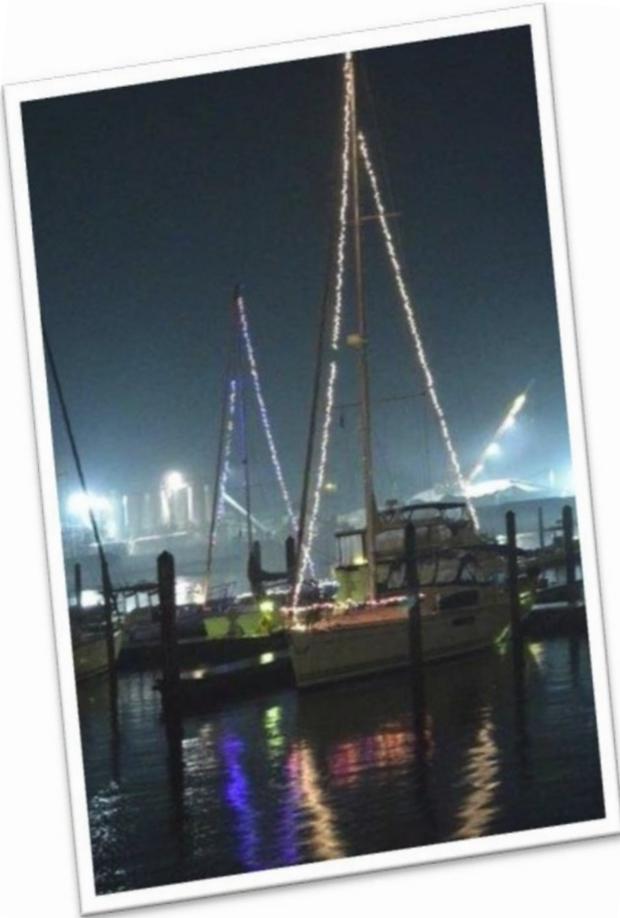


# ***County of Northampton, Virginia***



***Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014***

## About The Cover

Located on the shores of the Chesapeake Bay, Cape Charles continues its amazing transformation, recapturing its 1880s glory days when the railroad gave birth to this post-Victorian beauty. There are plenty of activities and unique shops to venture into, a full service European day spa, and nearby guided horseback trail rides on a waterfront estate add to the offerings. Dining includes waterfront restaurants, a Viennese-inspired coffee house, Irish pub, old-fashioned soda fountain, and more. The Cape Charles Museum provides a fascinating look back in time to see how Cape Charles was formed. The Art Deco Palace Theatre spotlights local, regional, and national talent. King's Creek Marina with Aqua Restaurant flanks the northern side of town, while Bay Creek Resort & Club on the southern side is home to two nationally-ranked golf courses designed by golf legends Jack Nicklaus and Arnold Palmer. Soak up the sun at the town's mile-long beach or set sail on the Chesapeake Bay.

During the Christmas season Cape Charles highlights its waterfront heritage with two unique events which are captured on the cover:

**Lighted Boat Parade** – Even though the boat parade was canceled due to bad weather, the boats were still lit up in their slips. Cape Charles Town Harbor was also illuminated and beautiful reflecting in the water.

**Grand Illumination** – This festive occasion celebrates the season with music by the Northampton High School Band and Choir, and culminates with a grand illumination of thousands of lights placed around Cape Charles Central Park including the beautiful crab pot tree (pictured on cover). The park is located in the center of Cape Charles between Strawberry and Plum Streets, and from Madison Avenue to Tazewell Avenue.

Photos for this FY 2014 Comprehensive Annual Financial Report cover were donated by [www.CapeCharlesbytheBay.com](http://www.CapeCharlesbytheBay.com), a website devoted to promoting all of the attributes and charm this town has to offer.

*INTRODUCTORY SECTION*

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**COUNTY OF NORTHAMPTON, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**

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Prepared By:

Leslie Lewis, CPA  
Director of Finance

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COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014

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COUNTY OF NORTHAMPTON, VIRGINIA

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# COUNTY OF NORTHAMPTON, VIRGINIA

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## **Board of Supervisors**

---

Larry E. LeMond, Chairperson  
Richard L. Hubbard, Vice-Chairperson

Laurence J. Trala  
Granville F. Hogg, Jr.

Oliver H. Bennett

## **County School Board**

---

William J. Oakley, Chairperson

Randall D. Parker  
Jo Ann Molera

Regina Elmandorf Taylor  
Paul E. Bibbins, Jr.

Shannon J. Dunham  
Mickey M. Merritt

## **Board of Social Services**

---

Sally Bedsworth, Chairperson

Richard B. Sterrett

H. Spencer Murray

## **Other Officials**

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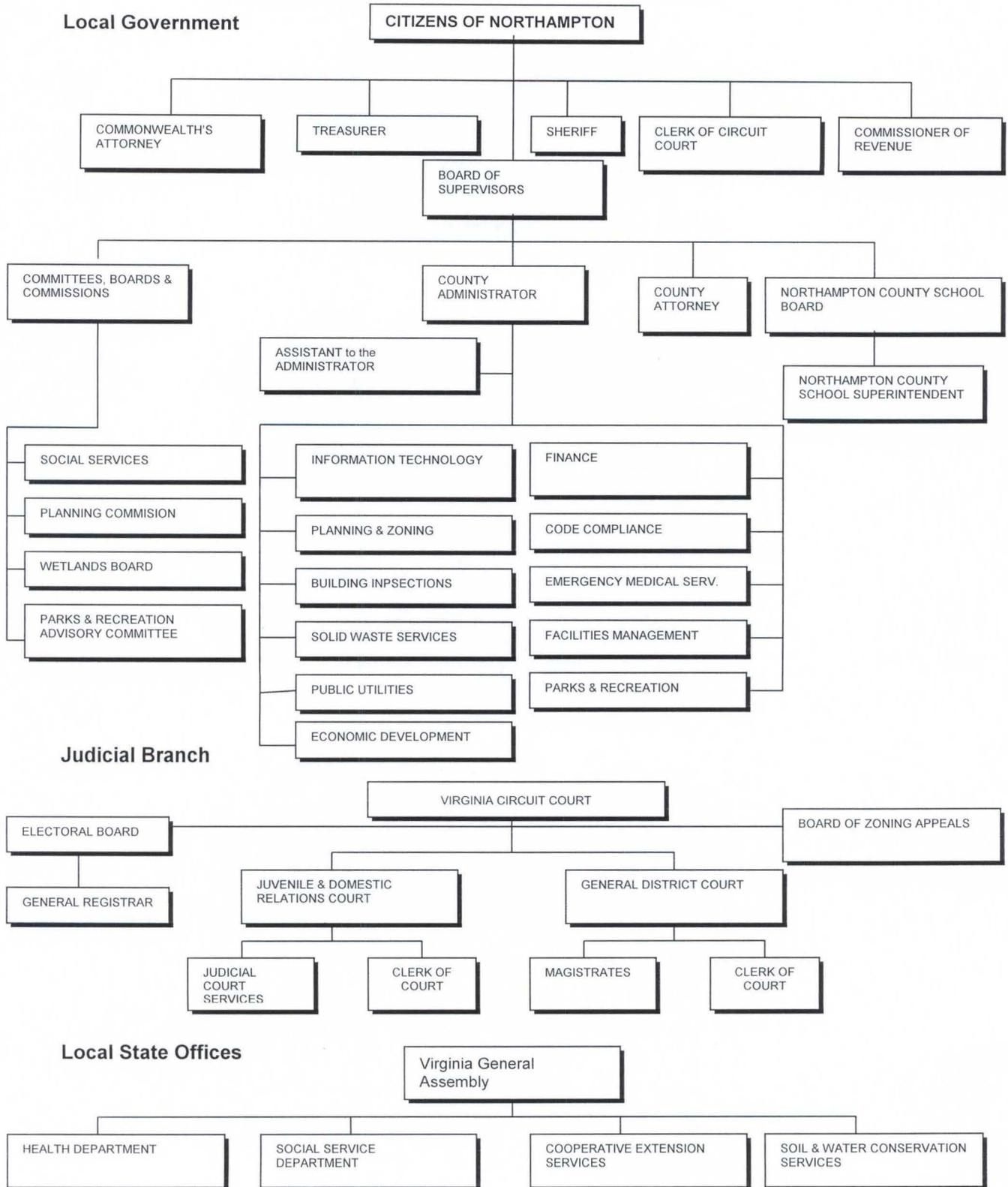
County Administrator  
Clerk of the Circuit Court  
County/Commonwealth's Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Director of Department of Social Services  
Director of Finance  
Registrar

Katherine H. Nunez  
Traci W. Johnson  
Bruce D. Jones, Jr.  
Anne G. Sayers  
Cynthia S. Bradford  
David L. Doughty, Jr.  
Dr. Walter R. Clemons  
Richard Sterrett  
Leslie M. Lewis  
Terrence Flynn

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# COUNTY OF NORTHAMPTON, VIRGINIA

## ORGANIZATION CHART



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

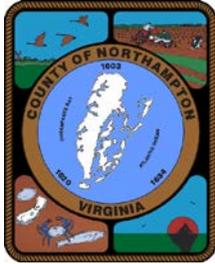
**County of Northampton  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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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 11, 2014

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, 2014.

