>	<u>\$ (11,254,885)</u>
Total capital assets being depreciated, net	<u>\$ 46,347,421</u>	<u>\$ 3,578,215</u>	<u>\$ -</u>	<u>\$ 49,925,636</u>
Governmental capital assets, net	<u>\$ 48,331,046</u>	<u>\$ 5,363,975</u>	<u>\$ 121,275</u>	<u>\$ 53,573,746</u>

Component Unit - School Board:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 130,505	\$ -	\$ -	\$ 130,505
Total capital assets not subject to depreciation	<u>\$ 130,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,505</u>
Capital assets subject to depreciation:				
Buildings	\$ 3,151,731	\$ -	\$ 899,973	\$ 2,251,758
Improvements other than buildings	439,044	-	-	439,044
Equipment	2,743,932	621,032	182,714	3,182,250
Total capital assets being depreciated	<u>\$ 6,334,707</u>	<u>\$ 621,032</u>	<u>\$ 1,082,687</u>	<u>\$ 5,873,052</u>
Less accumulated depreciation for:				
Buildings	\$ (2,919,910)	\$ (21,203)	\$ (899,973)	\$ (2,041,140)
Improvements other than buildings	(125,132)	(17,280)	-	(142,412)
Equipment	(1,840,530)	(246,842)	(182,714)	(1,904,658)
Total accumulated depreciation	<u>\$ (4,885,572)</u>	<u>\$ (285,325)</u>	<u>\$ (1,082,687)</u>	<u>\$ (4,088,210)</u>
Total capital assets being depreciated, net	<u>\$ 1,449,135</u>	<u>\$ 335,707</u>	<u>\$ -</u>	<u>\$ 1,784,842</u>
Governmental capital assets, net	<u>\$ 1,579,640</u>	<u>\$ 335,707</u>	<u>\$ -</u>	<u>\$ 1,915,347</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:	
General government administration	\$ 216,731
Judicial administration	179,995
Public safety	957,940
Public works	260,226
Health and welfare	129,709
Education	531,210
Parks, recreation and cultural	26,974
Community development	<u>4,369</u>
Total Governmental activities	\$ <u>2,307,154</u>
Component Unit School Board	\$ <u>285,325</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Northampton, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$9,715,450 are reported in the Primary Government for financial reporting purposes.

A summary of proprietary fund property, plant, and equipment at June 30, 2010 follows:

Primary Government:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
Enterprise activities:				
Enterprise Fund:				
Capital assets subject to depreciation:				
Equipment	\$ <u>13,702</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,702</u>
Total capital assets being depreciated	\$ <u>13,702</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,702</u>
Less accumulated depreciation for:				
Equipment	\$ <u>(3,140)</u>	\$ <u>(1,713)</u>	\$ <u>-</u>	\$ <u>(4,853)</u>
Total accumulated depreciation	\$ <u>(3,140)</u>	\$ <u>(1,713)</u>	\$ <u>-</u>	\$ <u>(4,853)</u>
Total capital assets being depreciated, net	\$ <u>10,562</u>	\$ <u>(1,713)</u>	\$ <u>-</u>	\$ <u>8,849</u>
Enterprise capital assets, net	\$ <u>10,562</u>	\$ <u>(1,713)</u>	\$ <u>-</u>	\$ <u>8,849</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 74,570	\$ 4,772,605
Eastern Shore Regional Jail	1,004,562	-
Debt Service	4,992,016	-
Capital Projects	-	1,696,500
Other Governmental Funds	378,828	6,978
Total Governmental Funds	\$ 6,449,976	\$ 6,476,083
Enterprise Funds:		
Utilities	26,107	-
Total-All Funds	\$ <u>6,476,083</u>	\$ <u>6,476,083</u>

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

NOTE 8—LONG-TERM OBLIGATIONS:

Details of Long-Term Indebtedness:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2010 is as follows:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County					
Lease revenue bonds payable	\$ 36,937,716	\$ -	\$ 1,317,245	\$ 35,620,471	\$ 1,396,819
Unamortized bond discount	(189,879)	-	(13,369)	(176,510)	-
Capital lease obligations	1,093,239	79,232	387,626	784,845	354,444
Landfill post-closure liability	3,953,576	-	1,748,668	2,204,908	-
Compensated absences payable	657,853	422,785	411,650	668,988	66,899
OPEB liability	43,000	72,000	24,000	91,000	-
Total incurred by County	\$ <u>42,495,505</u>	\$ <u>574,017</u>	\$ <u>3,875,820</u>	\$ <u>39,193,702</u>	\$ <u>1,818,162</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 157,699	\$ -	\$ 12,131	\$ 145,568	\$ 12,130
General obligation bonds payable	7,645,682	-	729,874	6,915,808	752,231
Revenue notes payable	1,378,350	1,390,000	1,378,350	1,390,000	-
Total incurred by School Board	\$ <u>9,181,731</u>	\$ <u>1,390,000</u>	\$ <u>2,120,355</u>	\$ <u>8,451,376</u>	\$ <u>764,361</u>
Total Governmental Obligations	\$ <u>51,677,236</u>	\$ <u>1,964,017</u>	\$ <u>5,996,175</u>	\$ <u>47,645,078</u>	\$ <u>2,582,523</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations			
	Capital Leases		Lease Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2011	\$ 354,444	\$ 21,809	\$ 1,396,819	\$ 1,531,959
2012	225,349	10,265	1,482,036	1,475,925
2013	167,673	4,038	1,766,921	1,416,128
2014	37,379	266	1,837,506	1,343,420
2015	-	-	1,910,820	1,267,796
2016	-	-	1,968,896	1,188,719
2017	-	-	2,039,767	1,106,738
2018	-	-	2,124,469	1,021,399
2019	-	-	2,203,038	932,125
2020	-	-	2,291,512	839,322
2021	-	-	2,384,930	740,748
2022	-	-	2,243,335	638,048
2023	-	-	2,328,770	541,105
2024	-	-	2,284,280	440,465
2025	-	-	2,373,912	342,683
2026	-	-	1,039,716	241,082
2027	-	-	1,093,744	193,055
2028	-	-	420,000	142,500
2029	-	-	440,000	121,500
2030	-	-	460,000	99,500
2031	-	-	485,000	76,500
2032	-	-	510,000	52,250
2033	-	-	535,000	26,750
Total	\$ <u>784,845</u>	\$ <u>36,378</u>	\$ <u>35,620,471</u>	\$ <u>15,779,717</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	School Obligations					
	State Literary Fund Loans		Revenue Note Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 12,130	\$ 4,367	\$ -	\$ 46,914	\$ 752,231	\$ 95,348
2012	12,130	4,003	-	42,117	776,194	57,932
2013	12,130	3,639	1,390,000	42,117	611,728	19,422
2014	12,130	3,275	-	-	-	-
2015	12,131	2,911	-	-	-	-
2016	12,131	2,547	-	-	419,060	-
2017	12,131	2,184	-	-	-	-
2018	12,131	1,820	-	-	-	-
2019	12,131	1,456	-	-	2,142,167	-
2020	12,131	1,092	-	-	-	-
2021	12,131	728	-	-	-	-
2022	12,131	364	-	-	-	-
2023	-	-	-	-	2,214,428	-
Total	\$ 145,568	\$ 28,386	\$ 1,390,000	\$ 131,148	\$ 6,915,808	\$ 172,702

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 8--LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Amount Outstanding</u>
<u>General Long-Term Debt:</u>	
<u>Lease Revenue Bonds Payable:</u>	
\$11,475,000 2002 Series Joint IDA Lease Revenue Bonds issued September 17, 2002, maturing annually February 1, 2004-2033, in varying amounts. Interest payable annually at various interest rates from 1.7% to 5.00%. Carrying value on bonds is net of discount of \$176,510.	\$ 8,933,490
\$10,000,000 2005 Series Joint IDA Lease Revenue Bonds issued October 14, 2005, maturing annually June 1, 2006-2025, in varying amounts. Interest payable semi-annually at a fixed rate of 3.84%	8,810,000
\$10,000,000 2006 Series Joint IDA Lease Revenue Bonds issued January 27, 2006, maturing annually June 1, 2007-2025, in varying amounts. Interest payable semi-annually at a fixed rate of 4.24%	9,218,000
\$9,131,000 2007 Series Joint IDA Lease Revenue Bonds issued May 18, 2007, maturing annually June 1, 2009-2027, in varying amounts. Interest payable semi-annually at a fixed rate of 4.4%	<u>8,482,471</u>
Total Lease Revenue bonds payable	\$ <u>35,443,961</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>Capital Lease Obligations:</u>	
\$307,710 equipment lease purchase agreement (payable from the General Fund) issued May 12, 2006, due in semi-annual installments of \$36,409 through 2011. Interest payable semi-annually at a rate of 6.43%.	\$ 69,449
\$209,800 equipment lease purchase agreement (payable from the General Fund) issued June 22, 2007, due in quarterly installments of \$11,623 through 2012. Interest payable quarterly at a rate of 3.99%.	88,947
\$106,084 equipment lease purchase agreement (payable from the General Fund) issued May 5, 2008, due in quarterly installments of \$9,293 through 2011. Interest payable quarterly at a rate of 3.10%.	36,461
\$116,554 equipment lease purchase agreement (payable from the General Fund) issued May 5, 2008, due in quarterly installments through 2011. Interest payable quarterly at a rate of 2.26%.	49,523
\$79,232 equipment lease purchase agreement (payable from the General Fund) issued October 7, 2009, due in quarterly installments of \$6,996 through 2013. Interest payable semi-annually at a rate of 3.34%.	72,927
\$703,446 equipment lease purchase agreement (payable from the General Fund) issued August 22, 2008, due in quarterly installments through 2013. Interest payable quarterly at a rate of 2.6%.	<u>467,538</u>
Total Capital Lease Obligations	\$ <u>784,845</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	Amount Outstanding
Landfill post-closure liability	\$ 2,204,908
Compensated absences (payable from the General Fund)	668,988
OPEB liability (payable from the General Fund)	<u>91,000</u>
Total Debt Incurred by County	<u>\$ 39,193,702</u>

School Bonds Payable:

\$9,077,246 School Bonds issued July 15, 1992, maturing annually July 15, 1996-2012, in varying amounts. Interest payable semi-annually at various interest rates from 4.9% through 6.35%.	\$ 1,760,153
\$2,100,000 1999 Series Qualified Loan Academy Bonds issued October 16, 1999, due in annual installments of \$175,000 through 2012.	350,000
2001 Series Qualified Zone Academy Bonds issued December 31, 2001, with entire principal maturing on December 21, 2015.	419,060
\$2,142,167 2003 Series Qualified Zone Academy Bonds issued December 29, 2003, with entire principal maturing on December 29, 2018.	2,142,167

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	<u>Outstanding</u>
<u>School Bonds Payable: (Continued)</u>	
\$2,214,428 2006 Series Qualified Zone Academy Bonds issued December 28, 2006, with entire principal maturing on December 29, 2022.	\$ 2,214,428
\$400,000 School Bonds issued January 3, 1994, payable in various annual installments each December 15 through 2011. Interest payable semi-annually at various interest rates from 5.5% through 7.5%.	<u>30,000</u>
Total school bonds payable	\$ <u>6,915,808</u>
<u>State Literary Fund Loans:</u>	
\$242,615, issued January 25, 2002 due in annual installments of \$12,131 each January 25, through 2022, interest payable annually at 3%	\$ <u>145,568</u>
Total State Literary Fund Loans	\$ <u>145,568</u>
<u>Revenue Notes Payable:</u>	
\$1,390,000, issued November 18, 2009, interest payable in semi-annual installments of each January 1, and July 1 through 2013, interest payable annually at 3.03%	\$ <u>1,390,000</u>
Total Revenue Notes Payable	\$ <u>1,390,000</u>
Total School Board Long-Term Debts Issued, payable from the General Fund	\$ <u>8,451,376</u>
Total Governmental Obligations	\$ <u>47,645,078</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Capital Leases

The County has entered into various lease agreements as lessee for financing the acquisition of police vehicles and modular classroom buildings. The Component Unit – School Board has financed the acquisition of 14 school buses via lease agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
Asset:		
2 Modular Classroom buildings	\$ 703,446	\$ -
Sheriff's vehicles	116,554	-
New World System financial softward	307,710	-
Bulldozer	209,800	-
Four sheriff's vehicles	106,084	-
Three sheriff's vehicles	79,232	-
6 School buses	-	456,014
6 School buses	-	396,032
4 School buses	-	356,882
Less: Accumulated depreciation	<u>(451,038)</u>	<u>(302,806)</u>
	<u>\$ 1,071,788</u>	<u>\$ 906,122</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Capital Leases: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
2011	\$ 376,253	\$ 268,576
2012	235,614	268,576
2013	171,711	268,576
2014	37,645	179,466
Total minimum lease payments	\$ 821,223	\$ 985,194
Less: amount representing interest	(36,378)	(84,929)
Present value of minimum lease payments	<u>\$ 784,845</u>	<u>\$ 900,265</u>

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2010:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within OneYear</u>
Compensated absences payable (payable from the School Fund)	\$ 588,343	\$ 319,981	-	\$ 908,324	\$ 90,832
Capital leases payable	779,015	356,882	235,632	900,265	233,191
OPEB liability	21,000	143,000	129,000	35,000	-
Total	<u>\$ 1,388,358</u>	<u>\$ 819,863</u>	<u>\$ 364,632</u>	<u>\$ 1,843,589</u>	<u>\$ 324,023</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Component Unit—School Board: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>Capital Lease Obligations:</u>	
\$396,032 school equipment lease purchase agreement (payable from the School Fund) issued September 20, 2007, due in annual installments of \$89,110 through 2012. Interest payable annually at a rate of 4.06%.	\$ 247,005
\$356,882 school equipment lease purchase agreement (payable from the School Fund) issued October 7, 2009, due in annual installments of \$76,532 through 2013. Interest payable annually at a rate of 3.4946.	281,146
\$456,014 school equipment lease purchase agreement (payable from the School Fund) issued July 18, 2008, due in annual installments through 2013. Interest payable annually at a rate of 4.1739%.	<u>372,114</u>
Total Capital Lease Obligations	\$ <u>900,265</u>
Compensated absences (payable from the School Fund)	908,324
OPEB liability (payable from the School Fund)	<u>35,000</u>
Total Debt Incurred by School Board	\$ <u><u>1,843,589</u></u>

<u>Year Ending June 30</u>	<u>Component Unit Obligation</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 233,191	\$ 35,385
2012	242,381	26,195
2013	251,935	16,641
2014	<u>172,758</u>	<u>6,708</u>
Total	\$ <u><u>900,265</u></u>	\$ <u><u>84,929</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

NOTE 9—LANDFILL POST CLOSURE COSTS:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Under the modified accrual basis of accounting, general fund expenditure and liability are to be recognized only to the extent that such costs are expected to be paid from available, expendable resources. Since the County does not expect to pay any portion of the postclosure care costs from available, expendable resources as of June 30, 2010, the fund financial statements do not include any fund expenditure or liability relating to postclosure care costs of its landfill site. The \$2,204,908 reported as a long-term liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

These amounts are based on what it would cost to perform all postclosure care in fiscal year 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County closed the current landfill site in fiscal year 2010.

The applicable laws and regulations require the County to select and meet one of several approved financial assurance mechanisms to demonstrate financial responsibility for closure care costs described above. The County has selected the Financial Ratio Test method for this purpose, and has made the requisite filings with the Virginia Department of Environmental Quality.

NOTE 10—DEFERRED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,803,978 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,696,419 at June 30, 2010.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2010, but paid in advance by the tax payers totaled \$69,233 at June 30, 2010.

Other Deferred Revenue: Deferred revenue representing unspent jail telephone commission funds not available for funding of current expenditures totaled \$38,326 at June 30, 2010.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

At June 30, 2010 the County had a construction contract with Macsons, Inc. for renovations to the Administrative Building. The total contract was outstanding \$206,850 with \$187,280 outstanding at June 30, 2010.

NOTE 12—LITIGATION:

At June 30, 2010, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 13—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other cities and counties in Virginia Local Government Risk Management Plan (VARISK2), a public entity risk pool currently operating as a common risk management and insurance program for several member cities and counties in Virginia. The County pays an annual premium to VARISK2 for its public officials general liability and public officials law enforcement liability insurance coverage. The agreement for formation of the VARISK2 provides that VARISK2 will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

Through the Virginia Municipal League, the County has joined together with other cities and counties in the Virginia Municipal Group Self Insurance Association (VMGSIA) and the Virginia Association of Counties Group Self Insurance Risk Pool (VACORP), public entity risk pools currently operating as common risk management and insurance programs for several member cities and counties in Virginia. The County pays an annual premium to VMGSIA for its workers compensation and employer's liability insurance coverage, and to VACORP for its general liability, commercial automotive, property, and crime coverage. The agreements for formation of the VMGSIA and VACORP provide that they will be self-sustaining through member premiums. Workers' compensation coverage provides the benefits as set forth in the Virginia Worker's Compensation Act. VACORP will reinsure through commercial insurance companies for claims in excess of \$250,00 for general liability, \$250,000 for automotive liability, and \$100,000 for property coverage.