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 unmodified "clean" opinion on the financial statements of Northampton County for the fiscal year ended June 30, 2014. 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 12,389 according to the 2010 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 five members, one member elected from each of five 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. 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; Economic Development; 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 seven elected members. Two of these members are elected at large and the remaining five members each represent one of the County's five voting districts; the terms are four-year staggered terms. 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 1,458 and the Town of Cape Charles with a population of 1,008, 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

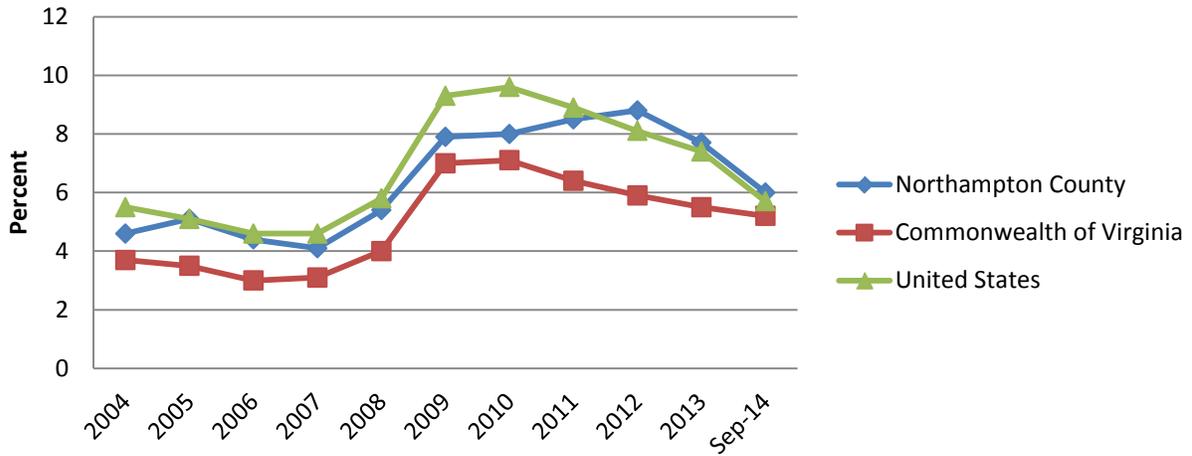
The following table presents the County's and other jurisdictions unemployment rates over the last ten years.

#### Average Annual Unemployment Rates

Calendar Year	<u>Northampton County</u>	<u>Commonwealth of Virginia</u>	<u>United States</u>
2004	4.6	3.7	5.5
2005	5.1	3.5	5.1
2006	4.4	3.0	4.6
2007	4.1	3.1	4.6
2008	5.4	4.0	5.8
2009	7.9	7.0	9.3
2010	8.0	7.1	9.6
2011	8.5	6.4	8.9
2012	8.8	5.9	8.1
2013	7.7	5.5	7.4
Thru Sept 2014	6.0	5.2	5.7

Source: Virginia Employment Commission

## Average Annual Unemployment Rates



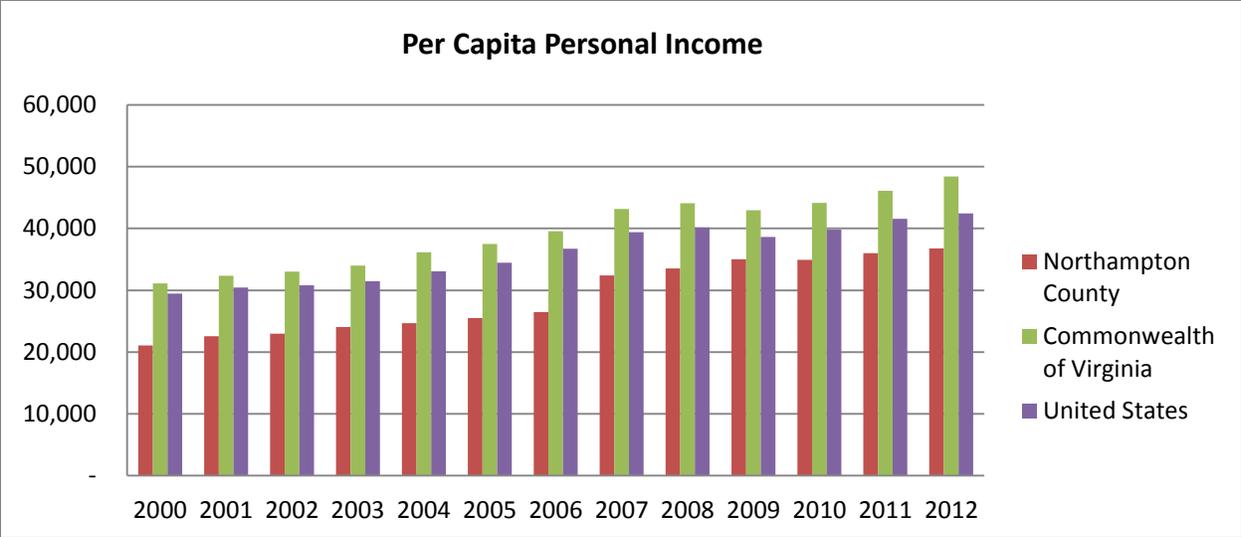
## INCOME

Per capita personal income for Northampton County in 2012 was \$36,767, 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

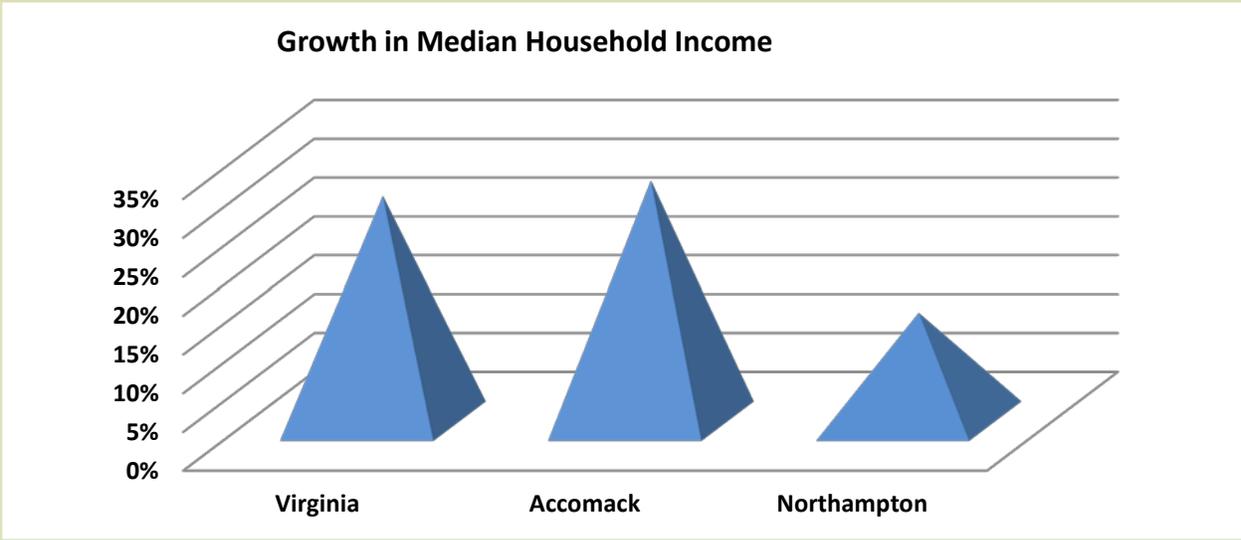
<u>Year</u>	<u>Northampton County</u>	<u>Commonwealth of Virginia</u>	<u>United States</u>
2000	21,049	31,120	29,469
2001	22,547	32,338	30,413
2002	23,001	33,018	30,814
2003	24,057	33,993	31,487
2004	24,660	36,175	33,041
2005	25,502	37,503	34,471
2006	26,481	39,540	36,714
2007	32,413	43,158	39,392
2008	33,514	44,075	40,166
2009	34,996	42,929	38,637
2010	34,898	44,134	39,791
2011	36,011	46,107	41,560
2012	36,767	48,400	42,433

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



Since 2003, 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>2003</u>	<u>2013</u>	<u>% Increase</u>
Virginia	50,028	63,907	29%
Accomack	29,994	39,328	31%
Northampton	29,474	33,636	14%



## Employment

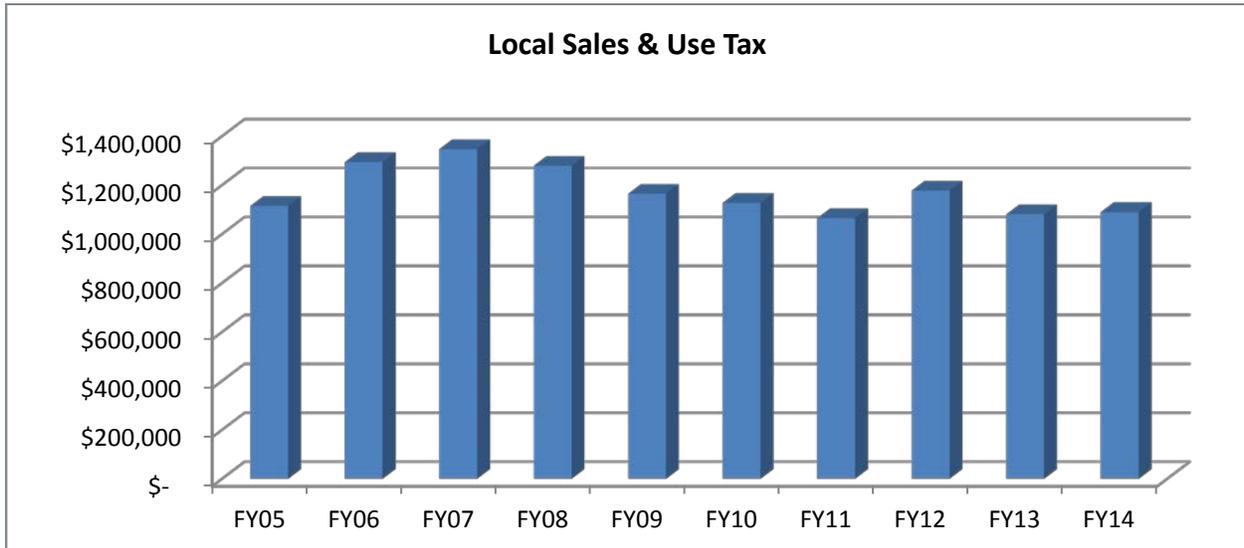
The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending June 30, 2013. Source: Labor Market Statistics, Quarterly Census of Employment and Wages Program

Industry	Employment	Percentage
Health Care & Social Assistance	904	19.3%
Local Government	869	18.6%
Agriculture, Forestry, Fishing & Hunting	740	15.8%
Accommodation and Food Services Retail Trade	592	12.7%
Retail Trade	476	10.1%
Manufacturing	447	9.6%
Other Service (except Public Administration)	125	2.7%
Construction	87	1.9%
Educational Services	85	1.8%
State Government	69	1.5%
Finance and Insurance	67	1.4%
Professional, Scientific and Technical Services	42	0.9%
Wholesale Trade	40	0.9%
Transportation and Warehousing	36	0.8%
Federal Government	34	0.7%
Administrative and Support and Waste Management	30	0.6%
Real Estate and Rental and Leasing	21	0.4%
Management of Companies and Enterprises	8	0.2%
<b>Total</b>	<b>4,672</b>	<b>100.0%</b>

Source: Virginia Employment Commission

## Taxable Sales Revenue

Northampton County has experienced a fluctuation in taxable sales over the ten years. Last year, sales increased 0.85% compared to FY13. A portion of the county's state sales is allocated to the local towns. The percentage of this allocation that each town receives is based on the school age population that resides in that township.



## Housing

According to the 2012 U.S. Census, there were 7,301 total housing units (including rental apartments) located in the County of Northampton. Of those occupied units, the following table presents data regarding their respective types of occupancy.

### HOUSING UNITS BY OCCUPANCY

	<u>2012</u>
Owner Occupied	3,487
Renter Occupied	<u>1,538</u>
Total:	5,025

Source: U.S. Department of Commerce, Census Bureau, 2012 Census



The County's dependence on property tax revenue continues to increase. For FY14, property tax revenue is expected to generate 67% 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 79% of the total real estate tax base for the 2013 tax year. By comparison, in 2000, it was only 64%. For FY15, current year real estate tax revenues are expected to increase by only 1% over FY14. Overall property tax revenue is expected to increase by .69%.

## 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, figures indicate that travel expenditures in the County exceeded \$71,160,661 in 2013 and approximately 768 tourism-related jobs are located in the County. Travel expenditures increased by 3.4% over 2012 and the number of tourism related jobs increased by 3.4% since 2012. 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**

On August 27, 2012, the Northampton Board of Supervisors adopted a 5 year strategic plan. This plan was revised on April 8, 2014.

#### **BACKGROUND:**

Strategic planning in local government involves a structured, analytical approach to setting goals, defining objectives and strategically pursuing actions in furtherance of a shared community vision. Strategic planning extends beyond arbitrary administrative boundaries and traditional thinking. Strategic planning is often defined as “a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does and why it does it.” The intent of a strategic retreat composed of the elected leadership of the community and the appointed department heads was to establish long-range goals, annual objectives and detailed strategies to address issues relating to performance, productivity and general improvement of the well-being of the community and work force.

#### **PROCESS:**

The Northampton County Board of Supervisors conducted a strategic retreat at the County's Emergency Operations Center on Saturday, March 10, 2012, facilitated by Eddie Swain, Dean of Workforce Development at the Eastern Shore Community College. The session focused on the following:

- Review of the existing Vision and Mission Statement
- Identify the Strengths, Weaknesses, Opportunities & Threats of the County
- Development of 4 Major Strategic Goals to achieve the vision and mission statement of the County.

The department heads and constitutional officers participated with the Board in the review of the Vision and Mission Statement and the Strengths, Weaknesses, Opportunities & Threats Assessment.

With the establishment of the 4 major strategic goals, the Board directed the County Administrator to develop 3 to 4 major objectives to bring the strategic goal to fruition and to develop specific strategies & tasks for each major objective that are Specific, Measurable, Attainable, Reach (just out of), and Time bound (SMART) to serve as the plan to move the goal into reality.

Then, on February 22, 2014, the Board of Supervisors conducted a half-day retreat to review and update the 5-Year Strategic Plan, confirming the vision and mission and providing revisions to the strategies for each identified goal.

### **VISION and MISSION STATEMENT**

The mission of the Northampton County Government is to provide the necessary services to protect the health, safety, welfare, environment and quality of life of our citizens consistent with the communities' values and priorities. This mission is accomplished by encouraging citizen involvement, by preserving the County's fiscal stability, traditional values and unity of our people through the implementation of effective and efficient government programs; consensus building; managing the County's natural, cultural, and historic resources; planning for the future; and representing citizen needs and desires to other levels of government.

#### **STRATEGIC GOALS**

- I. EDUCATION – Facilitate the development of a quality educational environment that provides for high-quality educational and job readiness skills all County residents
- II. ECONOMIC DEVELOPMENT – Create an environment where businesses are welcome and services are available to help them be prosperous.
- III. INFRASTRUCTURE – Develop an infrastructure system that improves our quality of life.
- ~~IV.~~ HEALTH CARE – Provide Emergency Medical Services and encourage and support adequate health care facilities, services and coverage for all citizens of the County, to the extent possible.

**GOAL #1 - EDUCATION**

**Facilitate the development of a quality educational environment that provides for high-quality educational and job readiness skills for all County residents**

**OBJECTIVE #1: Develop mutually agreeable goals with the School Board by June 30, 2014.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li>A. Support prevention and early intervention programs for children and youth most at risk.</li><li>B. Implement universal pre-K program.</li><li>C. Increase communication with the School Board on matters of importance to the community, including the following:<ul style="list-style-type: none"><li>(a) Increase graduation rates across demographic categories.</li><li>(b) Obtain accreditation for each school within the School District.</li><li>(c) Develop a mutually acceptable Capital Plan for the School District.</li><li>(d) Develop frequent and ongoing status reports on the approved capital projects, including reports on the conditions of the school facilities.</li></ul></li><li>D. Secure agreements between the School Board and the County to share costs and responsibilities where practical and when county cost savings can be realized. The range of programs and services amenable to possible collaboration include the purchase of supplies and equipment, vehicle procurement &amp; maintenance, maintenance of physical plant and building grounds, financial management, personnel systems, insurance, audit services, and information technology services.</li></ul>
-------------------	--

**OBJECTIVE #2: Develop a funding strategy for mutually-agreeable school capital improvement plan by June 30, 2013 2015.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li>A. Work with School Board in developing a feasibility study regarding the high school facility, including options for middle school location.</li><li>B. Develop a comprehensive cost estimate through the feasibility study for the high school and update the existing capital plan for the two elementary schools.</li><li>C. Utilize services of the county's financial advisor to provide funding options and timelines to achieve implementation of the school capital improvement plan.</li></ul>
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**OBJECTIVE #3: Continue funding at or above current per-student levels on an annual basis.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li>A. Maintain funding at or above current per-student levels, using the Fiscal Year 2013 budget as base.</li><li>B. Examine the impact of the Composite Index re-calculation in spring 2013 for impact on Fiscal Year 2014 and Fiscal Year 2015 budgets.</li><li>C. Develop a memorandum of understanding with the School Board that stipulates the county's financial commitment to public education, on a fiscal year basis, that the School Board can rely upon when developing the school budget.</li></ul>
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**GOAL #2 – ECONOMIC DEVELOPMENT**