The County carries commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 14--DEFINED BENEFIT PENSION PLAN:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2010 were 7.44% and 6.71% of annual covered payroll, respectively.

The School Board's professional employees contributed \$630,049, \$917,574, and \$1,117,268, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008 respectively and these contributions represented 8.81%, 8.81%, and 10.30%, respectively, of current covered payroll. The School Board's professional employees contribution rate for the fiscal year ended June 30, 2010 of 8.81% of covered payroll was for July 2009 through March 2010 and 0.00% for April through June 2010.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost

For fiscal 2010, the County’s annual pension cost of \$498,789 was equal to the County’s required and actual contributions.

For fiscal 2010, the County School Board’s annual pension cost for the Board’s non-professional employees were \$42,078, which was equal to the Board’s required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2010	\$ 498,789	100%	\$ -
June 30, 2009	508,120	100%	-
June 30, 2008	341,364	100%	-
School Board:			
Non-Professional:			
June 30, 2010	\$ 42,078	100%	\$ -
June 30, 2009	51,794	100%	-
June 30, 2008	70,855	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of retirees (net of administrative expenses) of 7.50% (b) projected salary increases ranging from 3.75% to 5.60% for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to local law enforcement officers, firefighters, and sheriffs per year, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s and School Board’s assets is equal to the modified market value assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County plan was 93.06% funded. The actuarial accrued liability for benefits was \$20,112,262, and the actuarial value of assets was \$18,716,520, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,395,742. The covered payroll (annual payroll of active employees covered by the plan) was \$6,669,877 and ratio of the UAAL to the covered payroll was 20.93%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board Non-Professional plan was 96.68% funded. The actuarial accrued liability for benefits was \$3,158,137, and the actuarial value of assets was \$3,053,283, resulting in an unfunded actuarial accrued liability (UAAL) of \$104,854. The covered payroll (annual payroll of active employees covered by the plan) was \$720,752 and ratio of the UAAL to the covered payroll was 14.55%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 15—SURETY BONDS:

	<u>Amount</u>
<u>Commonwealth of Virginia - Division of Risk Management - Surety</u>	
Travelers Casualty and Surety Company of America	
Traci W. Johnson, Clerk of the Circuit Court	\$ 500,000
Ilva James, Treasurer	400,000
Anne Sayers, Commissioner of the Revenue	3,000
John P. Robbins, Sheriff	30,000
The above constitutional officers employees blanket bond	50,000
<u>Va CORP</u>	
Board of Supervisors	1,000,000
All County Employees	250,000
<u>Virginia Municipal League</u>	
All School Board Employees	50,000
<u>Northampton Insurance Agency</u>	
All Social Service Employees	100,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 16--POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PRIMARY GOVERNMENT

Plan Description

The County administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The plan was established under the authority of the Northampton County Board of Supervisors. There is no separate, audited, GAAP-basis postemployment benefit report available.

Funding Policy

The County has elected to make an annual contribution equal to the Benefit Payments. This requires the use of an interest rate based on long term expected return on short term investments.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$72,000 for fiscal year 2010. The annual employer contributions for fiscal year 2010 were \$24,000.

The County has elected not to pre-fund OPEB liabilities. The funding policy of the County is to contribute to the plan the net claims paid during the year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County's net OPEB obligation for the healthcare benefits:

		<u>Primary Government</u>
Annual required contribution	\$	72,000
Interest on net OPEB obligation		2,000
Adjustment to annual required contribution		<u>(2,000)</u>
Annual OPEB cost (expense)	\$	72,000
Estimated Contributions made		<u>(24,000)</u>
Increase in net OPEB obligation		48,000
Net OPEB obligation-beginning of year		<u>43,000</u>
Net OPEB obligation-end of year	\$	<u><u>91,000</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 16-POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

PRIMARY GOVERNMENT (Continued)

Trend Information:

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2009	\$ 67,000	35.80%	\$ 43,000
6/30/2010	72,000	33.33%	91,000

Funded Status and Funding Progress:

As of July 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$524,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$524,000. For the fiscal year ended June 30, 2008, the covered payroll (annual payroll of active employees covered by the plan) was \$5,795,000, and the ratio of the UAAL to the covered payroll was 9.04%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.50 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2008 was 30 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 16-POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

PRIMARY GOVERNMENT (Continued)

Actuarial Methods and Assumptions: (Continued)

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; females assumed 3 years younger than male spouse.

50% of actives currently enrolled in the County's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

Demographic Assumptions – Demographic assumptions mirror those used for the pension plan, with adjustments made for actual experience of County employees. All employees are assumed to participate in the State of Virginia Retirement System.

Economic Assumptions – Medical Per Capita costs, Average Costs and premiums are assumed to increase 10.00% for Pre-Medicare coverage and Medicare Supplement in 2008. This rate decreases 1% per year until an ultimate rate of 5.0% is reached.

COMPONENT UNIT SCHOOL BOARD

Plan Description

The School Board administers a single-employer defined benefit healthcare plan. The plan provided healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The plan was established under the authority of the Northampton County School Board. There is no separate, audited, GAAP-basis post-employment benefit plan report available.

Funding Policy

The School Board has elected to make an annual contribution equal to the Benefit Payments. This requires the use of an interest rate based on long term expected return on short term investments.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

NOTE 16-POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

COMPONENT UNIT SCHOOL BOARD (Continued)

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (PEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$147,000 for fiscal year 2009. The annual employer contributions for fiscal year 2010 were \$133,000.

The School Board has elected not to pre-fund OPEB liabilities. The funding policy of the School Board is to contribute to the plan the net claims paid during the year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation for the healthcare benefits:

	Component Unit School Board
Annual required contribution	\$ 147,000
Interest on net OPEB obligation	1,000
Adjustment to annual required contribution	<u>(1,000)</u>
Annual OPEB cost (expense)	\$ 147,000
Estimated Contributions made	<u>(133,000)</u>
Increase in net OPEB obligation	14,000
Net OPEB obligation-beginning of year	<u>21,000</u>
Net OPEB obligation-end of year	<u><u>\$ 35,000</u></u>

Trend Information:

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2009	\$ 143,000	85.30%	\$ 21,000
6/30/2010	147,000	90.48%	35,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

NOTE 16-POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

COMPONENT UNIT SCHOOL BOARD (Continued)

Funded Status and Funding Progress:

As of July 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$1,820,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,820,000. For the fiscal year ended June 30, 2008, the covered payroll (annual payroll of active employees covered by the plan) was \$9,592,000, and the ratio of the UAAL to the covered payroll was 18.97%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefits cost between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.50 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2008 was 30 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; females assumed 3 years younger than male spouse.

50% of actives currently enrolled in the County's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

Demographic Assumptions – Demographic assumptions mirror those used for the pension plan, with adjustments made for actual experience of County employees. All employees are assumed to participate in the State of Virginia Retirement System.

Economic Assumptions – Medical Per Capita costs, Average Costs and premiums are assumed to increase 10.00% for Pre-Medicare coverage and Medicare Supplement in 2008. This rate decreases 1% per year until an ultimate rate of 5.0% is reached.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 (CONTINUED)

Note 17—OTHER POST-EMPLOYMENT BENEFITS (OPEB):

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 14.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010 was \$56,497 and equaled the required contributions for the year.

Note 18—PRIOR PERIOD ADJUSTMENTS:

The following beginning net assets and fund balances as of July 1, 2009 were restated for the following prior period adjustments:

	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
Net assets as previously reported, June 30, 2009	\$ 13,962,863	\$ 1,046,243
Adjustment to reclassify capital asset	127,640	(127,640)
Adjustment to correct capital asset	-	(137,168)
Net assets as adjusted, July 1, 2009	<u>\$ 14,090,503</u>	<u>\$ 781,435</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010 (CONTINUED)

Note 18—PRIOR PERIOD ADJUSTMENTS: (Continued)

	Debt Service Fund	Administration Renovations and Landfill Closure Fund	School Debt Service Fund	2002 Bond Capital Projects Fund	Regional Jail Capital Projects Fund	Literary Loan Capital Projects Fund	QZAB School Capital Projects Fund
Fund balance as previously reported, June 30, 2009	\$ 1,160,139	\$ 7,359,016	\$ 1,003,591	\$ 1,420,996	\$ 921,916	\$ 28	\$ 598,670
Consolidate debt service funds	1,003,591	-	(1,003,591)	-	-	-	-
Consolidate capital projects funds	-	2,941,610	-	(1,420,996)	(921,916)	(28)	(598,670)
Fund balance as adjusted, July 1, 2009	<u>\$ 2,163,730</u>	<u>\$ 10,300,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 15,438,655	\$ 15,360,578	\$ 15,077,656	\$ (282,922)
Other local taxes	2,407,877	2,407,877	2,575,860	167,983
Permits, privilege fees, and regulatory licenses	232,280	232,280	192,264	(40,016)
Fines and forfeitures	130,000	130,000	114,132	(15,868)
Revenue from the use of money and property	143,500	143,500	36,645	(106,855)
Charges for services	389,124	417,906	503,538	85,632
Miscellaneous	-	33,572	50,361	16,789
Recovered costs	175,500	180,500	265,946	85,446
Intergovernmental revenues:				
Commonwealth	3,544,826	3,414,765	3,107,898	(306,867)
Federal	200,875	589,191	326,726	(262,465)
Total revenues	<u>\$ 22,662,637</u>	<u>\$ 22,910,169</u>	<u>\$ 22,251,026</u>	<u>\$ (659,143)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,147,206	\$ 1,879,372	\$ 1,770,821	\$ 108,551
Judicial administration	608,876	602,018	584,458	17,560
Public safety	3,068,915	3,162,259	2,933,996	228,263
Public works	1,839,627	1,837,034	1,725,082	111,952
Health and welfare	690,307	690,307	690,307	-
Education	8,161,352	8,188,064	7,656,078	531,986
Parks, recreation, and cultural	331,909	399,190	313,905	85,285
Community development	1,117,315	1,433,187	974,061	459,126
Debt service:				
Principal retirement	272,731	272,731	251,513	21,218
Interest and other fiscal charges	24,670	24,670	21,045	3,625
Total expenditures	<u>\$ 18,262,908</u>	<u>\$ 18,488,832</u>	<u>\$ 16,921,266</u>	<u>\$ 1,567,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,399,729</u>	<u>\$ 4,421,337</u>	<u>\$ 5,329,760</u>	<u>\$ 908,423</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 69,000	\$ 75,978	\$ 74,570	\$ (1,408)
Transfers out	(4,889,243)	(4,953,906)	(4,772,605)	181,301
Capital lease issuance	79,232	79,232	79,232	-
Total other financing sources and uses	<u>\$ (4,741,011)</u>	<u>\$ (4,798,696)</u>	<u>\$ (4,618,803)</u>	<u>\$ 179,893</u>
Net change in fund balances	\$ (341,282)	\$ (377,359)	\$ 710,957	\$ 1,088,316
Fund balances - beginning	341,282	377,359	3,871,741	3,494,382
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,582,698</u>	<u>\$ 4,582,698</u>

COUNTY OF NORTHAMPTON, VIRGINIA
Eastern Shore Regional Jail Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 160,000	\$ 160,000	\$ 101,291	\$ (58,709)
Recovered costs	-	-	1,040	1,040
Intergovernmental revenues:				
Commonwealth	2,356,979	2,179,409	2,078,720	(100,689)
Federal	-	-	385	385
Total revenues	<u>\$ 2,516,979</u>	<u>\$ 2,339,409</u>	<u>\$ 2,181,436</u>	<u>\$ (157,973)</u>
EXPENDITURES				
Current:				
Public safety	\$ 3,584,125	\$ 3,406,555	\$ 3,185,998	\$ 220,557
Total expenditures	<u>\$ 3,584,125</u>	<u>\$ 3,406,555</u>	<u>\$ 3,185,998</u>	<u>\$ 220,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,067,146)</u>	<u>\$ (1,067,146)</u>	<u>\$ (1,004,562)</u>	<u>\$ 62,584</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,067,146	\$ 1,067,146	\$ 1,004,562	\$ (62,584)
Total other financing sources and uses	<u>1,067,146</u>	<u>1,067,146</u>	<u>1,004,562</u>	<u>(62,584)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Pension Funding Progress
For the Year Ended June 30, 2010

Primary Government:
County Retirement Plan:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
6/30/2009	\$ 18,716,520	\$ 20,112,262	\$ 1,395,742	93.06%	\$ 6,669,877	20.93%
6/30/2008	17,915,476	18,973,610	1,058,134	94.42%	6,925,859	15.28%
6/30/2007	15,954,510	16,485,147	530,637	96.78%	6,078,684	8.73%
6/30/2006	14,056,456	14,711,742	655,286	95.55%	5,199,477	12.60%
6/30/2005	13,095,343	14,101,363	1,006,020	92.87%	4,692,429	21.44%

Discretely Presented Component Unit:
School Board Non-Professionals Retirement Plan:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
6/30/2009	\$ 3,053,283	\$ 3,158,137	\$ 104,854	96.68%	\$ 720,752	14.55%
6/30/2008	3,191,242	3,205,059	13,817	99.57%	947,915	1.46%
6/30/2007	2,944,282	3,076,698	132,416	95.70%	971,806	13.63%
6/30/2006	2,638,972	2,620,369	(18,603)	100.71%	863,505	-2.15%
6/30/2005	2,523,111	2,707,044	183,933	93.21%	654,004	28.12%

Schedule of Funding Progress for Retiree Health Plan
For the Year Ended June 30, 2010

Primary Government:
County Retiree Health Plan:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
7/1/2008	\$ -	\$ 524,000	\$ 524,000	0.00%	\$ 5,795,000	9.04%

Discretely Presented Component Unit:
School Board Retiree Health Plan:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
7/1/2008	\$ -	\$ 1,820,000	\$ 1,820,000	0.00%	\$ 9,592,000	18.97%

OTHER SUPPLEMENTARY INFORMATION

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Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 9,640	\$ 37,730	\$ 28,090
Miscellaneous	-	25,000	25,000	-
Recovered costs	3,515,092	161,100	161,139	39
Total revenues	<u>\$ 3,515,092</u>	<u>\$ 195,740</u>	<u>\$ 223,869</u>	<u>\$ 28,129</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,510,817	\$ 3,889,167	\$ 3,573,713	\$ 315,454
Interest and other fiscal charges	4,334,829	1,810,879	1,789,045	21,834
Total expenditures	<u>\$ 6,845,646</u>	<u>\$ 5,700,046</u>	<u>\$ 5,362,758</u>	<u>\$ 337,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,330,554)</u>	<u>\$ (5,504,306)</u>	<u>\$ (5,138,889)</u>	<u>\$ 365,417</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,330,554	\$ 5,063,490	\$ 4,992,016	\$ (71,474)
Total other financing sources and uses	<u>\$ 3,330,554</u>	<u>\$ 5,063,490</u>	<u>\$ 4,992,016</u>	<u>\$ (71,474)</u>
Net change in fund balances	\$ -	\$ (440,816)	\$ (146,873)	\$ 293,943
Fund balances - beginning, as adjusted	-	440,816	2,163,730	1,722,914
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,016,857</u>	<u>\$ 2,016,857</u>

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Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 574,847	\$ 4,431	\$ (570,416)
Total revenues	\$ -	\$ 574,847	\$ 4,431	\$ (570,416)
EXPENDITURES				
Capital projects	\$ -	\$ 9,388,805	\$ 2,479,891	\$ 6,908,914
Debt service:				
Interest and other fiscal charges	-	2	-	2
Total expenditures	\$ -	\$ 9,388,807	\$ 2,479,891	\$ 6,908,916
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (8,813,960)	\$ (2,475,460)	\$ 6,338,500
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (1,696,500)	\$ (1,696,500)	\$ -
Issuance of bonds	-	1,390,000	1,390,000	-
Total other financing sources and uses	\$ -	\$ (306,500)	\$ (306,500)	\$ -
Net change in fund balances	\$ -	\$ (9,120,460)	\$ (2,781,960)	\$ 6,338,500
Fund balances - beginning, as adjusted	-	9,120,460	10,300,626	1,180,166
Fund balances - ending	\$ -	\$ -	\$ 7,518,666	\$ 7,518,666