**Create an environment where businesses are welcome and services are available to help them be prosperous.**

**OBJECTIVE #1: Review and revise the zoning ordinance to promote business development by January 1, 2015.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li>A. Complete the Comprehensive Plan Update by January 1, 2015.</li><li>B. Review the zoning ordinance for consistency and compliance with the updated Comprehensive Plan.</li></ul>
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**OBJECTIVE #2: Develop an Industrial Park by June 30, 2017**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li>A. Develop list of available properties that meet the criteria developed by the Board of Supervisors for an industrial park.</li><li>B. Evaluate and refine the list by ranking properties that are most suitable for development into an industrial park.</li><li>C. Engage discussions with landowners for acquisition of property.</li><li>D. Seek and apply for federal and state funds to develop property for industrial park purposes.</li></ul>
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**OBJECTIVE #3: Develop Business Incentives that can be provided by the County to stimulate business recruitment, selection, location and development by June 30, 2013.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li>A. Develop and propose a Technology Zone for the County which would identify qualifying properties and provide incentives for the location of technology specific businesses within that zone.</li><li>B. Develop and propose a Tourism Zone for the County would identify qualifying properties and provide incentives for the location of tourism specific businesses within that zone.</li><li>C. Review and recommend additional incentives for the Enterprise Zone, relative to permit review and local taxation.</li><li>D. Annually review the County’s tax structure and analyze its effectiveness and competitiveness with other similarly sized Virginia localities.</li></ul>
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**GOAL #3 – INFRASTRUCTURE**

**Develop an infrastructure system that improves our quality of life.**

**OBJECTIVE #1: Promote broadband availability for business and residential use by June 30, 2017.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li><b>A. Engage the Eastern Shore of Virginia Broadband Authority in developing marketing materials that detail the location of high-speed broadband and the pricing of service.</b></li><li><b>B. Partner with the Virginia Economic Development Partnership in marketing the availability of broadband in the County.</b></li><li><b>C. Work with local internet service providers in removing any barriers (zoning or otherwise) that may impede the offering of broadband to our businesses and residents.</b></li></ul>
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**OBJECTIVE #2: Provide water and sewer to Northern and Southern Nodes of the County in a financially responsible way by June 30, 2017.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li><b>A. Support the Public Service Authority with staffing assistance.</b></li><li><b>B. Assist the Public Service Authority in seeking grant funding opportunities for water and sewer system development and construction.</b></li><li><b>C. Examine feasibility of special tax districts to assist in the development of water and sewer infrastructure.</b></li><li><b>D. Participate in outreach to the County residents, businesses and incorporated towns regarding the need, impact and cost of proposed water and sewer systems.</b></li></ul>
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**GOAL #4 – HEALTH CARE**

**Provide and support adequate health care facilities, services and coverage for all citizens of the County, to the extent possible.**

**MAJOR OBJECTIVES & Key Strategies/Tasks**

**OBJECTIVE # 1: Ensure the County has a 24/7 Emergency care facility located in the County by June 30, 2017.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li><b>A. Ascertain final plans from Riverside as to what remaining medical services and facilities will continue to be provided at the Nassawadox campus.</b></li><li><b>B. Partner with Eastern Shore Health District and the Accomack-Northampton Planning District to determine what health services need to be solicited to adequately service Northampton County for emergency care.</b></li></ul>
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**OBJECTIVE #2: Strongly support EMS services by June 30, 2017.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li><b>A. Review and implement the state Fire and EMS Study, commissioned in 2011, as it relates to EMS service.</b></li><li><b>B. Complete feasibility study for renovation of former Middle School property as new location for the Northampton EMS Department.</b></li><li><b>C. Review and evaluate the effectiveness of the County-operated ambulance in relation to the volunteer ambulance coverage.</b></li><li><b>D. Secure formal, written agreements with volunteer fire and rescue stations, including performance standards, to address issues of concern such as timely grant reporting, etc.</b></li></ul>
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**OBJECTIVE #3: Partner with Riverside Shore Memorial Hospital for a redevelopment plan for its present facilities by June 30, 2014.**

<b>STRATEGIES</b>	<ul style="list-style-type: none"><li><b>A. Engage the Riverside Shore Memorial Hospital Board of Directors and Executive Management of Riverside in discussions to determine the scope of the medical services and facilities that will remain in Nassawadox.</b></li><li><b>B. Work with the Riverside Shore Memorial Hospital Board of Directors, the Executive Management of Riverside and the Nassawadox Town Council in identifying re-use possibilities for the property and any facilities that will not have a continued purpose for delivery of medical services.</b></li></ul>
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**Relevant Financial Policies**

The revised Fund Balance Policy establishes the minimum level of acceptable unassigned general fund balance at 10% of the combined budgeted expenditures of General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers). When the County issued its 2012 refunding bonds through Virginia Resource Authority (VRA), the County pledged to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for FY2013 annually thereafter through the term of the Lease with VRA through 2033. At June 30, 2014, the unassigned general fund balance was \$7,898,674 or 22.98%. If at any time the unassigned 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

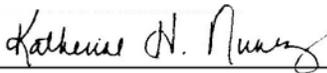
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Northampton for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate 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,



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Katherine H. Nunez  
County Administrator



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Leslie M. Lewis, CPA  
Director of Finance

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-13, 70-71, and 72-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Northampton, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

*Other Information (continued)*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Northampton, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
December 5, 2014

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## 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, 2014. 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 ix through xxi of this report.

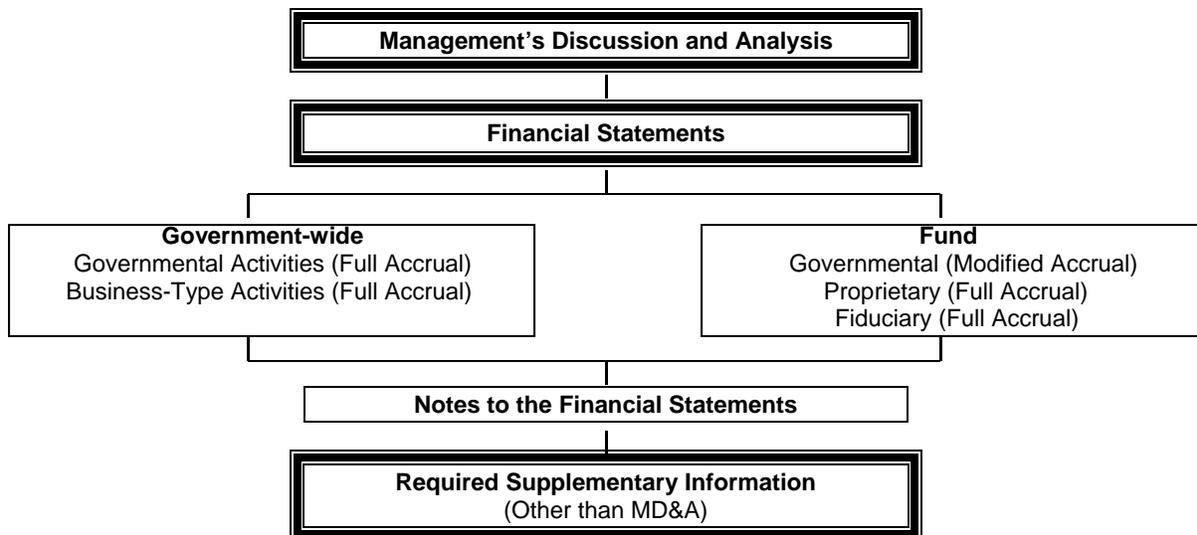
### Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$25,492,841 (*net assets*). The County's net investment in capital assets increased from \$13,198,763 to \$13,311,792. Unrestricted net assets increased by \$113,029 from FY13.
- At June 30, 2014, the Unassigned General Fund balance was \$7,898,674 or 22.98% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance decreased by \$20,501 from FY2013.
- On a government-wide basis for governmental activities the County had expenses net of program revenues of \$21,116,334 which were \$879,398 less than the general revenues of \$21,995,732.
- On a government-wide basis for business-type activities the County had revenues net of program expenses of \$6,721.

### 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: net investment in capital assets, 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 capital 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 25-69 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 70-73 of this report.

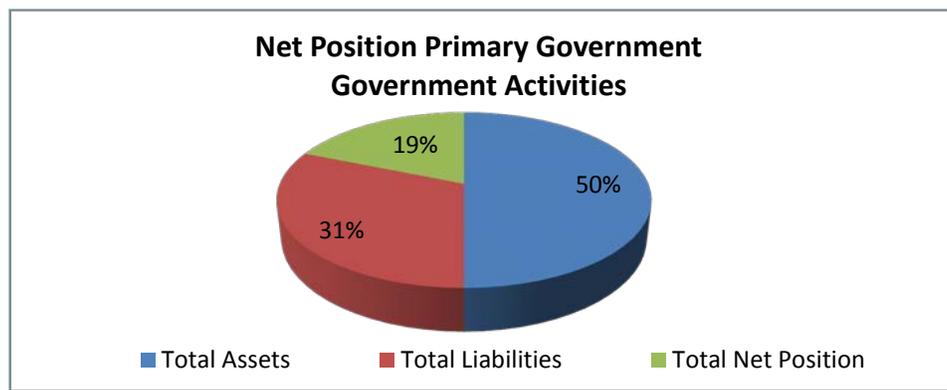
The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 74-96 of this report.