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2010

	<u>Virginia Public Assistance Fund</u>	<u>Forfeited Asset Sharing Fund</u>	<u>Purchase of Development Rights Fund</u>
ASSETS			
Cash and cash equivalents	\$ 9,276	\$ 47,564	\$ 19,030
Due from other governmental units	94,011	-	-
Total assets	<u>\$ 103,287</u>	<u>\$ 47,564</u>	<u>\$ 19,030</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 11,452	\$ -	\$ -
Accrued liabilities	91,835	-	-
Due to other funds	-	-	-
Total liabilities	<u>\$ 103,287</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 47,564	\$ 19,030
Total fund balances	<u>\$ -</u>	<u>\$ 47,564</u>	<u>\$ 19,030</u>
Total liabilities and fund balances	<u>\$ 103,287</u>	<u>\$ 47,564</u>	<u>\$ 19,030</u>

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ 16,111	\$ 975	\$ -	\$ 92,956
135,342	-	59,725	289,078
<u>\$ 151,453</u>	<u>\$ 975</u>	<u>\$ 59,725</u>	<u>\$ 382,034</u>
\$ 27,650	\$ 127	\$ -	\$ 39,229
2,366	-	-	94,201
133,809	-	59,725	193,534
<u>\$ 163,825</u>	<u>\$ 127</u>	<u>\$ 59,725</u>	<u>\$ 326,964</u>
\$ (12,372)	\$ 848	\$ -	\$ 55,070
(12,372)	848	-	55,070
<u>\$ 151,453</u>	<u>\$ 975</u>	<u>\$ 59,725</u>	<u>\$ 382,034</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
REVENUES			
Permits, privilege fees, and regulatory licenses	\$ -	\$ -	\$ 300
Miscellaneous	13,503	-	-
Intergovernmental revenues:			
Commonwealth	1,012,741	10,045	-
Federal	1,709,275	-	-
Total revenues	<u>\$ 2,735,519</u>	<u>\$ 10,045</u>	<u>\$ 300</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 3,114,347	\$ -	\$ (10)
Community development	-	-	-
Capital projects	-	-	-
Total expenditures	<u>\$ 3,114,347</u>	<u>\$ -</u>	<u>\$ (10)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (378,828)</u>	<u>\$ 10,045</u>	<u>\$ 310</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 378,828	\$ -	\$ -
Transfers out	-	(6,978)	-
Total other financing sources and uses	<u>\$ 378,828</u>	<u>\$ (6,978)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 3,067	\$ 310
Fund balances - beginning	-	44,497	18,720
Fund balances - ending	<u>\$ -</u>	<u>\$ 47,564</u>	<u>\$ 19,030</u>

Exhibit 18

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ -	\$ -	\$ -	300
6,581	(7,891)	-	12,193
-	7,542	-	1,030,328
279,280	30,331	12,545	2,031,431
<u>\$ 285,861</u>	<u>\$ 29,982</u>	<u>\$ 12,545</u>	<u>\$ 3,074,252</u>
\$ 300,181	\$ -	\$ -	3,414,518
-	29,134	-	29,134
-	-	12,545	12,545
<u>\$ 300,181</u>	<u>\$ 29,134</u>	<u>\$ 12,545</u>	<u>\$ 3,456,197</u>
<u>\$ (14,320)</u>	<u>\$ 848</u>	<u>\$ -</u>	<u>\$ (381,945)</u>
\$ -	\$ -	\$ -	378,828
-	-	-	(6,978)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,850</u>
\$ (14,320)	\$ 848	\$ -	(10,095)
1,948	-	-	65,165
<u>\$ (12,372)</u>	<u>\$ 848</u>	<u>\$ -</u>	<u>\$ 55,070</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	13,503	13,503
Intergovernmental revenues:				
Commonwealth	1,225,981	1,156,981	1,012,741	(144,240)
Federal	1,700,180	1,769,180	1,709,275	(59,905)
Total revenues	<u>\$ 2,926,161</u>	<u>\$ 2,926,161</u>	<u>\$ 2,735,519</u>	<u>\$ (190,642)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,348,704	\$ 3,348,704	\$ 3,114,347	\$ 234,357
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 3,348,704</u>	<u>\$ 3,348,704</u>	<u>\$ 3,114,347</u>	<u>\$ 234,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (422,543)</u>	<u>\$ (422,543)</u>	<u>\$ (378,828)</u>	<u>\$ 43,715</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 422,543	\$ 422,543	\$ 378,828	\$ (43,715)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ 422,543</u>	<u>\$ 422,543</u>	<u>\$ 378,828</u>	<u>\$ (43,715)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Forfeited Asset Sharing Fund				Purchase of Development Rights Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 300
-	-	-	-	-	-	-	-
-	-	10,045	10,045	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,045</u>	<u>\$ 10,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10)	\$ 10
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10)</u>	<u>\$ 10</u>
\$ -	\$ -	\$ 10,045	\$ 10,045	\$ -	\$ -	\$ 310	\$ 310
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(6,978)	(6,978)	-	-	-	-	-
<u>\$ -</u>	<u>\$ (6,978)</u>	<u>\$ (6,978)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (6,978)	\$ 3,067	\$ 10,045	\$ -	\$ -	\$ 310	\$ 310
-	6,978	44,497	37,519	-	-	18,720	18,720
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,564</u>	<u>\$ 47,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,030</u>	<u>\$ 19,030</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010

	CDBG Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ -	\$ -	\$ -	-
Miscellaneous	-	63,886	6,581	(57,305)
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	1,607,101	279,280	(1,327,821)
Total revenues	\$ -	\$ 1,670,987	\$ 285,861	\$ (1,385,126)
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 1,670,987	\$ 300,181	\$ 1,370,806
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ 1,670,987	\$ 300,181	\$ 1,370,806
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (14,320)	\$ (14,320)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	-
Transfers out	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (14,320)	\$ (14,320)
Fund balances - beginning	-	-	1,948	1,948
Fund balances - ending	\$ -	\$ -	\$ (12,372)	\$ (12,372)

HMGP Home Elevation Project Fund				Parks and Recreation Project Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	42,939	(7,891)	(50,830)	-	-	-	-
-	68,330	7,542	(60,788)	-	-	-	-
-	295,286	30,331	(264,955)	-	200,321	12,545	(187,776)
\$ -	\$ 406,555	\$ 29,982	\$ (376,573)	\$ -	\$ 200,321	\$ 12,545	\$ (187,776)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	464,276	29,134	435,142	-	-	-	-
-	-	-	-	-	200,321	12,545	187,776
\$ -	\$ 464,276	\$ 29,134	\$ 435,142	\$ -	\$ 200,321	\$ 12,545	\$ 187,776
\$ -	\$ (57,721)	\$ 848	\$ 58,569	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (57,721)	\$ 848	\$ 58,569	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ (57,721)	\$ 848	\$ 58,569	\$ -	\$ -	\$ -	\$ -

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

	IDA Operating Fund	Special Welfare Fund	NC Tourism Commission Fund
ASSETS			
Cash and cash equivalents	\$ 15,545	\$ 75,039	\$ 44,746
Accounts receivable	-	-	-
Due from other governmental units	-	-	-
Total assets	<u>\$ 15,545</u>	<u>\$ 75,039</u>	<u>\$ 44,746</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	8,021	-
Amounts held for social services clients	-	67,018	-
Amounts held for others	15,545	-	44,746
Total liabilities	<u>\$ 15,545</u>	<u>\$ 75,039</u>	<u>\$ 44,746</u>

Agency Funds					
911 Local Fund	911 Wireline Fund	Local Sales Tax Fund	State Health Department Fees Fund	Building Inspection Fees Fund	Total
\$ 19,677	\$ 1,423	\$ 10,057	\$ -	\$ 1,646	\$ 168,133
-	82,049	-	9,002	-	91,051
24,282	19,042	20,247	-	-	63,571
<u>\$ 43,959</u>	<u>\$ 102,514</u>	<u>\$ 30,304</u>	<u>\$ 9,002</u>	<u>\$ 1,646</u>	<u>\$ 322,755</u>
\$ 2,449	\$ 17,353	\$ -	\$ -	\$ -	\$ 19,802
-	30,410	-	-	1,556	31,966
-	-	-	9,002	-	17,023
-	-	-	-	-	67,018
41,510	54,751	30,304	-	90	186,946
<u>\$ 43,959</u>	<u>\$ 102,514</u>	<u>\$ 30,304</u>	<u>\$ 9,002</u>	<u>\$ 1,646</u>	<u>\$ 322,755</u>

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
IDA Operating Fund:				
Assets:				
Cash and cash equivalents	\$ 10,733	\$ 4,812	\$ -	\$ 15,545
Total assets	<u>\$ 10,733</u>	<u>\$ 4,812</u>	<u>\$ -</u>	<u>\$ 15,545</u>
Liabilities:				
Amounts held for others	<u>\$ 10,733</u>	<u>\$ 4,812</u>	<u>\$ -</u>	<u>\$ 15,545</u>
Virginia Broadband Authority Fund:				
Assets:				
Accounts receivable	\$ 5,336	\$ -	\$ 5,336	\$ -
Total assets	<u>\$ 5,336</u>	<u>\$ -</u>	<u>\$ 5,336</u>	<u>\$ -</u>
Liabilities:				
Accounts payable				-
Accrued liabilities	\$ 471	\$ -	\$ 471	\$ -
Due to external parties	4,865	-	4,865	-
Total liabilities	<u>\$ 5,336</u>	<u>\$ -</u>	<u>\$ 5,336</u>	<u>\$ -</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 63,054	\$ 117,317	\$ 105,332	\$ 75,039
Accounts receivable	5,433	-	5,433	-
Total assets	<u>\$ 68,487</u>	<u>\$ 117,317</u>	<u>\$ 110,765</u>	<u>\$ 75,039</u>
Liabilities:				
Due to other funds	\$ 8,020	\$ 1	\$ -	\$ 8,021
Amounts held for social service clients	60,467	117,316	110,765	67,018
Total liabilities	<u>\$ 68,487</u>	<u>\$ 117,317</u>	<u>\$ 110,765</u>	<u>\$ 75,039</u>
NC Tourism Commission Fund:				
Assets:				
Cash	\$ 39,055	\$ 13,933	\$ 8,242	\$ 44,746
Liabilities:				
Amounts held for others	<u>\$ 39,055</u>	<u>\$ 13,933</u>	<u>\$ 8,242</u>	<u>\$ 44,746</u>
911 Local Fund:				
Assets:				
Cash and cash equivalents	\$ 80,707	\$ 41,717	\$ 102,747	\$ 19,677
Due from other governmental units	-	24,282	-	24,282
Total assets	<u>\$ 80,707</u>	<u>\$ 65,999</u>	<u>\$ 102,747</u>	<u>\$ 43,959</u>
Liabilities:				
Accounts payable	\$ 1,070	\$ 2,449	\$ 1,070	\$ 2,449
Amounts held for others	79,637	63,550	101,677	41,510
Total liabilities	<u>\$ 80,707</u>	<u>\$ 65,999</u>	<u>\$ 102,747</u>	<u>\$ 43,959</u>

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
911 Wireline Fund:				
Assets:				
Cash and cash equivalents	\$ 18,319	\$ 629,346	\$ 646,242	\$ 1,423
Due from other governmental units	20,827	19,042	20,827	19,042
Accounts receivable	70,903	82,049	70,903	82,049
Total assets	<u>\$ 110,049</u>	<u>\$ 730,437</u>	<u>\$ 737,972</u>	<u>\$ 102,514</u>
Liabilities:				
Accounts payable	\$ 15,827	\$ 17,353	\$ 15,827	\$ 17,353
Accrued liabilities	31,554	31,554	32,698	30,410
Amounts held for others	62,668	681,530	689,447	54,751
Total liabilities	<u>\$ 110,049</u>	<u>\$ 730,437</u>	<u>\$ 737,972</u>	<u>\$ 102,514</u>
Local Sales Tax Fund:				
Assets:				
Cash	\$ -	\$ 92,097	\$ 82,040	\$ 10,057
Due from other governmental units	21,840	20,247	21,840	20,247
Total assets	<u>\$ 21,840</u>	<u>\$ 112,344</u>	<u>\$ 103,880</u>	<u>\$ 30,304</u>
Liabilities:				
Amounts held for others	<u>\$ 21,840</u>	<u>\$ 112,344</u>	<u>\$ 103,880</u>	<u>\$ 30,304</u>
State Health Department Fees Fund:				
Assets:				
Cash	\$ 1,055	\$ -	\$ 1,055	\$ -
Accounts receivable	-	9,002	-	9,002
Total assets	<u>\$ 1,055</u>	<u>\$ 9,002</u>	<u>\$ 1,055</u>	<u>\$ 9,002</u>
Liabilities:				
Amounts held for others	\$ 1,055	\$ -	\$ 1,055	\$ -
Due to other funds	-	9,002	-	9,002
Total liabilities	<u>\$ 1,055</u>	<u>\$ 9,002</u>	<u>\$ 1,055</u>	<u>\$ 9,002</u>
Building Inspection Fees Fund:				
Assets:				
Cash	<u>\$ 1,535</u>	<u>\$ 1,646</u>	<u>\$ 1,535</u>	<u>\$ 1,646</u>
Liabilities:				
Accrued liabilities	\$ -	\$ 1,556	\$ -	\$ 1,556
Amounts held for others	1,535	90	1,535	90
Total liabilities	<u>\$ 1,535</u>	<u>\$ 1,646</u>	<u>\$ 1,535</u>	<u>\$ 1,646</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 214,458	\$ 900,868	\$ 947,193	\$ 168,133
Accounts receivable	81,672	91,051	81,672	91,051
Due from other governmental units	42,667	63,571	42,667	63,571
Total assets	<u>\$ 338,797</u>	<u>\$ 1,055,490</u>	<u>\$ 1,071,532</u>	<u>\$ 322,755</u>
Liabilities:				
Accounts payable	\$ 16,897	\$ 19,802	\$ 16,897	\$ 19,802
Accrued liabilities	32,025	33,110	33,169	31,966
Due to other funds	12,885	9,003	4,865	17,023
Amounts held for others	216,523	876,259	905,836	186,946
Amounts held for social services clients	60,467	117,316	110,765	67,018
Total liabilities	<u>\$ 338,797</u>	<u>\$ 1,055,490</u>	<u>\$ 1,071,532</u>	<u>\$ 322,755</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2010

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,474,847	\$ 43,761	\$ 146,785	\$ 1,665,393
Receivables (net of allowance for uncollectibles):				
Accounts receivable	41,525	-	-	41,525
Due from other funds	306,347	-	-	306,347
Due from other governmental units	285,254	536,285	44,732	866,271
Prepaid items	37,511	-	-	37,511
Total assets	<u>\$ 2,145,484</u>	<u>\$ 580,046</u>	<u>\$ 191,517</u>	<u>\$ 2,917,047</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 232,070	\$ 16,471	\$ 910	\$ 249,451
Accrued liabilities	1,308,720	160,226	51,757	1,520,703
Due to other funds	-	306,347	-	306,347
Total liabilities	<u>\$ 1,540,790</u>	<u>\$ 483,044</u>	<u>\$ 52,667</u>	<u>\$ 2,076,501</u>
Fund balances:				
Reserved for:				
Capital outlay	\$ 604,694	\$ -	\$ -	\$ 604,694
Prepaid items	37,511	-	-	37,511
Unreserved:				
Undesignated	(37,511)	97,002	138,850	198,341
Total fund balances	<u>\$ 604,694</u>	<u>\$ 97,002</u>	<u>\$ 138,850</u>	<u>\$ 840,546</u>
Total liabilities and fund balances	<u>\$ 2,145,484</u>	<u>\$ 580,046</u>	<u>\$ 191,517</u>	<u>\$ 2,917,047</u>

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

Total fund balances per above	\$ 840,546
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,915,347
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,843,589)</u>
Net assets of governmental activities	<u>\$ 912,304</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Charges for services	\$ -	\$ -	\$ 308,800	\$ 308,800
Miscellaneous	531,942	45,546	-	577,488
Intergovernmental revenues:				
Local government	7,590,508	-	-	7,590,508
Commonwealth	7,860,033	-	15,376	7,875,409
Federal	745,206	2,781,401	750,392	4,276,999
Total revenues	<u>\$ 16,727,689</u>	<u>\$ 2,826,947</u>	<u>\$ 1,074,568</u>	<u>\$ 20,629,204</u>
EXPENDITURES				
Current:				
Education	\$ 16,815,995	\$ 2,729,945	\$ 949,832	\$ 20,495,772
Debt service:				
Principal retirement	235,632	-	-	235,632
Interest and other fiscal charges	32,944	-	-	32,944
Total expenditures	<u>\$ 17,084,571</u>	<u>\$ 2,729,945</u>	<u>\$ 949,832</u>	<u>\$ 20,764,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (356,882)</u>	<u>\$ 97,002</u>	<u>\$ 124,736</u>	<u>\$ (135,144)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ 356,882	\$ -	\$ -	\$ 356,882
Total other financing sources and uses	<u>\$ 356,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,882</u>
Net change in fund balances	\$ -	\$ 97,002	\$ 124,736	\$ 221,738
Fund balances - beginning	604,694	-	14,114	618,808
Fund balances - ending	<u>\$ 604,694</u>	<u>\$ 97,002</u>	<u>\$ 138,850</u>	<u>\$ 840,546</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 221,738
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 335,707