## Government-wide Financial Analysis

The following table presents the condensed Statement of Net Position:

Northampton County, VA  
Summary Statement of Net Position

	Primary Government				Component Unit School Board	
	Governmental Activities		Business-type Activities		2013	2014
	2013	2014	2013	2014		
Current and Other Assets	\$ 17,487,447	\$ 18,254,236	\$ 92,787	\$ 41,032	\$ 2,512,930	\$ 2,824,223
Capital Assets (net)	51,446,910	49,596,999	-	-	3,168,499	3,309,926
<b>Total Assets</b>	<b>68,934,357</b>	<b>67,851,235</b>	<b>92,787</b>	<b>41,032</b>	<b>5,681,429</b>	<b>6,134,149</b>
Long-term Liabilities	40,719,509	38,451,962	-	-	1,163,585	1,290,853
Other Liabilities	3,575,896	3,871,581	90,085	31,609	2,246,744	2,282,844
<b>Total Liabilities</b>	<b>44,295,405</b>	<b>42,323,543</b>	<b>90,085</b>	<b>31,609</b>	<b>3,410,329</b>	<b>3,573,697</b>
Deferred inflows of resources	25,509	34,851	-	-	-	-
<b>Net Assets:</b>						
Net investment in capital assets	13,198,763	13,311,792	-	-	2,291,953	2,371,727
Restricted	2,299,456	2,593,299	-	-	-	-
Unrestricted	9,115,224	9,587,750	2,702	9,423	(20,853)	188,725
<b>Total Net Assets</b>	<b>\$ 24,613,443</b>	<b>\$ 25,492,841</b>	<b>\$ 2,702</b>	<b>\$ 9,423</b>	<b>\$ 2,271,100</b>	<b>\$ 2,560,452</b>



The Primary Government's governmental combined net assets increased by \$879,398 to \$25,492,841 from \$24,613,443. The Primary Government's governmental unrestricted net assets increased from \$9,115,224 to \$9,587,750. This was largely due to collection of delinquent general property tax and a decrease in expenditures. Due to the implementation of the planned operations, the proprietary fund ended the year with assets in excess of its liabilities by \$9,423. The component unit's net assets totaled \$2,560,452 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	
	2013	2014	2013	2014	2013	2014
<b>Revenues:</b>						
Program Revenues						
Charges for Service	\$ 1,409,438	\$ 1,614,851	\$174,910	\$160,946	\$ 390,564	\$ 370,234
Operating Grants & Contributions	5,604,379	5,815,182	-	-	13,229,233	12,655,815
Capital Grants & Contributions	1,482,705	741,305	-	-	-	-
General Revenues						
Real Estate & Personal Property Taxes	16,777,134	16,646,517	-	-	-	-
Other Taxes	2,543,533	2,505,831	-	-	-	-
Unrestricted Revenue from use of money and property	62,378	71,502	-	-	-	-
Grants and Contributions not restricted to specific programs	1,844,798	2,022,633	-	-	-	-
-	-	-	-	-	-	-
Miscellaneous	246,097	170,401	-	-	429,913	441,300
Transfers	747,803	578,848	18,710	18,000	7,963,501	8,285,765
Total Revenues	<u>30,718,265</u>	<u>30,167,070</u>	<u>193,620</u>	<u>178,946</u>	<u>22,013,221</u>	<u>21,753,114</u>
<b>Expenses:</b>						
General Administration	2,580,737	2,573,634	-	-	-	-
Judicial Administration	776,261	810,083	-	-	-	-
Public Safety	9,453,598	8,767,356	-	-	-	-
Public Works	2,173,368	2,061,988	-	-	-	-
Public Utilities	-	-	163,782	172,225	-	-
Health & Welfare	2,878,538	2,879,167	-	-	-	-
Education	8,731,218	9,069,634	-	-	22,203,566	21,463,762
Parks, Recreation, and Cultural	320,558	376,031	-	-	-	-
Community Development	1,299,259	1,932,522	-	-	-	-
Interest on long-term debt	2,480,390	817,257	-	-	-	-
Total Expenses	<u>30,693,927</u>	<u>29,287,672</u>	<u>163,782</u>	<u>172,225</u>	<u>22,203,566</u>	<u>21,463,762</u>
Change in Net Assets	24,338	879,398	29,838	6,721	190,355	289,352
Net Assets, Beginning	24,589,105	24,613,443	(27,136)	2,702	2,461,455	2,271,100
Net Assets, Ending	<u>\$ 24,613,443</u>	<u>\$ 25,492,841</u>	<u>\$ 2,702</u>	<u>\$ 9,403</u>	<u>\$ 2,271,100</u>	<u>\$ 2,560,462</u>

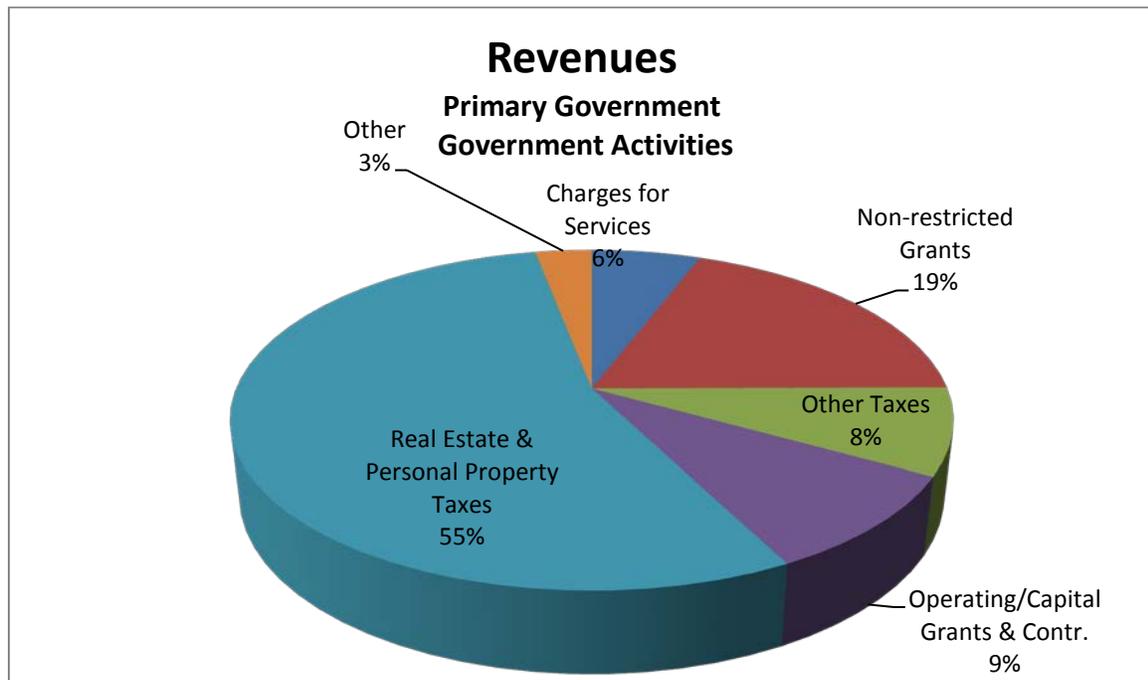
## Revenues

For the fiscal year ended June 30, 2014, revenues generated by the Primary Government's governmental activities totaled \$30,167,070. General property taxes, the County's largest revenue source, were \$16,646,517. Included in this total are real and personal property levies, which are due on December 5<sup>th</sup> each year. The real estate tax rate for FY14 was \$0.6728 per \$100 of assessed value. The FY14 tax rate increased from the FY13 rate of \$0.54 per \$100 of assessed value only to equalize the tax rate due to the reassessment of property. On the face of it, it appears that there was an increase in revenue but this is not the case. The equalization of the tax rate addresses the changed underlying property valuations to ensure that the County is receiving the same amount of local revenue generated from the real estate tax from one year to the next. One of the allowable processes in determining the equalized tax rate is to provide for a 1% growth factor and the Board voted to not include that in the calculation of the new rate which resulted in a reduction of the equalized tax rate to \$.6728 per \$100 of valuation.

FY14 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 FY14.

The other local tax category includes sales tax, consumer utilities tax, motor vehicle licenses, occupancy tax, recordation tax, and food and beverage tax. This category of income reflects an overall decrease of \$37,602 from the previous year which was \$2,543,433. This decrease was due to a decrease in Motor Vehicle License Tax, Taxes on Recordation & Wills, Food and Beverage Tax and Communications Sales and Use Tax.

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 \$8,171,338. Program revenues in the governmental funds include a "charges for services" category that totaled \$1,614,851 and includes charges for waste disposal, recreation programs, and building permits. This category increased by \$205,413 from the previous fiscal year. The majority of this increase is due to an increase in Waste Collection & Disposal Fees, Courthouse Security Fees, Recreation Fees and Harbor Fees.



## Expenses

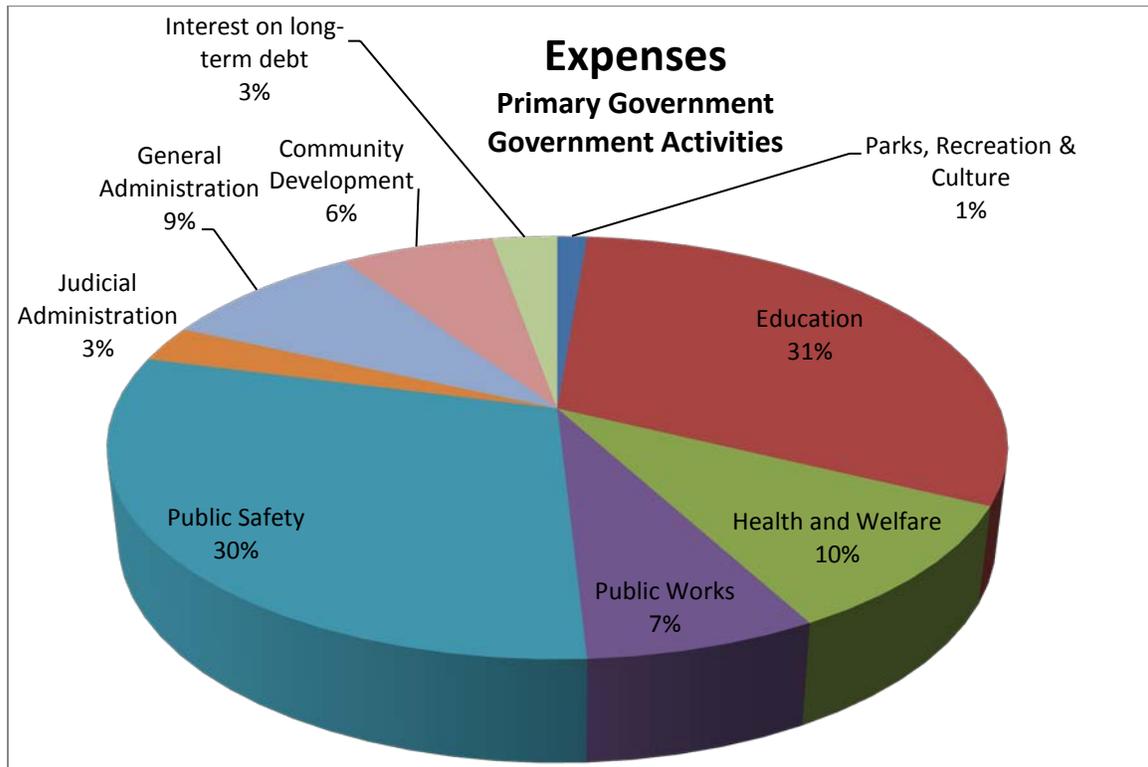
For the fiscal year ended June 30, 2014, expenses for governmental activities totaled \$29,287,672, a decrease of \$1,406,255 from FY13. The reason for the decrease in expenses over FY13 is due to reduction of interest expense on long term debt. For FY14, interest expense on long-term debt was \$1,663,133 less than FY13. In FY13, the county refinanced its outstanding debt. There were upfront fees paid by the county in FY13 to refinance its long term debt while not extending the life of the debt. This refinance will save the county over six million dollars over the life of the debt when compared to the old debt terms.

Personnel expenses for FY14 included a 3% Cost of Living Allowance (COLA) which became effective August 1, 2013 for all employees (County, Constitutional and State Sponsored: full & part-time). The county's health insurance plan continues to receive increased usage which resulted in an increase in the annual premium. In prior years, the increase was absorbed by the employees; however, as part of the FY14 budget, this increase of 12% was provided under the employer contribution, bringing the monthly employer contribution rate from \$473.74 to \$530.58 to offset the increased premiums. The employer contribution into the Virginia Retirement System remained constant with FY13. Retirement contributions paid by the county remained 10.18% of the employees' salary.

Education expenses increased by \$338,416 in FY14 compared to FY13. This is a 4% increase when compared to the FY 13 education expenses.

Community Development expenses increased by \$633,263. This was partly due to Virginia Department of Transportation (VDOT) pass-thru grant for the Barrier Island Center for \$235,371. The increase was also due to purchase of development rights, increase code enforcement expenses, and the fact the economic development director was employed for the entire full year as compared to FY13.

The County's Proprietary Fund reflects a total of \$163,782 in expenses for its seventh year of operation. This is the second year that the county received adequate revenue from charges for the related service to offset the related expenses.



## 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.

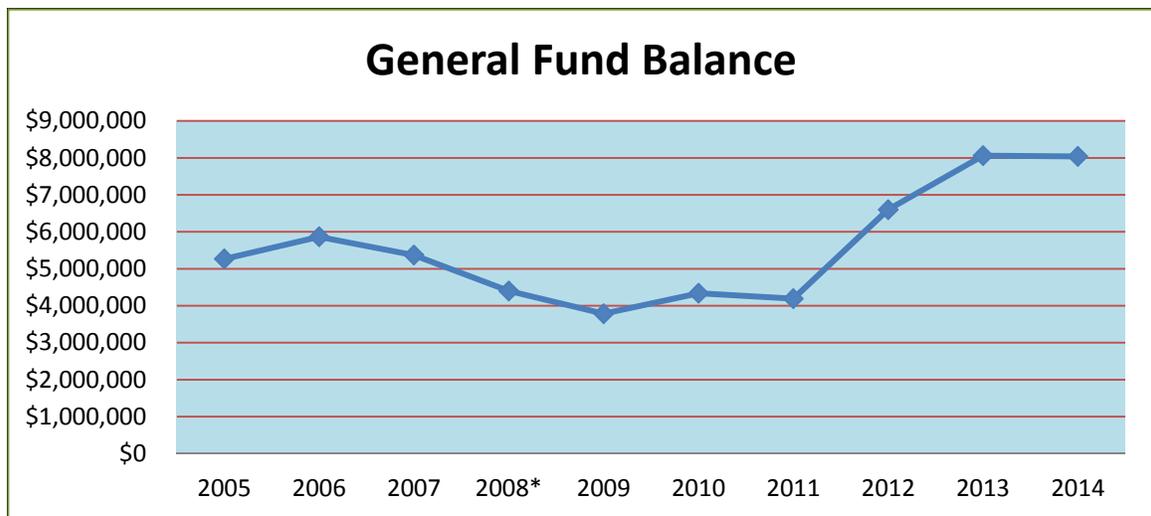
For the fiscal year ended June 30, 2014, the County's governmental funds reflect a combined fund balance of \$15,303,288, most of which is restricted, committed or assigned for for specific purposes such as capital outlay and debt service. This is an increase of \$515,314 from FY13. Fund balance in the General Fund only changed by a decreased of \$20,501.

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 Budget; however the Board of Supervisors determines that the use of fund balance for FY12 to assist in the budget development was in keeping with their financial policies and goals to maintain a reasonable tax structure while staying in guidelines of its adopted policy. In FY13 and FY14, adjustments were made to General Property Tax rates to balance the operating budget without utilizing the fund balance.

The Social Service and School Funds have not historically accumulated a separate fund balance (except for sick leave liability, 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 Year 2014, the Board took action that any unspent appropriations in the School Operating Fund for FY2013 will be recorded as committed fund balance within that fund for the purpose of funding the projected sick leave liability for FY14 and any remaining funds once that obligation is met shall be transferred to the School's Capital Fund (Fund 395) and shall be utilized for funding projects in the adopted School's Capital Improvement Plan.

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, unassigned fund balance is \$7,898,674 compared to \$8,059,217 for 2013. The Board of Supervisors revised the fund balance policy which increased the minimum level of acceptable unassigned General Fund balance from 8% to 10% of the combined actual operating expenditures of the General Fund, Department of Social Service Fund, Eastern Shore Regional Jail Fund and School Operating Funds (net of interfund transfers). At June 30, 2014, the unassigned General Fund balance was 22.98% of actual operating expenditures as defined in the policy. If at any time the unassigned 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 \$117,177 in additional appropriations. Highlights of the budget amendments are as follows:

- Partly due to increase in law enforcement salaries and wages based on traffic fine revenue. Another reason for the budget variance was the increase in sanitation and waste removal revenue and hauling fees. Also there were several additional grants received for public safety.

## Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$49,596,999 (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			
	Balance June 30, 2013	Net Increase/ (Decrease)	Balance June 30, 2014
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,240,874	\$ -	\$ 2,240,874
Construction in Progress	184,504	(143,939)	40,565
Jointly Owned Land	134,600	-	134,600
Other Capital Assets:			
Buildings	47,863,573	655,879	48,519,452
Furniture and Other Equipment	1,316,254	-	1,316,254
Improvements other than buildings	4,033,900	183,382	4,217,282
Jointly Owned Improvements	14,221,590	-	14,221,590
Less: Accumulated Depreciation	(18,548,385)	(2,545,233)	(21,093,618)
<b>Net Capital Assets</b>	<b>\$ 51,446,910</b>	<b>\$ (1,849,911)</b>	<b>\$ 49,596,999</b>

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 5 on pages 38-40 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 FY14, in accordance with the plan, fourteen 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.

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 2014, the County entered into a \$145,277 capital lease agreement as lessee for financing the acquisition of four new sheriff's vehicles. The School Board also entered into a \$582,670 capital lease for the acquisition of 5 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 FY14, this ratio was approximately 9.7%. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY14, this ratio was approximately 1.4%.