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

(Increase) decrease in accrued leave	\$ (319,981)	
Issuance of long-term debt	(356,882)	
Principal payments	235,632	
(Increase) decrease in interest payable	28,655	
(Increase) decrease in other post employment benefit payable	<u>(14,000)</u>	<u>(426,576)</u>

Change in net assets of governmental activities	<u>\$ 130,869</u>
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COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 928,701	\$ 523,091	\$ 531,942	\$ 8,851
Intergovernmental revenues:				
Local government	8,122,081	8,122,081	7,590,508	(531,573)
Commonwealth	8,327,673	8,084,458	7,860,033	(224,425)
Federal	480,892	480,892	745,206	264,314
Total revenues	<u>\$ 17,859,347</u>	<u>\$ 17,210,522</u>	<u>\$ 16,727,689</u>	<u>\$ (482,833)</u>
EXPENDITURES				
Current:				
Education	\$ 17,590,771	\$ 16,941,946	\$ 16,815,995	\$ 125,951
Debt service:				
Principal retirement	235,632	235,632	235,632	-
Interest and other fiscal charges	32,944	32,944	32,944	-
Total expenditures	<u>\$ 17,859,347</u>	<u>\$ 17,210,522</u>	<u>\$ 17,084,571</u>	<u>\$ 125,951</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (356,882)	\$ (356,882)
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ -	\$ 356,882	\$ 356,882
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,882</u>	<u>\$ 356,882</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	604,694	604,694
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,694</u>	<u>\$ 604,694</u>

School Grants Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ 42,000	\$ 45,546	\$	3,546
-	-	-	-	-
-	-	-	-	-
2,394,427	3,629,992	2,781,401	-	(848,591)
<u>\$ 2,394,427</u>	<u>\$ 3,671,992</u>	<u>\$ 2,826,947</u>	<u>\$</u>	<u>(845,045)</u>
\$ 2,394,427	\$ 3,671,992	\$ 2,729,945	\$	942,047
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,394,427</u>	<u>\$ 3,671,992</u>	<u>\$ 2,729,945</u>	<u>\$</u>	<u>942,047</u>
\$ -	\$ -	\$ 97,002	\$	97,002
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ 97,002	\$	97,002
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,002</u>	<u>\$</u>	<u>97,002</u>

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Combining Balance Sheet - Nonmajor Special Revenue Funds
 Discretely Presented Component Unit - School Board
 June 30, 2010

	School Cafeteria Fund	School Retiree Health Insurance Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 127,261	\$ 19,524	\$ 146,785
Due from other governmental units	44,732	-	44,732
Total assets	<u>\$ 171,993</u>	<u>\$ 19,524</u>	<u>\$ 191,517</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 910	\$ -	\$ 910
Accrued liabilities	51,757	-	51,757
Total liabilities	<u>\$ 52,667</u>	<u>\$ -</u>	<u>\$ 52,667</u>
Fund balances:			
Unreserved:			
Undesignated	\$ 119,326	\$ 19,524	\$ 138,850
Total fund balances	<u>\$ 119,326</u>	<u>\$ 19,524</u>	<u>\$ 138,850</u>
Total liabilities and fund balances	<u>\$ 171,993</u>	<u>\$ 19,524</u>	<u>\$ 191,517</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 415,805	\$ 385,370	\$ 160,175	\$ (225,195)
Intergovernmental revenues:				
Commonwealth	21,529	21,529	15,376	(6,153)
Federal	437,415	437,415	750,392	312,977
Total revenues	<u>\$ 874,749</u>	<u>\$ 844,314</u>	<u>\$ 925,943</u>	<u>\$ 81,629</u>
EXPENDITURES				
Current:				
Education	\$ 874,749	\$ 844,314	\$ 806,617	\$ 37,697
Total expenditures	<u>\$ 874,749</u>	<u>\$ 844,314</u>	<u>\$ 806,617</u>	<u>\$ 37,697</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 119,326	\$ 119,326
Net change in fund balances	\$ -	\$ -	\$ 119,326	\$ 119,326
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,326</u>	<u>\$ 119,326</u>

Exhibit 26

School Retiree Health Insurance Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ 148,625	\$ 148,625	
-	-	-	-	
-	-	-	-	
\$ -	\$ -	\$ 148,625	\$ 148,625	
\$ -	\$ -	\$ 143,215	\$ (143,215)	
\$ -	\$ -	\$ 143,215	\$ (143,215)	
\$ -	\$ -	\$ 5,410	\$ 5,410	
\$ -	\$ -	\$ 5,410	\$ 5,410	
-	-	14,114	14,114	
\$ -	\$ -	\$ 19,524	\$ 19,524	

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2010

	Private Purpose Trust Funds					Agency Funds
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total	School Activities Fund
ASSETS						
Cash and cash equivalents	\$ 14,696	\$ 4,475	\$ 5,567	\$ 5,083	\$ 29,821	\$ 206,805
Total assets	\$ 14,696	\$ 4,475	\$ 5,567	\$ 5,083	\$ 29,821	\$ 206,805
NET ASSETS						
Held in trust for scholarships	\$ 14,496	\$ 4,475	\$ 5,567	\$ 5,083	\$ 29,621	\$ -
Held for school activities	-	-	-	-	-	206,805
Total net assets	\$ 14,496	\$ 4,475	\$ 5,567	\$ 5,083	\$ 29,621	\$ 206,805

Combining Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2010

	Private Purpose Trust Funds				Agency Funds	
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total	School Activities Fund
ADDITIONS						
Contributions:						
Miscellaneous	\$ 800	\$ -	\$ -	\$ 150	\$ 950	\$ 475,608
Total contributions	\$ 800	\$ -	\$ -	\$ 150	\$ 950	\$ 475,608
Investment earnings:						
Interest	\$ 45	\$ 16	\$ 21	\$ 10	\$ 92	\$ -
Total additions	\$ 845	\$ 16	\$ 21	\$ 160	\$ 1,042	\$ 475,608
DEDUCTIONS						
School activities expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 441,323
Scholarships	1,000	-	500	600	2,100	-
Total deductions	\$ 1,000	\$ -	\$ 500	\$ 600	\$ 2,100	\$ 441,323
Change in net assets	\$ (155)	\$ 16	\$ (479)	\$ (440)	\$ (1,058)	\$ 34,285
Net assets - beginning	14,851	4,459	6,046	5,523	30,879	172,520
Net assets - ending	\$ 14,696	\$ 4,475	\$ 5,567	\$ 5,083	\$ 29,821	\$ 206,805

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SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,356,460	\$ 12,392,896	\$ 12,293,972	\$ (98,924)
Real and personal public service corporation taxes	412,635	298,122	257,426	(40,696)
Personal property taxes	2,312,554	2,312,554	2,082,188	(230,366)
Mobile home taxes	24,052	24,052	23,213	(839)
Penalties	152,954	152,954	195,750	42,796
Interest	180,000	180,000	225,107	45,107
Total general property taxes	<u>\$ 15,438,655</u>	<u>\$ 15,360,578</u>	<u>\$ 15,077,656</u>	<u>\$ (282,922)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,127,346	\$ 1,127,346	\$ 1,041,256	\$ (86,090)
Consumers' utility taxes	320,000	320,000	512,946	192,946
Business license taxes	50,300	50,300	42,978	(7,322)
Motor vehicle licenses	275,231	275,231	308,500	33,269
Bank stock taxes	5,000	5,000	6,097	1,097
Taxes on recordation and wills	155,000	155,000	180,088	25,088
Hotel and motel room taxes	225,000	225,000	231,240	6,240
Restaurant food taxes	250,000	250,000	252,755	2,755
Total other local taxes	<u>\$ 2,407,877</u>	<u>\$ 2,407,877</u>	<u>\$ 2,575,860</u>	<u>\$ 167,983</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 6,218	\$ 218
Permits and other licenses	226,280	226,280	186,046	(40,234)
Total permits, privilege fees, and regulatory licenses	<u>\$ 232,280</u>	<u>\$ 232,280</u>	<u>\$ 192,264</u>	<u>\$ (40,016)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 130,000	\$ 130,000	\$ 114,132	\$ (15,868)
Total fines and forfeitures	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 114,132</u>	<u>\$ (15,868)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 134,500	\$ 134,500	\$ 25,634	\$ (108,866)
Revenue from use of property	9,000	9,000	11,011	2,011
Total revenue from use of money and property	<u>\$ 143,500</u>	<u>\$ 143,500</u>	<u>\$ 36,645</u>	<u>\$ (106,855)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 750	\$ 750	\$ 5,400	\$ 4,650
Court costs	1,500	1,500	848	(652)
Charges for courthouse maintenance	21,000	21,000	29,259	8,259
Charges for courthouse security	90,000	90,000	86,245	(3,755)
Charges for Commonwealth's Attorney	500	500	701	201
Charges for ambulance fees	-	-	1,344	1,344
Charges for sanitation and waste removal	250,574	275,574	330,561	54,987
Charges for parks and recreation	24,700	28,482	49,167	20,685
Charges for sale of publications and commemorative material	100	100	13	(87)
Total charges for services	<u>\$ 389,124</u>	<u>\$ 417,906</u>	<u>\$ 503,538</u>	<u>\$ 85,632</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 33,572	\$ 50,361	\$ 16,789
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 33,572</u>	<u>\$ 50,361</u>	<u>\$ 16,789</u>
Recovered costs:				
General recovered costs	\$ 175,500	\$ 180,500	\$ 113,567	\$ (66,933)
Treasurer recovered costs	-	-	152,379	152,379
Total recovered costs	<u>\$ 175,500</u>	<u>\$ 180,500</u>	<u>\$ 265,946</u>	<u>\$ 85,446</u>
Total revenue from local sources	<u>\$ 18,916,936</u>	<u>\$ 18,906,213</u>	<u>\$ 18,816,402</u>	<u>\$ (89,811)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 3,500	\$ 3,500	\$ 1,983	\$ (1,517)
Mobile home titling tax	15,000	15,000	18,376	3,376
Motor vehicle rental tax	2,300	2,300	2,682	382
Communications tax	508,142	508,142	316,850	(191,292)
State recordation tax	68,787	68,787	61,317	(7,470)
Reduction in state aid to local governments	-	(192,013)	(192,013)	-
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 2,019,696</u>	<u>\$ 1,827,683</u>	<u>\$ 1,631,162</u>	<u>\$ (196,521)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 224,337	\$ 216,779	\$ 208,750	\$ (8,029)
Sheriff	760,474	739,822	740,543	721
Commissioner of revenue	100,420	95,705	91,281	(4,424)
Treasurer	95,442	91,987	87,143	(4,844)
Medical examiner	200	200	-	(200)
Registrar/electoral board	50,459	45,586	43,500	(2,086)
Clerk of the Circuit Court	190,611	182,157	178,934	(3,223)
Total shared expenses	<u>\$ 1,421,943</u>	<u>\$ 1,372,236</u>	<u>\$ 1,350,151</u>	<u>\$ (22,085)</u>
Other categorical aid:				
Health department grant	\$ -	\$ 5,580	\$ 11,497	\$ 5,917
Virginia Port Authority grant	35,284	70,222	35,958	(34,264)
Four for Life	11,605	11,605	11,148	(457)
Litter control grant	10,561	10,561	8,125	(2,436)
Emergency services grant	-	18,250	-	(18,250)
Virginia Housing grant	-	3,000	7,000	4,000
Victim-witness grant	18,062	20,238	19,626	(612)
Other state funds	1,850	49,565	7,049	(42,516)
Fire programs	25,825	25,825	26,182	357
Total other categorical aid	<u>\$ 103,187</u>	<u>\$ 214,846</u>	<u>\$ 126,585</u>	<u>\$ (88,261)</u>
Total categorical aid	<u>\$ 1,525,130</u>	<u>\$ 1,587,082</u>	<u>\$ 1,476,736</u>	<u>\$ (110,346)</u>
Total revenue from the Commonwealth	<u>\$ 3,544,826</u>	<u>\$ 3,414,765</u>	<u>\$ 3,107,898</u>	<u>\$ (306,867)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 44,031</u>	<u>\$ 44,031</u>	<u>\$ 35,630</u>	<u>\$ (8,401)</u>
Categorical aid:				
Homeland security grant	\$ -	\$ -	\$ 18,250	\$ 18,250
Byrne Justice assistance grant	-	19,066	7,998	(11,068)
COPS program grant	-	40,000	24,055	(15,945)
USDA rural assistance grant	-	15,325	15,325	-
VDOT Barrier Island Center grant	-	289,000	45,879	(243,121)
Highway safety grant	-	24,925	22,745	(2,180)
Jail Assistance Grant	156,844	156,844	156,844	-
Total categorical aid	<u>\$ 156,844</u>	<u>\$ 545,160</u>	<u>\$ 291,096</u>	<u>\$ (254,064)</u>
Total revenue from the federal government	<u>\$ 200,875</u>	<u>\$ 589,191</u>	<u>\$ 326,726</u>	<u>\$ (262,465)</u>
Total General Fund	<u>\$ 22,662,637</u>	<u>\$ 22,910,169</u>	<u>\$ 22,251,026</u>	<u>\$ (659,143)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 160,000	\$ 160,000	\$ 101,291	\$ (58,709)
Total charges for services	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 101,291</u>	<u>\$ (58,709)</u>
Extradition costs	\$ -	\$ -	\$ 1,040	\$ 1,040
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040</u>	<u>\$ 1,040</u>
Total revenue from local sources	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 102,331</u>	<u>\$ (57,669)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 2,132,276	\$ 1,954,706	\$ 1,854,467	\$ (100,239)
Other categorical aid:				
Local jails	\$ 224,703	224,703	224,253	(450)
Total categorical aid	<u>\$ 2,356,979</u>	<u>\$ 2,179,409</u>	<u>\$ 2,078,720</u>	<u>\$ (100,689)</u>
Total revenue from the Commonwealth	<u>\$ 2,356,979</u>	<u>\$ 2,179,409</u>	<u>\$ 2,078,720</u>	<u>\$ (100,689)</u>
Revenue from the federal government:				
Categorical aid:				
USDA commodities	\$ -	\$ -	\$ 385	\$ 385
Total Eastern Shore Regional Jail Fund	<u>\$ 2,516,979</u>	<u>\$ 2,339,409</u>	<u>\$ 2,181,436</u>	<u>\$ (157,973)</u>
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 13,503	\$ 13,503
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,503</u>	<u>\$ 13,503</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,503</u>	<u>\$ 13,503</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,225,981	\$ 1,156,981	\$ 1,012,741	\$ (144,240)
Total categorical aid	<u>\$ 1,225,981</u>	<u>\$ 1,156,981</u>	<u>\$ 1,012,741</u>	<u>\$ (144,240)</u>
Total revenue from the Commonwealth	<u>\$ 1,225,981</u>	<u>\$ 1,156,981</u>	<u>\$ 1,012,741</u>	<u>\$ (144,240)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,700,180	\$ 1,769,180	\$ 1,709,275	\$ (59,905)
Total categorical aid	<u>\$ 1,700,180</u>	<u>\$ 1,769,180</u>	<u>\$ 1,709,275</u>	<u>\$ (59,905)</u>
Total revenue from the federal government	<u>\$ 1,700,180</u>	<u>\$ 1,769,180</u>	<u>\$ 1,709,275</u>	<u>\$ (59,905)</u>
Total Virginia Public Assistance Fund	<u>\$ 2,926,161</u>	<u>\$ 2,926,161</u>	<u>\$ 2,735,519</u>	<u>\$ (190,642)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Forfeited Asset Sharing Fund:				
Revenue from local sources:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 10,045	\$ 10,045
Total categorical aid	\$ -	\$ -	\$ 10,045	\$ 10,045
 Total revenue from the Commonwealth	 \$ -	 \$ -	 \$ 10,045	 \$ 10,045
 Total Forfeited Asset Sharing Fund	 \$ -	 \$ -	 \$ 10,045	 \$ 10,045
 Purchase of Development Rights Fund:				
Revenue from local sources:				
Permits, privilege fees, and regulatory licenses:				
PDR application fees	\$ -	\$ -	\$ 300	\$ 300
Total other local taxes	\$ -	\$ -	\$ 300	\$ 300
 Total Purchase of Development Rights Fund	 \$ -	 \$ -	 \$ 300	 \$ 300
 CDBG Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 59,800	\$ -	\$ (59,800)
Program income	-	4,086	6,581	2,495
Total miscellaneous revenue	\$ -	\$ 63,886	\$ 6,581	\$ (57,305)
 Total revenue from local sources	 \$ -	 \$ 63,886	 \$ 6,581	 \$ (57,305)
 Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 1,607,101	\$ 279,280	\$ (1,327,821)
Total categorical aid	\$ -	\$ 1,607,101	\$ 279,280	\$ (1,327,821)
 Total revenue from the federal government	 \$ -	 \$ 1,607,101	 \$ 279,280	 \$ (1,327,821)
 Total CDBG Projects Fund	 \$ -	 \$ 1,670,987	 \$ 285,861	 \$ (1,385,126)
 HMGP Home Elevation Project Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 42,939	\$ (7,891)	\$ (50,830)
Total miscellaneous revenue	\$ -	\$ 42,939	\$ (7,891)	\$ (50,830)
 Total revenue from local sources	 \$ -	 \$ 42,939	 \$ (7,891)	 \$ (50,830)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
VDEM Hazard Mitigation grant	\$ -	\$ 68,330	\$ 7,542	\$ (60,788)
Total categorical aid	\$ -	\$ 68,330	\$ 7,542	\$ (60,788)
Revenue from the federal government:				
Categorical aid:				
FEMA Hazard Mitigation grant	\$ -	\$ 295,286	\$ 30,331	\$ (264,955)
Total categorical aid	\$ -	\$ 295,286	\$ 30,331	\$ (264,955)
Total HMGP Home Elevation Project Fund	\$ -	\$ 406,555	\$ 29,982	\$ (376,573)
Parks and Recreation Project Fund:				
Revenue from the federal government:				
Categorical aid:				
US Dept of Housing and Urban Development	\$ -	\$ 200,321	\$ 12,545	\$ (187,776)
Total categorical aid	\$ -	\$ 200,321	\$ 12,545	\$ (187,776)
Total HMGP Home Elevation Project Fund	\$ -	\$ 200,321	\$ 12,545	\$ (187,776)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 9,640	\$ 37,730	\$ 28,090
Total revenue from use of money and property	\$ -	\$ 9,640	\$ 37,730	\$ 28,090
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 25,000	\$ 25,000	\$ -
Total miscellaneous revenue	\$ -	\$ 25,000	\$ 25,000	\$ -
Recovered costs:				
Reimbursement from C/W for regional jail	\$ 3,353,992	\$ -	\$ -	\$ -
Other recovered costs	161,100	161,100	161,139	39
Total recovered costs	\$ 3,515,092	\$ 161,100	\$ 161,139	\$ 39
Total revenue from local sources	\$ 3,515,092	\$ 195,740	\$ 223,869	\$ 28,129
Total Debt Service Fund	\$ 3,515,092	\$ 195,740	\$ 223,869	\$ 28,129
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 574,847	\$ 4,431	\$ (570,416)
Total revenue from use of money and property	\$ -	\$ 574,847	\$ 4,431	\$ (570,416)
Total revenue from local sources	\$ -	\$ 574,847	\$ 4,431	\$ (570,416)
Total County Capital Improvements Fund	\$ -	\$ 574,847	\$ 4,431	\$ (570,416)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Total Primary Government	\$ 31,620,869	\$ 31,224,189	\$ 27,735,014	\$ (3,489,175)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 928,701	\$ 523,091	\$ 531,942	\$ 8,851
Total revenue from local sources	\$ 928,701	\$ 523,091	\$ 531,942	\$ 8,851
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 8,122,081	\$ 8,122,081	\$ 7,590,508	\$ (531,573)
Total revenues from local governments	\$ 8,122,081	\$ 8,122,081	\$ 7,590,508	\$ (531,573)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,690,174	\$ 1,566,803	\$ 1,612,955	\$ 46,152
Basic school aid	3,824,002	3,780,754	3,477,676	(303,078)
ISAFP	7,859	7,859	7,859	-
Remedial summer education	5,685	16,633	16,633	-
Regular foster care	14,468	23,752	2,679	(21,073)
Special education foster care	-	-	21,073	21,073
Gifted and talented	36,099	36,026	36,026	-
Remedial education	175,886	175,529	175,529	-
Enrollment loss	20,241	26,367	26,367	-
English as a second language	89,098	67,632	67,632	-
Special education	685,878	684,486	684,486	-
Textbook payment	91,030	-	40,863	40,863
Vocational standards of quality payments	90,631	89,720	90,447	727
Social security fringe benefits	235,026	234,550	234,550	-
Retirement fringe benefits	302,616	226,885	226,885	-
Group life insurance fringe benefits	8,449	6,132	6,132	-
SOL algebra	19,822	18,436	18,436	-
Early reading intervention	19,406	19,406	19,406	-
Adult education	2,638	2,638	-	(2,638)
Homebound special education	8,629	6,043	6,043	-
Project graduation	-	10,474	2,913	(7,561)
Vocational educational	5,199	5,199	-	(5,199)
Special education regional payments	-	-	15,361	15,361
School construction	69,794	83,411	88,493	5,082
At risk payments	264,827	259,102	259,102	-
Special education - Jails	-	16,514	-	(16,514)
VPI Startup / Exp	153,000	186,000	186,000	-
Primary class size	234,192	223,298	223,298	-
Technology	180,000	180,000	199,619	19,619
Alternative education	68,601	66,677	66,677	-
Jobs for Virginia graduates	-	21,000	21,000	-
Other state funds	21,529	26,332	8,093	(18,239)
Mentor teacher programs	2,894	16,800	17,800	1,000
Total categorical aid	\$ 8,327,673	\$ 8,084,458	\$ 7,860,033	\$ (224,425)
Total revenue from the Commonwealth	\$ 8,327,673	\$ 8,084,458	\$ 7,860,033	\$ (224,425)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
State fiscal stabilization funds	\$ 480,892	\$ 480,892	\$ 745,206	\$ 264,314
Total categorical aid	\$ 480,892	\$ 480,892	\$ 745,206	\$ 264,314
Total revenue from the federal government	\$ 480,892	\$ 480,892	\$ 745,206	\$ 264,314
Total School Operating Fund	\$ 17,859,347	\$ 17,210,522	\$ 16,727,689	\$ (482,833)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 282,315	\$ 251,880	\$ 4,082	\$ (247,798)
Other charges for services	133,490	133,490	156,093	22,603
Total charges for services	\$ 415,805	\$ 385,370	\$ 160,175	\$ (225,195)
Total revenue from local sources	\$ 415,805	\$ 385,370	\$ 160,175	\$ (225,195)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 21,529	\$ 21,529	\$ 15,376	\$ (6,153)
Total categorical aid	\$ 21,529	\$ 21,529	\$ 15,376	\$ (6,153)
Total revenue from the Commonwealth	\$ 21,529	\$ 21,529	\$ 15,376	\$ (6,153)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 437,415	\$ 437,415	\$ 683,909	\$ 246,494
Summer food program grant	-	-	11,798	11,798
USDA commodities	-	-	54,685	54,685
Total categorical aid	\$ 437,415	\$ 437,415	\$ 750,392	\$ 312,977
Total revenue from the federal government	\$ 437,415	\$ 437,415	\$ 750,392	\$ 312,977
Total School Cafeteria Fund	\$ 874,749	\$ 844,314	\$ 925,943	\$ 81,629
School Grants Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 2,548	\$ 2,548
William and Mary grant	-	42,000	27,793	(14,207)
ODU math grant	-	-	15,205	15,205
Total miscellaneous revenue	\$ -	\$ 42,000	\$ 45,546	\$ 3,546
Total revenue from local sources	\$ -	\$ 42,000	\$ 45,546	\$ 3,546

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Grants Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 996,890	\$ 1,311,241	\$ 862,369	\$ (448,872)
Title I Part A ARRA	-	314,078	417,927	103,849
Title I Part B Reading First	76,860	37,001	37,001	-
Title I Part C (Migrant)	58,600	170,428	68,457	(101,971)
Other federal grants	357,979	338,472	-	(338,472)
Title II Part A	33,000	280,802	147,961	(132,841)
Title II Part D	6,000	14,799	14,253	(546)
Title II Part D ARRA	-	10,046	12,015	1,969
Title III Part A	7,600	55,770	15,251	(40,519)
Title IV Part A (Drug free)	7,002	33,434	24,312	(9,122)
Title V Part A	4,050	3,709	3,708	(1)
Title VI-B Special education	667,986	660,180	399,328	(260,852)
Title VI-B Special education ARRA	-	250,962	173,655	(77,307)
Title VI-B Rural and low income schools	25,860	25,860	53,556	27,696
History grant	92,000	65,615	63,446	(2,169)
1003 G school improvement grant	-	-	159,930	159,930
USDA improvement grant	-	-	272,942	272,942
CTE/Perkins grant	60,600	57,595	55,290	(2,305)
Total categorical aid	<u>\$ 2,394,427</u>	<u>\$ 3,629,992</u>	<u>\$ 2,781,401</u>	<u>\$ (848,591)</u>
Total revenue from the federal government	<u>\$ 2,394,427</u>	<u>\$ 3,629,992</u>	<u>\$ 2,781,401</u>	<u>\$ (848,591)</u>
Total School Grants Fund	<u>\$ 2,394,427</u>	<u>\$ 3,671,992</u>	<u>\$ 2,826,947</u>	<u>\$ (845,045)</u>
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 148,625	\$ 148,625
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,625</u>	<u>\$ 148,625</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,625</u>	<u>\$ 148,625</u>
School Board	<u>\$ 21,128,523</u>	<u>\$ 21,726,828</u>	<u>\$ 20,629,204</u>	<u>\$ (1,097,624)</u>

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Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 49,483	\$ 33,383	\$ 19,848	\$ 13,535
General and financial administration:				
County administrator	\$ 397,793	\$ 424,231	\$ 424,158	\$ 73
County attorney	71,369	71,369	70,018	1,351
Commissioner of revenue	230,127	228,605	228,546	59
Treasurer	268,339	266,589	252,944	13,645
Finance	303,976	307,298	300,886	6,412
Department of information technology	203,689	218,390	206,056	12,334
Contingency	317,013	36,083	-	36,083
Other general and financial administration	178,852	171,732	157,807	13,925
Total general and financial administration	\$ 1,971,158	\$ 1,724,297	\$ 1,640,415	\$ 83,882
Board of elections:				
Electoral board and officials	\$ 126,565	\$ 121,692	\$ 110,558	\$ 11,134
Total board of elections	\$ 126,565	\$ 121,692	\$ 110,558	\$ 11,134
Total general government administration	\$ 2,147,206	\$ 1,879,372	\$ 1,770,821	\$ 108,551
Judicial administration:				
Courts:				
Circuit court	\$ 27,592	\$ 27,592	\$ 22,476	\$ 5,116
General district court	6,057	6,057	5,971	86
Magistrate	9,814	9,814	8,885	929
Juvenile and domestic relations district court	4,797	4,797	4,342	455
Clerk of the circuit court	282,754	274,300	269,663	4,637
Victim and witness assistance	17,456	19,632	19,622	10
Total courts	\$ 348,470	\$ 342,192	\$ 330,959	\$ 11,233
Commonwealth's attorney:				
Commonwealth's attorney	\$ 260,406	\$ 259,826	\$ 253,499	\$ 6,327
Total commonwealth's attorney	\$ 260,406	\$ 259,826	\$ 253,499	\$ 6,327
Total judicial administration	\$ 608,876	\$ 602,018	\$ 584,458	\$ 17,560
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,657,701	\$ 1,762,141	\$ 1,591,280	\$ 170,861
Total law enforcement and traffic control	\$ 1,657,701	\$ 1,762,141	\$ 1,591,280	\$ 170,861