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, 2014 is as follows:

<b>General</b>	
Lease-Purchase Obligations	\$ 262,111
2012 Bond VRA Refinancing	<u>25,175,000</u>
<b>Subtotal</b>	<b>\$ 25,437,111</b>
<b>Schools</b>	
Lease-Purchase Obligations (School Operating Fund)	\$ 938,199
2001, 2003 & 2006 QZABs	4,775,655
Literary Loans	97,044
2012 VPSA Gen. Obligation School Bond	<u>1,240,000</u>
<b>Subtotal</b>	<b>\$ 7,050,898</b>
<b>Grand Total</b>	<b><u>\$ 32,488,009</u></b>

Additional information on the County's long-term debt can be found in Note 7 on pages 41-48 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 Leslie Lewis, Director of Finance. PO Box 66, Eastville, VA 23347, telephone 757-678-0444, e-mail [llewis@co.northampton.va.us](mailto:llewis@co.northampton.va.us) or visit the County's web site at [www.co.northampton.va.us](http://www.co.northampton.va.us).

*BASIC FINANCIAL STATEMENTS*

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*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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Statement of Net Position  
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,216,855	\$ 36,425	\$ 13,253,280	\$ 1,766,311
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,414,347	-	1,414,347	-
Accounts receivable	258,199	4,607	262,806	197,587
Due from other governmental units	913,411	-	913,411	838,763
Prepaid items	874	-	874	21,562
Restricted assets:				
Cash and cash equivalents (in custody of others)	2,450,550	-	2,450,550	-
Capital assets (net of accumulated depreciation):				
Land	2,375,474	-	2,375,474	130,505
Buildings and improvements	44,945,036	-	44,945,036	147,056
Improvements other than buildings	1,017,458	-	1,017,458	616,640
Machinery and equipment	1,218,466	-	1,218,466	2,415,725
Construction in progress	40,565	-	40,565	-
Total assets	<u>\$ 67,851,235</u>	<u>\$ 41,032</u>	<u>\$ 67,892,267</u>	<u>\$ 6,134,149</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 804,717	\$ 22,800	\$ 827,517	\$ 279,416
Accrued liabilities	828,698	2,486	831,184	1,576,561
Accrued interest payable	312,522	-	312,522	-
Unearned revenue	-	6,323	6,323	11,000
Long-term liabilities:				
Due within one year	1,925,644	-	1,925,644	415,867
Due in more than one year	38,451,962	-	38,451,962	1,290,853
Total liabilities	<u>\$ 42,323,543</u>	<u>\$ 31,609</u>	<u>\$ 42,355,152</u>	<u>\$ 3,573,697</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 34,851	\$ -	\$ 34,851	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 13,311,792	\$ -	\$ 13,311,792	\$ 2,371,727
Restricted:				
Forfeited assets	74,737	-	74,737	-
CDBG projects	56,566	-	56,566	-
Purchase of development rights	11,446	-	11,446	-
Debt service and bond covenants	2,450,550	-	2,450,550	-
Unrestricted (deficit)	9,587,750	9,423	9,597,173	188,725
Total net position	<u>\$ 25,492,841</u>	<u>\$ 9,423</u>	<u>\$ 25,502,264</u>	<u>\$ 2,560,452</u>

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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,573,634	\$ -	\$ 197,848	\$ -
Judicial administration	810,083	748,040	427,227	-
Public safety	8,767,356	302,044	3,228,425	-
Public works	2,061,988	506,268	8,083	-
Health and welfare	2,879,167	-	1,916,845	-
Education	9,069,634	-	-	-
Parks, recreation, and cultural	376,031	58,479	-	-
Community development	1,932,522	20	36,754	741,305
Interest on long-term debt	817,257	-	-	-
Total governmental activities	<u>\$ 29,287,672</u>	<u>\$ 1,614,851</u>	<u>\$ 5,815,182</u>	<u>\$ 741,305</u>
Business-type activities:				
Public utilities	\$ 172,225	\$ 160,946	\$ -	\$ -
Total business-type activities	<u>\$ 172,225</u>	<u>\$ 160,946</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 29,459,897</u>	<u>\$ 1,775,797</u>	<u>\$ 5,815,182</u>	<u>\$ 741,305</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 21,463,762	\$ 370,234	\$ 12,655,815	\$ -
Total component units	<u>\$ 21,463,762</u>	<u>\$ 370,234</u>	<u>\$ 12,655,815</u>	<u>\$ -</u>

General revenues:  
 General property taxes  
 Local sales and use tax  
 Consumer utility tax  
 Motor vehicle licenses  
 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  
 Payment from Northampton County School Board  
 Transfers  
 Total general revenues and transfers  
 Change in net position  
 Net position - beginning  
 Net position - ending

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

Exhibit 2

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Unit</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>School Board</b>	
\$ (2,375,786)	\$ -	\$ (2,375,786)	\$ -	
365,184	-	365,184	-	
(5,236,887)	-	(5,236,887)	-	
(1,547,637)	-	(1,547,637)	-	
(962,322)	-	(962,322)	-	
(9,069,634)	-	(9,069,634)	-	
(317,552)	-	(317,552)	-	
(1,154,443)	-	(1,154,443)	-	
(817,257)	-	(817,257)	-	
<u>\$ (21,116,334)</u>	<u>\$ -</u>	<u>\$ (21,116,334)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ (11,279)</u>	<u>\$ (11,279)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ (11,279)</u>	<u>\$ (11,279)</u>	<u>\$ -</u>	
<u>\$ (21,116,334)</u>	<u>\$ (11,279)</u>	<u>\$ (21,127,613)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,437,713)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,437,713)</u>	
\$ 16,646,517	\$ -	\$ 16,646,517	\$ -	
1,089,704	-	1,089,704	-	
320,126	-	320,126	-	
361,433	-	361,433	-	
271,623	-	271,623	-	
462,945	-	462,945	-	
71,502	-	71,502	-	
170,401	-	170,401	441,300	
2,022,633	-	2,022,633	-	
-	-	-	8,285,765	
596,848	-	596,848	-	
(18,000)	18,000	-	-	
<u>\$ 21,995,732</u>	<u>\$ 18,000</u>	<u>\$ 22,013,732</u>	<u>\$ 8,727,065</u>	
<u>\$ 879,398</u>	<u>\$ 6,721</u>	<u>\$ 886,119</u>	<u>\$ 289,352</u>	
<u>\$ 24,613,443</u>	<u>\$ 2,702</u>	<u>\$ 24,616,145</u>	<u>\$ 2,271,100</u>	
<u>\$ 25,492,841</u>	<u>\$ 9,423</u>	<u>\$ 25,502,264</u>	<u>\$ 2,560,452</u>	

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*FUND FINANCIAL STATEMENTS*

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Balance Sheet  
 Governmental Funds  
 June 30, 2014

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,361,345	\$ 73,651	\$ 1,336,653	\$ 3,497,801	\$ 203,294	\$ 13,472,744
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,414,347	-	-	-	-	1,414,347
Accounts receivable	235,871	8,899	13,429	-	-	258,199
Due from other governmental units	515,930	237,009	-	7,500	152,972	913,411
Prepaid items	874	-	-	-	-	874
Restricted assets:						
Cash and cash equivalents	-	-	2,450,550	-	-	2,450,550
<b>Total assets</b>	<b>\$ 10,528,367</b>	<b>\$ 319,559</b>	<b>\$ 3,800,632</b>	<b>\$ 3,505,301</b>	<b>\$ 356,266</b>	<b>\$ 18,510,125</b>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	\$ 575,194	\$ 142,809	\$ -	\$ 1,200	\$ 85,514	\$ 804,717
Accrued liabilities	691,584	87,503	-	-	49,611	828,698
Reconciled overdraft	-	-	-	-	255,889	255,889
Unearned revenue	-	89,247	-	-	5,413	94,660
<b>Total liabilities</b>	<b>\$ 1,266,778</b>	<b>\$ 319,559</b>	<b>\$ -</b>	<b>\$ 1,200</b>	<b>\$ 396,427</b>	<b>\$ 1,983,964</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	\$ 1,222,873	\$ -	\$ -	\$ -	\$ -	1,222,873
<b>Total deferred inflows of resources</b>	<b>\$ 1,222,873</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,222,873</b>
Fund balances:						
Nonspendable	\$ 874	\$ -	\$ -	\$ -	\$ -	874
Restricted	-	-	2,450,550	-	142,749	2,593,299
Committed	-	-	1,350,082	3,504,101	-	4,854,183
Assigned	139,168	-	-	-	-	139,168
Unassigned	7,898,674	-	-	-	(182,910)	7,715,764
<b>Total fund balances</b>	<b>\$ 8,038,716</b>	<b>\$ -</b>	<b>\$ 3,800,632</b>	<b>\$ 3,504,101</b>	<b>\$ (40,161)</b>	<b>\$ 15,303,288</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,528,367</b>	<b>\$ 319,559</b>	<b>\$ 3,800,632</b>	<b>\$ 3,505,301</b>	<b>\$ 356,266</b>	<b>\$ 18,510,125</b>

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 Position  
 June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 15,303,288
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 70,690,617	
Accumulated depreciation	<u>(21,093,618)</u>	49,596,999

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,188,022
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unearned revenue in the funds.	94,660
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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	\$ (36,023,096)	
Accrued interest payable	(312,522)	
Net OPEB obligation	(324,000)	
Capital leases	(262,111)	
Landfill post-closure liability	(3,042,124)	
Compensated absences	<u>(726,275)</u>	<u>(40,690,128)</u>

Net position of governmental activities	\$ <u>25,492,841</u>
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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, 2014