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 11,605	\$ 11,605	\$ 11,148	\$ 457
Fire prevention	136,490	135,044	127,388	7,656
Emergency medical services	666,368	660,689	652,600	8,089
Total fire and rescue services	<u>\$ 814,463</u>	<u>\$ 807,338</u>	<u>\$ 791,136</u>	<u>\$ 16,202</u>
Correction and detention:				
Judicial court services	\$ 45,270	\$ 45,270	\$ 29,470	\$ 15,800
Total correction and detention	<u>\$ 45,270</u>	<u>\$ 45,270</u>	<u>\$ 29,470</u>	<u>\$ 15,800</u>
Inspections:				
Building	\$ 200,357	\$ 200,087	\$ 197,085	\$ 3,002
Total inspections	<u>\$ 200,357</u>	<u>\$ 200,087</u>	<u>\$ 197,085</u>	<u>\$ 3,002</u>
Other protection:				
Animal control	\$ 100,243	\$ 96,542	\$ 91,021	\$ 5,521
Other emergency services	219,946	219,946	211,756	8,190
Contribution to animal control facility	30,935	30,935	22,248	8,687
Total other protection	<u>\$ 351,124</u>	<u>\$ 347,423</u>	<u>\$ 325,025</u>	<u>\$ 22,398</u>
Total public safety	<u>\$ 3,068,915</u>	<u>\$ 3,162,259</u>	<u>\$ 2,933,996</u>	<u>\$ 228,263</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,269,942	\$ 1,242,583	\$ 1,170,200	\$ 72,383
Administration	62,448	74,654	74,593	61
Total sanitation and waste removal	<u>\$ 1,332,390</u>	<u>\$ 1,317,237</u>	<u>\$ 1,244,793</u>	<u>\$ 72,444</u>
Maintenance of general buildings and grounds:				
General properties	\$ 507,237	\$ 519,797	\$ 480,289	\$ 39,508
Total maintenance of general buildings and grounds	<u>\$ 507,237</u>	<u>\$ 519,797</u>	<u>\$ 480,289</u>	<u>\$ 39,508</u>
Total public works	<u>\$ 1,839,627</u>	<u>\$ 1,837,034</u>	<u>\$ 1,725,082</u>	<u>\$ 111,952</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 353,319	\$ 353,319	\$ 353,319	\$ -
Total health	<u>\$ 353,319</u>	<u>\$ 353,319</u>	<u>\$ 353,319</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 57,855	\$ 57,855	\$ 57,855	\$ -
Total mental health and mental retardation	<u>\$ 57,855</u>	<u>\$ 57,855</u>	<u>\$ 57,855</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	<u>277,333</u>	<u>277,333</u>	<u>277,333</u>	<u>-</u>
Total welfare	<u>\$ 279,133</u>	<u>\$ 279,133</u>	<u>\$ 279,133</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 690,307</u>	<u>\$ 690,307</u>	<u>\$ 690,307</u>	<u>\$ -</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 21,136	\$ 21,136	\$ 20,723	\$ 413
Lease of equipment	<u>18,135</u>	<u>44,847</u>	<u>44,847</u>	<u>-</u>
Contribution to County School Board	<u>8,122,081</u>	<u>8,122,081</u>	<u>7,590,508</u>	<u>531,573</u>
Total education	<u>\$ 8,161,352</u>	<u>\$ 8,188,064</u>	<u>\$ 7,656,078</u>	<u>\$ 531,986</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 155,513	\$ 157,009	\$ 130,571	\$ 26,438
Harbors and boat ramps	<u>54,476</u>	<u>120,261</u>	<u>61,414</u>	<u>58,847</u>
Total parks and recreation	<u>\$ 209,989</u>	<u>\$ 277,270</u>	<u>\$ 191,985</u>	<u>\$ 85,285</u>
Library:				
Contribution to regional library	\$ 106,420	\$ 106,420	\$ 106,420	\$ -
Contribution to local library	<u>15,500</u>	<u>15,500</u>	<u>15,500</u>	<u>-</u>
Total library	<u>\$ 121,920</u>	<u>\$ 121,920</u>	<u>\$ 121,920</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 331,909</u>	<u>\$ 399,190</u>	<u>\$ 313,905</u>	<u>\$ 85,285</u>
Community development:				
Planning and community development:				
Community development	\$ 54,790	\$ 343,790	\$ 100,669	\$ 243,121
Planning and zoning	<u>530,642</u>	<u>556,348</u>	<u>462,034</u>	<u>94,314</u>
Code compliance	<u>140,818</u>	<u>141,984</u>	<u>109,751</u>	<u>32,233</u>
Economic development	<u>85,000</u>	<u>85,000</u>	<u>35,397</u>	<u>49,603</u>
Wetlands board	<u>2,100</u>	<u>2,100</u>	<u>1,000</u>	<u>1,100</u>
Planning commission	<u>10,945</u>	<u>10,945</u>	<u>6,640</u>	<u>4,305</u>
Other economic development	<u>169,994</u>	<u>169,994</u>	<u>152,895</u>	<u>17,099</u>
Total planning and community development	<u>\$ 994,289</u>	<u>\$ 1,310,161</u>	<u>\$ 868,386</u>	<u>\$ 441,775</u>
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 25,813	\$ 25,813	\$ 25,813	\$ -
Total environmental management	<u>\$ 25,813</u>	<u>\$ 25,813</u>	<u>\$ 25,813</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 97,213	\$ 97,213	\$ 79,862	\$ 17,351
Total cooperative extension program	<u>\$ 97,213</u>	<u>\$ 97,213</u>	<u>\$ 79,862</u>	<u>\$ 17,351</u>
Total community development	<u>\$ 1,117,315</u>	<u>\$ 1,433,187</u>	<u>\$ 974,061</u>	<u>\$ 459,126</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 272,731	\$ 272,731	\$ 251,513	\$ 21,218
Interest and other fiscal charges	24,670	24,670	21,045	3,625
Total debt service	<u>\$ 297,401</u>	<u>\$ 297,401</u>	<u>\$ 272,558</u>	<u>\$ 24,843</u>
 Total General Fund	 <u>\$ 18,262,908</u>	 <u>\$ 18,488,832</u>	 <u>\$ 16,921,266</u>	 <u>\$ 1,567,566</u>
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 3,584,125	\$ 3,406,555	\$ 3,185,998	\$ 220,557
Total correction and detention	<u>\$ 3,584,125</u>	<u>\$ 3,406,555</u>	<u>\$ 3,185,998</u>	<u>\$ 220,557</u>
 Total Eastern Shore Regional Jail Fund	 <u>\$ 3,584,125</u>	 <u>\$ 3,406,555</u>	 <u>\$ 3,185,998</u>	 <u>\$ 220,557</u>
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,020,912	\$ 2,020,912	\$ 1,957,892	\$ 63,020
Public assistance	710,156	710,156	599,998	110,158
Other welfare services	601,335	601,335	556,457	44,878
Contingency	16,301	16,301	-	16,301
Total welfare and social services	<u>\$ 3,348,704</u>	<u>\$ 3,348,704</u>	<u>\$ 3,114,347</u>	<u>\$ 234,357</u>
Total health and welfare	<u>\$ 3,348,704</u>	<u>\$ 3,348,704</u>	<u>\$ 3,114,347</u>	<u>\$ 234,357</u>
 Total Virginia Public Assistance Fund	 <u>\$ 3,348,704</u>	 <u>\$ 3,348,704</u>	 <u>\$ 3,114,347</u>	 <u>\$ 234,357</u>
Purchase of Development Rights Fund:				
Community development:				
Planning and community development:				
Purchase of development rights	\$ -	\$ -	\$ (10)	\$ 10
 Total Purchase of Development Rights Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (10)</u>	 <u>\$ 10</u>
CDBG Projects Fund:				
Community development:				
Planning and community development:				
East Fairview CDBG project	\$ -	\$ 88,244	\$ 81,047	\$ 7,197
West Fairview CDBG project	-	557,743	82,930	474,813
CDBG Regional broadband project	-	1,000,000	116,449	883,551
Culls Community CDBG project	-	25,000	19,755	5,245
Total community development	<u>\$ -</u>	<u>\$ 1,670,987</u>	<u>\$ 300,181</u>	<u>\$ 1,370,806</u>
 Total CDBG Projects Fund	 <u>\$ -</u>	 <u>\$ 1,670,987</u>	 <u>\$ 300,181</u>	 <u>\$ 1,370,806</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund:				
Community development:				
Planning and community development:				
Home elevation improvements	\$ -	\$ 464,276	\$ 29,134	\$ 435,142
Total community development	\$ -	\$ 464,276	\$ 29,134	\$ 435,142
Total HMGP Home Elevation Project Fund	\$ -	\$ 464,276	\$ 29,134	\$ 435,142
Parks and Recreation Project Fund:				
Capital projects:				
Other capital projects				
Parks and recreation improvements	\$ -	\$ 200,321	\$ 12,545	\$ 187,776
Total capital projects	\$ -	\$ 200,321	\$ 12,545	\$ 187,776
Total Parks and Recreation Project Fund	\$ -	\$ 200,321	\$ 12,545	\$ 187,776
Debt Service Fund:				
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,510,817	\$ 3,889,167	\$ 3,573,713	\$ 315,454
Interest and other fiscal charges	1,799,175	1,810,879	1,789,045	21,834
Other debt service	2,535,654	-	-	-
Total Debt Service Fund	\$ 6,845,646	\$ 5,700,046	\$ 5,362,758	\$ 337,288
Capital Projects Funds:				
Capital Improvements Fund:				
Capital projects expenditures:				
Landfill closure	\$ -	\$ 2,095,071	\$ 1,756,241	\$ 338,830
Administrative building renovations	-	5,412,856	501,620	4,911,236
School capital assets	-	660,568	114,267	546,301
Jail construction	-	46,241	4,238	42,003
Solid waste transfer station and other construction	-	1,174,069	103,525	1,070,544
Total capital projects	\$ -	\$ 9,388,805	\$ 2,479,891	\$ 6,908,914
Debt service:				
Interest and other fiscal charges	\$ -	\$ 2	\$ -	\$ 2
Total debt service	\$ -	\$ 2	\$ -	\$ 2
Total Capital Improvements Fund	\$ -	\$ 9,388,807	\$ 2,479,891	\$ 6,908,916
Total Primary Government	\$ 32,041,383	\$ 42,668,528	\$ 31,406,110	\$ 11,262,418

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 2,229,571	\$ 2,205,580	\$ 2,158,482	\$ 47,098
Total administration of schools	<u>\$ 2,229,571</u>	<u>\$ 2,205,580</u>	<u>\$ 2,158,482</u>	<u>\$ 47,098</u>
Instruction costs:				
Elementary and secondary schools	\$ 12,069,894	\$ 11,675,315	\$ 11,303,808	\$ 371,507
Total instruction costs	<u>12,069,894</u>	<u>11,675,315</u>	<u>11,303,808</u>	<u>371,507</u>
Operating costs:				
Pupil transportation	\$ 1,142,706	\$ 1,073,498	\$ 1,430,405	\$ (356,907)
Operation and maintenance of school plant	2,148,600	1,987,553	1,923,300	64,253
Total operating costs	<u>\$ 3,291,306</u>	<u>\$ 3,061,051</u>	<u>\$ 3,353,705</u>	<u>\$ (292,654)</u>
Total education	<u>\$ 17,590,771</u>	<u>\$ 16,941,946</u>	<u>\$ 16,815,995</u>	<u>\$ 125,951</u>
Debt service:				
Principal retirement	\$ 235,632	\$ 235,632	\$ 235,632	\$ -
Interest and other fiscal charges	32,944	32,944	32,944	-
Total debt service	<u>\$ 268,576</u>	<u>\$ 268,576</u>	<u>\$ 268,576</u>	<u>\$ -</u>
Total School Fund	<u>\$ 17,859,347</u>	<u>\$ 17,210,522</u>	<u>\$ 17,084,571</u>	<u>\$ 125,951</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 874,749	\$ 844,314	\$ 751,932	\$ 92,382
USDA commodities	-	-	54,685	(54,685)
Total school food services	<u>874,749</u>	<u>844,314</u>	<u>806,617</u>	<u>37,697</u>
Total education	<u>\$ 874,749</u>	<u>\$ 844,314</u>	<u>\$ 806,617</u>	<u>\$ 37,697</u>
Total Cafeteria Fund	<u>\$ 874,749</u>	<u>\$ 844,314</u>	<u>\$ 806,617</u>	<u>\$ 37,697</u>
School Grants Fund:				
Education:				
Instruction	\$ 2,394,427	\$ 3,671,992	\$ 2,729,945	\$ 942,047
Total School Grants Fund	<u>\$ 2,394,427</u>	<u>\$ 3,671,992</u>	<u>\$ 2,729,945</u>	<u>\$ 942,047</u>
School Retiree Health Insurance Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 143,215	\$ (143,215)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,215</u>	<u>\$ (143,215)</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,215</u>	<u>\$ (143,215)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,128,523</u>	<u>\$ 21,726,828</u>	<u>\$ 20,764,348</u>	<u>\$ 962,480</u>

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.

1-4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5-8

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

9-10

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

11-13

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

COUNTY OF NORTHAMPTON, VIRGINIA

Net Assets by Component
 Last Eight Fiscal Years
 (accrual basis of accounting)

	Fiscal Year		
	2010	2009	2008
Governmental activities			
Invested in capital assets, net of related debt	\$ 8,893,564	\$ 12,200,548	\$ 3,337,644
Restricted	2,016,857	1,027,524	753,414
Unrestricted	10,914,539	734,791	2,784,343
Total governmental activities net assets	<u>\$ 21,824,960</u>	<u>\$ 13,962,863</u>	<u>\$ 6,875,401</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 8,849	\$ 10,562	\$ 12,275
Unrestricted	(16,115)	(17,828)	(19,541)
Total business-type activities net assets	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>
Primary government			
Invested in capital assets, net of related debt	\$ 8,902,413	\$ 12,211,110	\$ 3,349,919
Restricted	2,016,857	1,027,524	753,414
Unrestricted	10,898,424	716,963	2,764,802
Total primary government net assets	<u>\$ 21,817,694</u>	<u>\$ 13,955,597</u>	<u>\$ 6,868,135</u>

Table 1

						Fiscal Year				
2007		2006		2005		2004		2003		
\$	5,878,385	\$	4,007,409	\$	2,891,713	\$	926,041	\$	(1,788,739)	
	474,573		349,601		184,152		72,285		317,773	
	3,102,846		1,396,523		1,060,779		(774,921)		1,758,612	
\$	<u>9,455,804</u>	\$	<u>5,753,533</u>	\$	<u>4,136,644</u>	\$	<u>223,405</u>	\$	<u>287,646</u>	
\$	-	\$	-	\$	-	\$	-	\$	-	
	-		-		-		-		-	
\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	
\$	5,878,385	\$	4,007,409	\$	2,891,713	\$	926,041	\$	(1,788,739)	
	474,573		349,601		184,152		72,285		317,773	
	3,102,846		1,396,523		1,060,779		(774,921)		1,758,612	
\$	<u>9,455,804</u>	\$	<u>5,753,533</u>	\$	<u>4,136,644</u>	\$	<u>223,405</u>	\$	<u>287,646</u>	

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

	2010	2009	2008
Expenses			
Governmental activities:			
General government administration	\$ 1,609,696	\$ 2,062,347	\$ 2,750,816
Judicial administration	700,167	1,118,587	1,223,208
Public safety	7,006,458	7,067,742	6,753,142
Public works	1,345,320	2,771,451	1,461,183
Health and welfare	4,192,321	3,855,439	3,934,795
Education	8,307,555	9,710,756	8,410,381
Parks, recreation, cultural	300,973	293,853	370,596
Community development	900,746	1,368,325	1,732,461
Interest on long-term debt	1,657,839	2,176,369	2,326,326
Total governmental activities expenses	\$ 26,021,075	\$ 30,424,869	\$ 28,962,908
Business-type activities:			
Public utilities	\$ 83,596	\$ 86,402	\$ 25,566
Total business-type activities expenses	\$ 83,596	\$ 86,402	\$ 25,566
Total Primary government expenses	\$ 26,104,671	\$ 30,511,271	\$ 28,988,474
Program Revenues			
Governmental activities:			
Charges for services			
General government administration	\$ -	\$ 117,117	\$ 139,233
Judicial administration	236,585	1,532	4,573
Public safety	294,899	369,089	373,412
Public works	330,862	303,654	58,655
Parks, recreation, culture	49,180	18,662	15,440
Community development	-	283,323	348,133
Operating grants and contributions	6,591,543	6,792,581	7,169,684
Capital grants and contributions	6,269,953	9,518,123	151,205
Total governmental activities program revenues	\$ 13,773,022	\$ 17,404,081	\$ 8,260,335
Business-type activities:			
Charges for services	\$ 57,489	\$ 26,663	\$ 18,300
Total business-type activities program revenues	\$ 57,489	\$ 26,663	\$ 18,300
Total primary government program revenue	\$ 13,830,511	\$ 17,430,744	\$ 8,278,635
Net(Expense)/Revenue			
Governmental activities	\$ (12,248,053)	\$ (13,020,788)	\$ (20,702,573)
Business-type activities	(26,107)	(59,739)	(7,266)
Total primary government net expense	\$ (12,274,160)	\$ (13,080,527)	\$ (20,709,839)

Table 2
Page 1 of 2

	2007	2006	2005	2004	2003
\$	1,836,811	\$ 1,625,617	\$ 1,538,130	\$ 1,441,694	\$ 1,368,561
	1,081,364	966,440	870,211	764,934	724,729
	4,571,938	3,489,595	3,391,928	3,704,083	3,135,178
	1,575,481	1,653,659	939,072	873,439	853,656
	3,733,684	3,391,314	3,517,236	3,141,005	2,888,067
	7,707,296	7,578,332	6,037,215	5,298,083	4,868,519
	325,906	350,309	355,501	351,289	390,731
	1,604,728	1,626,484	1,467,840	1,445,528	1,798,733
	2,054,896	1,696,123	1,100,212	952,427	894,337
\$	<u>24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>	<u>\$ 17,972,482</u>	<u>\$ 16,922,511</u>
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -
\$	<u>24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>	<u>\$ 17,972,482</u>	<u>\$ 16,922,511</u>
\$	108,788	\$ 62,593	\$ 58,566	\$ 47,039	\$ 39,756
	67,234	2,379	932	2,597	36,582
	296,998	284,759	222,903	175,361	148,686
	78,759	63,672	177,928	166,019	309,007
	14,820	14,156	13,798	14,599	13,010
	364,856	374,874	614,077	274,038	261,740
	5,567,059	4,927,797	5,124,701	5,582,173	4,670,244
	4,060,879	469,055	250,729	239,964	737,977
\$	<u>10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>	<u>\$ 6,501,790</u>	<u>\$ 6,217,002</u>
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -
\$	<u>10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>	<u>\$ 6,501,790</u>	<u>\$ 6,217,002</u>
\$	(13,932,711)	\$ (16,178,588)	\$ (12,753,711)	\$ (11,470,692)	\$ (10,705,509)
	-	-	-	-	-
\$	<u>(13,932,711)</u>	<u>\$ (16,178,588)</u>	<u>\$ (12,753,711)</u>	<u>\$ (11,470,692)</u>	<u>\$ (10,705,509)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

	2010	2009	2008
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
General property taxes	\$ 15,591,694	\$ 15,323,293	\$ 12,226,724
Local sales and use tax	1,041,256	1,086,465	1,279,051
Communication sales tax	-	507,013	558,021
Consumer utility tax	512,946	320,085	305,629
Business license taxes	42,978	16,355	20,424
Franchise taxes	-	-	-
Hotel and meals taxes	483,995	530,968	552,122
E-911 taxes	-	-	-
Other local taxes	494,685	445,393	483,882
Unrestricted revenues from use of money and property	86,717	208,654	767,134
Miscellaneous	87,554	303,303	390,500
Grants and contributions not restricted to specific programs	1,666,792	1,307,051	1,526,036
Gain(loss) on disposal of capital assets	-	119,409	12,647
Transfers	(26,107)	(59,739)	-
Total governmental activities	\$ 19,982,510	\$ 20,108,250	\$ 18,122,170
Business-type activities:			
Transfers	\$ 26,107	\$ 59,739	\$ -
Total business-type activities	\$ 26,107	\$ 59,739	\$ -
Total primary government	\$ 20,008,617	\$ 20,167,989	\$ 18,122,170
Change in Net Assets			
Governmental activities	\$ 7,734,457	\$ 7,087,462	\$ (2,580,403)
Business-type activities	-	-	(7,266)
Total primary government	\$ 7,734,457	\$ 7,087,462	\$ (2,587,669)

						Fiscal Year					
2007		2006		2005		2004		2003			
\$	12,122,410	\$	11,229,030	\$	10,132,568	\$	7,582,255	\$	8,000,548		
	1,346,943		1,311,705		1,132,340		930,749		1,085,043		
	239,287		-		-		-		-		
	405,185		639,003		685,523		729,553		-		
	13,725		15,174		16,637		14,124		-		
	12,037		5,879		14,002		15,472		-		
	358,832		438,483		417,525		429,485		-		
	-		156,632		121,222		119,594		-		
	558,807		588,299		764,278		462,992		1,331,404		
	-		-		-		-		-		
	796,109		795,440		354,403		166,745		193,137		
	210,872		242,363		221,952		128,149		150,696		
	1,565,029		1,724,185		1,471,448		706,531		1,363,241		
	-		-		-		(6,889)		-		
	-		-		-		-		-		
\$	<u>17,629,236</u>	\$	<u>17,146,193</u>	\$	<u>15,331,898</u>	\$	<u>11,278,760</u>	\$	<u>12,124,069</u>		
\$	-	\$	-	\$	-	\$	-	\$	-		
\$	-	\$	-	\$	-	\$	-	\$	-		
\$	<u>17,629,236</u>	\$	<u>17,146,193</u>	\$	<u>15,331,898</u>	\$	<u>11,278,760</u>	\$	<u>12,124,069</u>		
\$	3,696,525	\$	967,605	\$	2,578,187	\$	(191,932)	\$	1,418,560		
	-		-		-		-		-		
\$	<u>3,696,525</u>	\$	<u>967,605</u>	\$	<u>2,578,187</u>	\$	<u>(191,932)</u>	\$	<u>1,418,560</u>		

COUNTY OF NORTHAMPTON, VIRGINIA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund				
Reserved	\$ 246,159	\$ 87,818	\$ 75,584	\$ 175,776
Unreserved	<u>4,336,539</u>	<u>3,783,923</u>	<u>4,399,830</u>	<u>5,370,220</u>
Total General Fund	<u>\$ 4,582,698</u>	<u>\$ 3,871,741</u>	<u>\$ 4,475,414</u>	<u>\$ 5,545,996</u>
All Other Governmental Funds				
Reserved	\$ 2,016,857	\$ 1,722,914	\$ 1,581,003	\$ 1,319,773
Unreserved, reported in:				
Special revenue funds	55,070	65,165	43,601	53,883
Debt service funds	-	440,816	1,161,023	415,849
Capital projects funds	<u>7,518,666</u>	<u>10,300,626</u>	<u>12,573,719</u>	<u>15,749,848</u>
Total all other governmental funds	<u>\$ 9,590,593</u>	<u>\$ 12,529,521</u>	<u>\$ 15,359,346</u>	<u>\$ 17,539,353</u>

Table 3

2006	2005	2004	2003	2002	2001
\$ 42,385	\$ 23,144	\$ 9,058	\$ -	\$ -	\$ 22,000
<u>5,863,933</u>	<u>5,266,780</u>	<u>3,472,125</u>	<u>3,573,885</u>	<u>2,629,159</u>	<u>2,843,364</u>
<u>\$ 5,906,318</u>	<u>\$ 5,289,924</u>	<u>\$ 3,481,183</u>	<u>\$ 3,573,885</u>	<u>\$ 2,629,159</u>	<u>\$ 2,865,364</u>
\$ 1,194,801	\$ 1,029,352	\$ 9,391,026	\$ 10,595,182	\$ 688,403	\$ 742,387
73,584	93,785	115,207	94,654	36,214	291,190
456,825	428,397	-	-	-	-
11,114,139	11,811,825	-	-	-	-
<u>\$ 12,839,349</u>	<u>\$ 13,363,359</u>	<u>\$ 9,506,233</u>	<u>\$ 10,689,836</u>	<u>\$ 724,617</u>	<u>\$ 1,033,577</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2010	2009	2008	2007
REVENUES				
General property taxes	\$ 15,077,656	\$ 14,963,530	\$ 12,170,249	\$ 11,798,754
Other local taxes	2,892,710	2,906,279	3,199,129	2,934,816
Permits, privilege fees, and regulatory licenses	192,564	238,126	293,445	322,274
Fines and forfeitures	114,132	114,630	136,138	107,828
Revenue from the use of money and property	78,806	213,130	786,364	832,703
Charges for services	604,829	560,304	273,121	239,436
Miscellaneous	87,554	17,302	122,907	132,274
Recovered costs	428,125	180,390	176,043	61,292
Intergovernmental revenues	8,258,638	17,892,885	9,150,652	7,665,511
Total revenues	<u>\$ 27,735,014</u>	<u>\$ 37,086,576</u>	<u>\$ 26,308,048</u>	<u>\$ 24,094,888</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,770,821	\$ 1,961,150	\$ 2,665,789	\$ 1,908,408
Judicial administration	584,458	940,492	1,054,686	913,982
Public safety	6,119,994	6,135,182	6,007,989	4,547,495
Public works	1,725,082	1,983,356	1,368,205	1,884,483
Health and welfare	4,104,825	3,776,353	3,891,270	3,695,260
Education	7,656,078	9,903,796	8,361,729	7,363,024
Parks, recreation, and cultural	313,905	273,887	396,876	308,779
Community development	1,003,195	1,347,828	1,670,771	1,620,683
Capital projects	2,492,436	2,339,000	2,277,295	5,730,156
Debt service:				
Principal retirement	3,825,226	12,188,497	1,639,477	1,519,387
Interest and other fiscal charges	1,810,090	2,072,831	4,071,173	2,003,577
Total expenditures	<u>\$ 31,406,110</u>	<u>\$ 42,922,372</u>	<u>\$ 33,405,260</u>	<u>\$ 31,495,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,671,096)</u>	<u>\$ (5,835,796)</u>	<u>\$ (7,097,212)</u>	<u>\$ (7,400,346)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,449,976	\$ 5,054,754	\$ 6,954,429	\$ 3,239,820
Transfers out	(6,476,083)	(5,114,493)	(6,954,429)	(3,239,820)
Sale of capital assets	-	263,687	12,647	-
Bonds issued	1,390,000	1,378,350	-	11,345,428
Issuance of capital leases	79,232	820,000	502,116	394,600
Sale of industrial park property	-	-	3,331,860	-
Total other financing sources (uses)	<u>\$ 1,443,125</u>	<u>\$ 2,402,298</u>	<u>\$ 3,846,623</u>	<u>\$ 11,740,028</u>
Net change in fund balances	\$ (2,227,971)	\$ (3,433,498)	\$ (3,250,589)	\$ 4,339,682
Fund balances - beginning	16,401,262	19,834,760	23,085,349	18,745,667
Fund balances - ending	<u>\$ 14,173,291</u>	<u>\$ 16,401,262</u>	<u>\$ 19,834,760</u>	<u>\$ 23,085,349</u>
Debt Service as a percentage of noncapital expenditures	<u>23.62%</u>	<u>36.04%</u>	<u>18.80%</u>	<u>14.30%</u>

N/A - This information was unavailable.

Table 4

2006	2005	2004	2003	2002	2001
\$ 11,031,798	\$ 10,074,541	\$ 8,281,143	\$ 7,776,393	\$ 6,753,087	\$ 6,631,062
3,155,175	3,151,527	2,701,969	2,416,447	2,023,088	1,894,875
336,333	505,390	158,704	144,202	107,995	98,885
61,393	55,166	37,639	39,756	62,166	21,156
804,699	372,303	166,745	193,137	147,702	327,607
146,333	308,234	296,991	420,909	393,088	275,347
187,918	135,433	79,239	87,245	83,614	229,372
94,276	105,276	77,541	102,289	66,912	79,812
7,322,733	7,032,403	6,685,978	6,933,496	6,578,390	6,043,495
<u>\$ 23,140,658</u>	<u>\$ 21,740,273</u>	<u>\$ 18,485,949</u>	<u>\$ 18,113,874</u>	<u>\$ 16,216,042</u>	<u>\$ 15,601,611</u>
\$ 1,759,304	\$ 1,604,512	\$ 1,484,111	\$ 1,359,167	\$ 1,233,898	\$ 1,100,536
964,096	849,032	772,334	737,665	712,798	2,212,285
3,587,210	3,374,709	3,761,497	3,063,436	3,057,854	1,136,792
1,128,292	976,451	841,572	863,019	725,631	1,007,158
3,353,479	3,500,850	3,134,558	2,891,090	2,839,755	3,150,989
7,218,237	5,724,062	5,096,499	4,690,463	4,837,986	3,961,966
336,579	535,900	424,853	374,745	258,290	228,328
1,604,750	1,440,409	1,471,624	1,792,881	1,490,716	1,449,938
20,383,413	5,981,567	3,228,330	270,362	874,165	1,498,148
1,370,202	1,280,712	1,223,886	1,386,408	854,822	783,171
1,649,882	1,110,625	929,700	1,078,971	524,377	529,186
<u>\$ 43,355,444</u>	<u>\$ 26,378,829</u>	<u>\$ 22,368,964</u>	<u>\$ 18,508,207</u>	<u>\$ 17,410,292</u>	<u>\$ 17,058,497</u>
<u>\$ (20,214,786)</u>	<u>\$ (4,638,556)</u>	<u>\$ (3,883,015)</u>	<u>\$ (394,333)</u>	<u>\$ (1,194,250)</u>	<u>\$ (1,456,886)</u>
\$ 3,460,757	\$ 2,989,731	\$ 2,279,937	\$ 5,582,348	\$ 3,820,238	\$ 3,137,472
(3,460,757)	(2,989,731)	(2,279,937)	(5,582,348)	(3,820,238)	(3,124,735)
-	-	-	-	-	-
20,000,000	9,822,050	2,142,167	11,199,389	665,866	500,000
307,170	177,950	233,400	-	-	-
-	-	-	-	-	-
<u>\$ 20,307,170</u>	<u>\$ 10,000,000</u>	<u>\$ 2,375,567</u>	<u>\$ 11,199,389</u>	<u>\$ 665,866</u>	<u>\$ 512,737</u>
\$ 92,384	\$ 5,361,444	\$ (1,507,448)	\$ 10,805,056	\$ (528,384)	\$ (944,149)
18,653,283	13,291,839	14,263,721	3,353,776	3,898,941	4,843,090
<u>\$ 18,745,667</u>	<u>\$ 18,653,283</u>	<u>\$ 12,756,273</u>	<u>\$ 14,158,832</u>	<u>\$ 3,370,557</u>	<u>\$ 3,898,941</u>
<u>13.40%</u>	<u>12.10%</u>	<u>11.50%</u>	<u>13.60%</u>	<u>N/A</u>	<u>N/A</u>

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	December 31, 2009			December 31, 2000		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bay Creek South LLC	\$ 50,653,700	1	1.69 %	\$ -	-	- %
Bay Creek LLC	20,992,200	2	0.70	19,914,300	1	2.31
Daniel A. Hoffler	16,549,000	3	0.55	2,568,000	10	0.30
Baymark Construction Corporation	16,250,000	4	0.54	-	-	-
Bayshore Concrete Products Corporation	13,571,500	5	0.45	3,002,700	8	0.35
Beco Tower Hill LLC	12,043,100	6	0.40	-	-	-
The Nature Conservancy	11,504,600	7	0.38	5,696,500	2	0.66
Ballard Bothers Fish Company	11,371,600	8	0.38	3,563,900	6	0.41
Cherrydale by the See LLC	7,826,100	9	0.26	-	-	-
David B. Tankard Family LLLP	7,821,000	10	0.26	-	-	-
General Farms and Land	-	-	-	4,504,700	3	0.52
HCMF Partnership	-	-	-	3,668,900	4	0.43
K Mart	-	-	-	3,588,500	5	0.42
Virginia Realty	-	-	-	3,404,300	7	0.40
Brown & Root	-	-	-	2,678,700	9	0.31
	<u>\$ 168,582,800</u>		<u>5.62 %</u>	<u>\$ 52,590,500</u>		<u>6.11 %</u>

Source: Northampton County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Nine Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2002	\$ 8,153,723	\$ (43,974)	\$ 8,109,749	\$ 7,331,916	89.92%	\$ 576,893	\$ 7,908,809	97.52%
2003	9,037,107	(69,591)	8,967,516	8,174,270	90.45%	657,165	8,831,435	98.48%
2004	9,539,424	(48,486)	9,490,938	8,824,551	92.51%	561,786	9,386,337	98.90%
2005	11,376,690	(46,209)	11,330,481	10,610,313	93.26%	623,513	11,233,826	99.15%
2006	12,442,870	(70,530)	12,372,340	11,479,322	92.26%	761,237	12,240,559	98.93%
2007	12,910,798	(38,931)	12,871,867	12,200,316	94.50%	524,521	12,724,837	98.86%
2008	13,853,742	(19,231)	13,834,511	12,998,714	93.83%	562,836	13,561,550	98.03%
2009	16,846,757	(168,103)	16,678,654	15,371,677	91.24%	503,828	15,875,505	95.18%
2010	16,515,472	(136,186)	16,379,286	15,217,406	92.14%	-	15,217,406	92.91%

Source: Northampton County Treasurer's Department

Property tax levies and collections amounts for fiscal years prior to 2002 are not available in this format.

COUNTY OF NORTHAMPTON, VIRGINIA

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

Fiscal Year Ended	Real Property (1)					Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100
	Residential Property	Commercial Property	Raw Land	Public Service Property				
2001	\$ 503,955,812	\$ 69,180,900	\$ 184,238,300	\$ 33,531,555	\$	0.61	\$ 66,135,900	\$ 4.10
2002	531,167,400	71,258,300	185,480,700	33,957,066		0.61	92,115,512	4.10
2003	577,957,000	76,215,600	185,509,700	33,440,494		0.66	94,815,640	4.10
2004	607,966,460	76,535,700	186,070,500	34,164,203		0.67	102,055,175	4.10
2005	855,315,500	91,047,000	237,722,500	44,915,633		0.65	109,683,570	4.10
2006	872,005,386	94,831,800	232,798,300	40,121,774		0.70	112,332,279	4.10
2007	924,544,333	107,725,200	224,584,800	25,334,451		0.70	118,071,322	4.10
2008	1,041,162,452	109,343,300	221,384,100	23,221,600		0.70	121,233,258	4.10
2009	1,730,453,549	163,617,300	595,142,800	48,255,100		0.49	111,995,167	4.10
2010	2,104,602,800	179,176,900	584,621,300	42,929,400		0.49	84,183,800	4.10

Source: Northampton County Commissioner of Revenue Department

Note: The County assesses property at 100% of actual value. Tax rates are assessed per \$100 of assessed value.

Table 7

Personal Property (1)						Total Taxable Assessed Value	Direct Tax Rate per \$100
Public Service Property	Tax Rate per \$100	Machinery and Tools	Tax Rate per \$100	Merchant's Capital	Tax Rate per \$100		
\$ 70,527	\$ 4.10	\$ 2,709,800	\$ 2.25	\$ 1,237,400	\$ 6.25	\$ 861,060,194	\$ 0.892
101,562	4.10	2,821,700	2.25	1,224,200	6.25	918,126,440	0.973
465,829	4.10	3,329,100	2.25	1,315,900	6.25	973,049,263	1.010
134,931	4.10	4,058,200	2.25	1,261,600	6.25	1,012,246,769	1.030
496,898	4.10	4,804,700	2.25	1,049,438	6.25	1,345,035,239	0.943
217,240	4.10	4,033,356	2.25	1,189,900	6.25	1,357,530,035	0.991
25,117	4.10	3,841,317	2.25	1,269,800	6.25	1,405,396,340	0.995
380,200	4.10	3,375,700	2.25	1,418,500	6.25	1,521,519,110	0.980
1,825,600	4.10	2,495,150	2.25	1,530,600	6.25	2,655,315,266	0.650
1,148,100	4.10	2,703,300	2.25	-	0.00	2,999,365,600	0.594

COUNTY OF NORTHAMPTON, VIRGINIA

Table 8

Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year	Real Estate	Motor Vehicles and Tangibles	Machinery and Tools	Merchant's Capital	Total Direct Rate
2001	\$ 0.560	\$ 0.315	0.007	\$ 0.009	0.891
2002	0.546	0.412	0.007	0.009	0.974
2003	0.592	0.401	0.008	0.008	1.009
2004	0.599	0.414	0.009	0.008	1.030
2005	0.594	0.336	0.008	0.005	0.943
2006	0.639	0.340	0.007	0.005	0.991
2007	0.639	0.345	0.006	0.006	0.996
2008	0.642	0.328	0.005	0.006	0.981
2009	0.468	0.176	0.002	0.004	0.650
2010	0.477	0.115	0.002	0.000	0.594

Source: Northampton County Commissioner of Revenue Department

Note: Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies.

Overlapping Rates

Fiscal Year	Town of Eastville		Town of Cape Charles		Town of Exmore		Town of Belle Haven
	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate
2001	\$ 0.0275	\$ 0.2500	\$ 0.3700	2.00	\$ 0.1200	0.4500	N/A
2002	0.0275	0.2500	0.3700	2.00	0.1200	0.4500	0.0400
2003	0.0275	0.2500	0.3700	2.00	0.1200	0.4500	0.0400
2004	0.0275	0.2500	0.3700	2.00	0.1600	0.4500	0.0400
2005	0.0275	0.2500	0.3700	2.00	0.1600	0.4500	0.0400
2006	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2007	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2008	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2009	0.0175	0.2500	0.1628	2.00	0.1200	0.4900	0.0400
2010	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0400

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds			Per Capita(a)	Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Less: Amounts Restricted to Repaying Principal	Total		
2001	\$ 11,197,677	\$ -	\$ 11,197,677	\$ 855.24	1.30%
2002	11,308,856	-	11,308,856	861.63	1.23%
2003	21,397,448	868,842	20,528,606	1,564.08	2.11%
2004	22,389,915	892,485	21,497,430	1,618.17	2.12%
2005	31,074,133	1,029,352	30,044,781	2,258.50	2.23%
2006	49,822,099	1,194,801	48,627,298	3,589.26	3.58%
2007	59,762,711	1,319,773	58,442,938	4,294.43	4.16%
2008	56,625,638	1,581,003	55,044,635	4,107.50	3.62%
2009	46,119,447	1,722,914	44,396,533	3,309.47	1.67%
2010	43,895,337	2,017,357	41,877,980	3,111.98	1.40%

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See Table 7 for property value data

(b) Population data can be found in Table 11

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Governmental Activities</u>					
Fiscal Year	General Obligation/ Lease Revenue Bonds	Capital Leases Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2001	\$ 11,197,677	\$ 90,527	\$ 11,288,204	n/a	\$ 862.16
2002	11,308,856	46,744	11,355,600	3.81%	865.19
2003	21,397,448	0	21,397,448	6.87%	1,630.28
2004	22,389,915	159,215	22,549,130	7.10%	1,697.34
2005	31,074,133	194,284	31,268,417	9.53%	2,350.48
2006	49,822,099	383,286	50,205,385	14.53%	3,705.74
2007	59,762,711	663,515	60,426,226	17.41%	4,440.17
2008	56,625,638	973,227	57,598,865	16.23%	4,298.10
2009	46,119,447	1,093,239	47,212,686	12.99%	3,519.40
2010	43,895,337	784,845	44,680,182	9.91%	3,320.22

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

N/A- The information was unavailable.

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (4)	Unemployment Rate (3)
2001	13,093	\$ N/A	\$ N/A	N/A	2,147	3.30%
2002	13,125	298,318	22,729	42.4	2,093	5.20%
2003	13,125	311,509	23,734	42.4	2,048	6.60%
2004	13,285	317,604	23,907	42.4	2,005	3.90%
2005	13,303	328,052	24,660	42.4	1,954	5.00%
2006	13,548	345,501	25,502	42.4	1,899	4.30%
2007	13,609	347,057	25,502	42.4	1,757	3.90%
2008	13,401	354,872	26,481	42.4	1,877	4.10%
2009	13,415	363,318	27,083	42.4	1,853	5.50%
2010	13,457	450,993	33,514	42.4	1,788	7.90%

Sources:

- (1) U.S. Census Bureau
 - (2) Bureau of Economic Analysis
 - (3) Virginia Employment Commission
 - (4) Northampton County Schools
- N/A - This information was unavailable.

Principal Employers
Current Year and Nine Years Ago

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Shore Memorial Hospital	500-999	1	0.12 %	500-999	2	0.10 %
Northampton County Schools	250-499	2	0.06	500-999	1	0.10
Bayshore Concrete Products Company	250-499	3	0.06	250-499	3	0.05
County of Northampton	100-249	4	0.02	100-249	5	0.02
Chesapeake Bay Bridge Tunnel	100-249	5	0.02	100-249	6	0.02
Heritage Hall	100-249	6	0.02	100-249	7	0.02
Food Lion	100-249	7	0.02	-	-	-
New Raveena Inc	50-99	8	0.01	-	-	-
Eastern Shore Rural Health System	50-99	9	0.01	-	-	-
Mcdonalds	50-99	10	0.01	-	-	-
Eastern Shore Community Services	-	-	-	100-249	4	0.02
K.B.R. Technical Services	-	-	-	100-249	8	0.02
K Mart Corporation	-	-	-	50-99	9	0.01
Broadwater Academy	-	-	-	50-99	10	0.01
Total	1,559		0.35 %	1,841		0.38 %

Source: Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30							
	2010	2009	2008	2007	2006	2005	2004	2003
General Government	19	19	19	18	17	18	17	16
Judicial	7	8	9	10	10	8	8	7
Public Safety	101	101	102	101	67	66	62	59
Public Works	9	10	11	11	11	12	10	10
Public Utilities	1	2	1	-	-	-	-	-
Health and Welfare	34	34	34	35	40	40	37	37
Parks, Recreation & Cultural	1	1	1	1	1	1	1	1
Community Development	12	13	13	12	13	14	13	13
TOTAL	184	188	190	188	159	159	148	143

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function
Last Nine Fiscal Years (where available)

	2010	2009	2008	2007
General Administration				
Treasurer				
Tax bills printed	48,000	45,000	40,000	35,000
Deposits	3,800	3,800	30,000	1,895
Finance				
Paychecks and direct deposit notices	7,652	7,758	7,134	6,860
Accounts payable checks	3,508	3,534	3,979	3,653
Judicial Administration				
Clerk of the Circuit Court				
Criminal cases commenced	N/A	N/A	539	414
Law cases commenced	N/A	N/A	599	266
Deeds recorded	N/A	N/A	2,769	5,272
Public Safety				
Sheriff				
Calls for service	N/A	3,372	3,384	2,397
Arrests made	N/A	838	977	799
Traffic summonses	N/A	2,177	1,777	2,382
Civil processes	N/A	4,597	4,266	4,989
EMS				
EMS dispatched		2,572	2,439	2,169
Avg weekday response time in minutes		10.46	9.85	9.0
Avg night/week-end response time in minutes		14.82	14.42	14.0
Local prisoner days	33,100	29,097	33,882	28,300
Inmate transports	315	321	397	250
Out of state extraditions	9	12	14	10
Building inspections				
Plan reviews/Permits issued	324	350	398	400
Inspections	1,049	1,500	1,667	1,488
Public Works				
Solid waste services				
Tons received at landfill	17,000	16,992	19,652	14,137
Per capital waster generation (lbs/p/d)	7.11	7.11	8.22	5.92
Tipping fee per ton	\$ 61.00	\$ 61.00	\$ 51.00	\$ 51.00
Community Development				
Code compliance				
Abandoned vehicle/Inoperable vehicles	200	110	503	214
Overgrown grass	50	30	29	37
Dangerous structures	40	27	7	24
Assignment 911 addresses	80	82	87	150

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2006	2005	2004	2003	2002
26,800	26,300	20,808	20,400	20,000
1,655	1,500	1,353	1,326	1,300
4,382	4,310	4,238	4,115	4,006
3,890	3,698	3,504	3,100	3,087
500	379	387	362	177
350	188	122	57	73
5,000	4,649	4,607	4,610	3,506
2,011	2,067	2,684	2,314	2,798
1,036	682	926	716	795
1,416	983	635	430	543
5,377	6,395	6,194	5,770	5,891
1,980	1,965	2,048	1,949	1,933
8.0	7.9	N/A	N/A	N/A
14.0	13.3	N/A	N/A	N/A
29,900	26,710	22,800	21,500	20,346
300	322	300	585	568
12	10	4	3	2
500	510	566	550	465
2,000	1,644	2,504	1,500	1,234
11,188	16,055	20,591	19,762	24,186
4.69	6.70	6.10	6.50	7.70
\$ 51.00	\$ 51.00	\$ 41.00	\$ 41.00	\$ 34.00
200	130	N/A	N/A	N/A
25	23	N/A	N/A	N/A
50	28	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

COUNTY OF NORTHAMPTON, VIRGINIA

Capital Asset Statistics by Function/Program
Last Nine Fiscal Years

	2010	2009	2008	2007
General Administration				
County Administration				
Eastville historic buildings	1	1	1	1
Eastville Inn	1	1	1	1
Temporary Admin. Bldg-Old Middle School	1	-	-	-
Judicial Administration				
1899 Courthouse building	1	1	1	1
2006 Courthouse	1	1	1	1
Public Safety				
Willow Oak sheriff administration building	-	-	1	1
Old jail building	1	1	1	1
Temporary housing unit	-	-	1	1
THU (Converted to Sheriff's Admin)	1	1	-	-
Eastern Shore Regional Jail	1	1	1	-
Sheriff's vehicles	33	33	28	35
Public Works				
Landfill	1	1	1	1
Transfer station	1	1	-	-
Convenience centers	4	4	4	3
Community Development				
Social services building (old)	1	1	1	1
Social services building (new)	1	1	1	1
Parks, Recreation and Cultural				
Parks	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1
Schools				
Attendance centers, Elementary	2	2	2	2
Attendance centers, Middle	-	-	1	1
Attendance centers, Secondary	1	1	1	1
Number of classrooms, Elementary	88	87	87	87
Number of classrooms, Middle	-	-	43	43
Number of classrooms, Secondary	51	51	49	49

Sources: Various departments in the County of Northampton.

Table 15

2006	2005	2004	2003	2002
1	1	1	1	1
1	1	1	1	1
-	-	-	-	-
1	1	1	1	1
-	-	-	-	-
1	1	1	1	1
1	1	1	1	1
1	1	-	-	-
-	-	-	-	-
-	-	-	-	-
29	30	25	N/A	N/A
1	1	1	1	1
-	-	-	-	-
2	-	-	-	-
1	1	1	1	1
1	1	-	-	-
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
87	87	87	87	87
43	43	43	43	43
49	49	49	49	49

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COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To The Honorable Members of the Board of Supervisors
County of Northampton
Northampton, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Northampton, Virginia's basic financial statements and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Northampton, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Northampton, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Northampton, Virginia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted other matters that we have reported to management of the County of Northampton, Virginia, in a separate letter dated December 3, 2010.

This report is intended solely for the information and use of management, Board of Supervisors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert J. Fann, COX Associates

Richmond, Virginia
December 3, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To The Honorable Members of the Board of Supervisors
County of Northampton
Northampton, Virginia

Compliance

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2010. The County of Northampton, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Northampton, Virginia's management. Our responsibility is to express an opinion on the County of Northampton, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Northampton, Virginia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Northampton, Virginia's compliance with those requirements.

In our opinion, the County of Northampton, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the County of Northampton, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Northampton, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Northampton, Virginia's internal control over compliance.

Internal Control Over Compliance (Continued)

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

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

This report is intended solely for the information and use of management, and Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robison, Farnum, Cox Associates

Richmond, Virginia
December 3, 2010

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 2,788
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	255,979
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	688
Low-Income Home Energy Assistance	93.568	0600409/0600410	18,921
Child Care and Development Block Grant	93.575	0770109/0770110	210,179
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	128,248
Chafee Education and Training Vouchers Program	93.599	0760109/0760110	4,188
Child Welfare Services - State Grants	93.645	0900109/0900110	834
Foster Care - Title IV-E	93.658	1100109/1100110	291,037
Foster Care - Title IV-E - ARRA	93.658	1100109/1100110	26,122
Adoption Assistance	93.659	1100109/1100110	15,873
Adoption Assistance - ARRA	93.659	1100109/1100110	991
Social Services Block Grant	93.667	1000109/1000110	144,805
Chafee Foster Care Independence Program	93.674	9150108-9150110	6,386
Child Care and Development Block Grant - ARRA	93.713	740109	51,386
Children's Health Insurance Program	93.767	0540109/0540110	14,596
Medical Assistance Program	93.778	1200109/1200110	<u>196,358</u>
Total Department of Health and Human Services			\$ <u>1,369,379</u>
Department of Agriculture:			
Direct Payments:			
Summer Food Service Program for Children	10.559	N/A	\$ 11,798
Community Facilities Loans and Grants	10.766	N/A	15,325
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	<u>272,942</u>
Total Department of Agriculture-direct payments			\$ <u>300,065</u>
Pass Through Payments:			
Department of Agriculture:			
Food Distribution--Jail	10.550	N/A	\$ 385
Food Distribution--School	10.555	N/A	54,453
Food Distribution--Summer school	10.559	N/A	232
Department of Education:			
National school breakfast program	10.553	1790100-40591	208,065
National school lunch program	10.555	1790100-40623	475,844
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	331,648
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - ARRA	10.561	0040109-0040110 0010109/0010110	<u>8,248</u>
Total Department of Agriculture - pass-through payments			\$ <u>1,078,875</u>
Total Department of Agriculture			\$ <u>1,378,940</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-through Payments:			
Compensation Board:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories - ARRA	16.803	N/A	\$ 156,844
Pass-through Payments:			
Department of Criminal Justice Service:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	24,055
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	1,816
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - ARRA	16.804	N/A	<u>6,182</u>
Total Department of Justice			\$ <u>188,897</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
State Homeland Security Program	97.073	7750100-52749	\$ 18,250
Hazardous Mitigation Grant	97.039	7760200-11,132	<u>30,331</u>
Total Department of Homeland Security			\$ <u>48,581</u>
Department of Housing and Urban Development:			
Direct Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/ Brownfields Economic Development Initiative	14.246	N/A	\$ <u>12,545</u>
Pass Through Payments:			
Department of Housing and Community Development: Community Development Block Grants/State's Program	14.228	53330500-50790,50797	\$ <u>279,280</u>
Total Department of Housing and Urban Development			\$ <u>291,825</u>
Department of Transportation:			
Direct Payments:			
Highway Planning and Construction (ISTEA)	20.205	N/A	\$ <u>45,879</u>
Pass Through Payments:			
Department of Motor Vehicles: State and Community Highway Safety	20.600	6050700-50266,59254	<u>22,745</u>
Total Department of Transportation			\$ <u>68,624</u>
Department of the Interior National Park Service:			
Direct Payments:			
Payment in Lieu of Taxes - National Forest Acreage	15.226	N/A	\$ <u>35,630</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education:			
Direct Payments:			
Fund for the Improvement of Education	84.215	N/A	\$ <u>63,446</u>
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 862,369
Special Education - Grants to States	84.027	1790100-43071-61234	378,481
Migrant Education - State Grant Program	84.144	1790100-42910	68,457
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	55,290
Special Education - Preschool Grants	84.173	1790100-82521	20,847
Safe and Drug-Free Schools and Communities - State Grants	84.186	1790100-60511	24,312
State Grants for Innovative Programs	84.298	1790100-49005	3,708
Education Technology State Grants	84.318	1790100-61600	14,253
Reading First State Grants	84.357	1790100-60655	37,001
Rural education	84.358	1790100-43481	53,556
English Language Acquisition Grants	84.365	1790100-60512	15,251
School Improvement Grants	84.377	1790100-43040	159,930
Education Technology State Grants - ARRA	84.386	1790100-61600	12,015
Title I Grants to Local Educational Agencies - ARRA	84.389	1790100-42913	417,927
Special Education - Grants to States - ARRA	84.391	1790100-61245	164,271
Special Education - Preschool Grants - ARRA	84.392	1790100-61247	9,384
State Fiscal Stabilization Funds (SFSF)-Education State Grants - ARRA	84.394	1790100-62532	745,206
Improving Teacher Quality State Grants	84.367	1790100-61480	<u>147,961</u>
Total Department of Education			\$ <u>3,253,665</u>
Total expenditures of federal awards			\$ <u><u>6,635,541</u></u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF NORTHAMPTON, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Northampton, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Northampton, Virginia, it is not intended to be and does not present the financial position, changes in net assets, or cash flows of the County of Northampton, Virginia.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 326,726
Special Revenue Funds:	
Virginia Public Assistance Fund	1,709,275
Eastern Shore Regional Jail Fund	385
CDBG Fund	279,280
HMGP Home Elevation Project Fund	30,331
Parks and Recreation Project Fund	12,545
Total primary government	\$ <u>2,358,542</u>
Component Unit Public Schools:	
School Operating Fund	\$
School Cafeteria Fund	745,206
School Capital Projects Fund	750,392
School Grants Fund	2,781,401
Total component unit public schools	\$ <u>4,276,999</u>
Total federal expenditures per basic financial statements	\$ <u>6,635,541</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>6,635,541</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

a. Material weakness(es) identified? yes X no

b. Significant deficiency(ies) identified? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

a. Material weakness(es) identified? yes X no

b. Significant deficiency(ies) identified? yes X no

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
10.553/10.555/10.559	Child Nutrition Cluster
93.658	Foster Care - Title IV-E
84.010/84.389	Title I, Part A Cluster
84.027/84.391/84.173/84.392	Special Education Cluster (IDEA)
84.394	State Fiscal Stabilization Fund, Education State Grants, ARRA,
16.803	Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**County of Northampton, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2010**

09-2 Child Nutrition Cluster - CFDA 10.553 and 10.555

Condition:

We noted two errors in a sample of 40 student applications for free or reduced meal benefits. One student received reduced meal benefits but should have been denied and another student received free meal benefits but should have received only reduced benefits.

Recommendation:

The School Board should implement procedures to ensure a more accurate review of eligibility determination.

Current Status:

The School Board implemented a quarterly process for reviewing a sample of students participating in this program to ensure compliance with eligibility guidelines.