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>REVENUES</b>						
General property taxes	\$ 16,717,264	\$ -	\$ -	\$ -	\$ -	\$ 16,717,264
Other local taxes	2,505,831	-	-	-	-	2,505,831
Permits, privilege fees, and regulatory licenses	115,874	-	-	-	-	115,874
Fines and forfeitures	537,765	-	-	-	-	537,765
Revenue from the use of money and property	13,354	-	58,148	-	-	71,502
Charges for services	948,363	12,849	-	-	-	961,212
Miscellaneous	139,785	-	-	-	(1,627)	138,158
Recovered costs	108,364	3,372	161,139	-	-	272,875
Intergovernmental:						
Local government	-	-	-	596,848	-	596,848
Commonwealth	3,777,552	2,203,479	-	40,230	652,955	6,674,216
Federal	299,695	-	-	-	1,605,209	1,904,904
Total revenues	<u>\$ 25,163,847</u>	<u>\$ 2,219,700</u>	<u>\$ 219,287</u>	<u>\$ 637,078</u>	<u>\$ 2,256,537</u>	<u>\$ 30,496,449</u>
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 2,038,882	\$ -	\$ -	\$ -	\$ -	\$ 2,038,882
Judicial administration	623,134	-	-	-	-	623,134
Public safety	4,419,918	3,599,114	-	-	-	8,019,032
Public works	2,142,149	-	-	-	-	2,142,149
Health and welfare	556,266	-	-	-	2,279,615	2,835,881
Education	8,128,966	-	-	177,522	-	8,306,488
Parks, recreation, and cultural	353,402	-	-	-	-	353,402
Community development	1,268,920	-	-	-	501,645	1,770,565
Capital projects	-	-	-	755,337	-	755,337
Debt service:						
Principal retirement	187,264	-	1,669,510	-	-	1,856,774
Interest and other fiscal charges	8,813	-	1,247,955	-	-	1,256,768
Total expenditures	<u>\$ 19,727,714</u>	<u>\$ 3,599,114</u>	<u>\$ 2,917,465</u>	<u>\$ 932,859</u>	<u>\$ 2,781,260</u>	<u>\$ 29,958,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,436,133</u>	<u>\$ (1,379,414)</u>	<u>\$ (2,698,178)</u>	<u>\$ (295,781)</u>	<u>\$ (524,723)</u>	<u>\$ 538,037</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 207,373	\$ 1,456,904	\$ 2,775,029	\$ 876,518	\$ 631,711	\$ 5,947,535
Transfers out	(5,809,284)	(77,490)	-	(98,878)	(129,883)	(6,115,535)
Issuance of capital lease	145,277	-	-	-	-	145,277
Total other financing sources (uses)	<u>\$ (5,456,634)</u>	<u>\$ 1,379,414</u>	<u>\$ 2,775,029</u>	<u>\$ 777,640</u>	<u>\$ 501,828</u>	<u>\$ (22,723)</u>
Net change in fund balances	\$ (20,501)	\$ -	\$ 76,851	\$ 481,859	\$ (22,895)	\$ 515,314
Fund balances - beginning	8,059,217	-	3,723,781	3,022,242	(17,266)	14,787,974
Fund balances - ending	<u>\$ 8,038,716</u>	<u>\$ -</u>	<u>\$ 3,800,632</u>	<u>\$ 3,504,101</u>	<u>\$ (40,161)</u>	<u>\$ 15,303,288</u>

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, 2014

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

Net change in fund balances - total governmental funds \$ 515,314

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 depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$ 859,483	
Depreciation expense	<u>(2,709,394)</u>	(1,849,911)

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

The following is a summary of items supporting this adjustment:

Increase (decrease) in unavailable property taxes	\$ (70,747)	
Increase (decrease) in unearned telephone commissions revenue	<u>32,243</u>	(38,504)

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 position. Also, governmental funds report the effect of 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	\$ (145,277)	
Principal payments	1,856,774	
Increase in landfill post-closure liability	281,640	
Amortization of bond issuance premium	<u>251,443</u>	2,244,580

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ 35,990	
(Increase) decrease in net OPEB obligation	(55,000)	
(increase) decrease in accrued interest payable	<u>26,929</u>	<u>7,919</u>

Change in net position of governmental activities \$ 879,398

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

Statement of Net Position  
 Proprietary Fund  
 June 30, 2014

	Enterprise Fund
	Public Utilities Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 36,425
Accounts receivable, net of allowance for uncollectibles	4,607
Total current assets	<u>\$ 41,032</u>
Total assets	<u>\$ 41,032</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 22,800
Accrued liabilities	2,486
Unearned revenue	6,323
Total current liabilities	<u>\$ 31,609</u>
Total liabilities	<u>\$ 31,609</u>
<b>NET POSITION</b>	
Unrestricted	\$ 9,423
Total net position	<u>\$ 9,423</u>

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2014

	<u>Enterprise Fund Public Utilities Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 52,531
Wastewater revenues	98,915
Other revenues	9,500
Total operating revenues	<u>\$ 160,946</u>
<b>OPERATING EXPENSES</b>	
Personnel	\$ 63,396
Fringe benefits	22,814
Contractual services	51,144
Other charges	34,871
Total operating expenses	<u>\$ 172,225</u>
Operating income (loss)	<u>\$ (11,279)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Transfers:	
Transfers in	<u>18,000</u>
Change in net position	<u>\$ 6,721</u>
Total net position - beginning	<u>2,702</u>
Total net position - ending	<u><u>\$ 9,423</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, 2014

	<u>Enterprise Fund</u> <u>Public Utilities Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 174,213
Payments to suppliers	(69,578)
Payments to employees	(86,210)
Net cash provided by (used for) operating activities	<u>\$ 18,425</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 18,000
Net cash provided by (used for) noncapital financing activities	<u>\$ 18,000</u>
Net increase (decrease) in cash and cash equivalents	\$ 36,425
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u><u>\$ 36,425</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (11,279)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ 88,180
Increase (decrease) in accounts payable	17,567
Increase (decrease) in accrued liabilities	(1,130)
Increase (decrease) in reconciled overdraft	(74,913)
Total adjustments	<u>\$ 29,704</u>
Net cash provided by (used for) operating activities	<u><u>\$ 18,425</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2014

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 386,424
Accounts receivables	163,964
Total assets	<u>\$ 550,388</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 76,689
Accrued liabilities	37,207
Amounts held for social services clients	197,694
Amounts held for others	238,798
Total liabilities	<u>\$ 550,388</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, 2014

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The County of Northampton, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and 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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

#### 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). This analysis is included herein as required.

#### Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component 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 Position - The Statement of Net Position 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 Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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### **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, 2014.

*Discretely Presented Component Units.* The Seven School Board members are elected by the voters of Northampton County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The 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, 2014.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**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 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. 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 and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. 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, 2014 (CONTINUED)

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### **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 unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time 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 and report 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.

Special Revenue Funds – account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or 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 Special Revenue Fund. Revenues are derived primarily from the Commonwealth of Virginia and charges for services.

Debt Service Fund – accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. Payment of principal and interest on the County and School System's general long-term debt is provided by appropriations from the General Fund.

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

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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

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

The County reports the following nonmajor 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.

2. Fiduciary Funds – (Trust and Agency Funds) – account for assets held by the County 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 include social services clients, tourism commission, E-911 programs and IDA funds. The County reports the following Agency Funds: IDA Operating, Virginia Broadband Authority, Special Welfare, NC Tourism Commission, 911 Local, 911 Wireline, Local Sales Tax and Building Inspection Fees.
3. Proprietary Funds – account 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 nonoperating 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 Fund consists 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.

#### **F. Investments**

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

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 Government 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.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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

**G. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for 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 \$449,534 at June 30, 2014 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
Collection Date	December 5	December 5

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 at 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 the assets’ life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. There was no capitalized interest in the current year.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**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 and improvements	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 Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive 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. Net Position**

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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

**M. Net Position Flow Assumption**

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

**N. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reported a deferred inflows of resources for property taxes unavailable at June 30, 2014.

Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the government funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on future tax levies. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis of accounting, amounts prepaid on future tax levies are reported as deferred inflows of resources.

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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

#### **O. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued 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.

#### **P. 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 reported as nonspendable fund balance.

#### **Q. Restricted Assets**

Restricted assets of \$2,450,550 represent amounts set aside in a sinking fund for debt service at June 30, 2014.

#### **R. Fund Equity**

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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

**S. Fund Equity (Continued)**

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by the County Administrator to which the governing body has delegated the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service or for other purposes). Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts for a specific purpose (such as the purchase of capital assets, construction, or other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unforeseen emergencies of an amount equal to 8% of the combined budgeted expenditures of the General Fund, VPA Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers).

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 874	\$ -	\$ -	\$ -	\$ 874
Restricted:					
Debt sinking fund	\$ -	\$ 2,450,550	\$ -	\$ -	\$ 2,450,550
Forfeited asset sharing	-	-	-	74,737	74,737
CDBG projects	-	-	-	56,566	56,566
Purchase of development rights	-	-	-	11,446	11,446
Total Restricted Fund Balance	\$ -	\$ 2,450,550	\$ -	\$ 142,749	\$ 2,593,299
Committed:					
Capital projects	\$ -	\$ -	\$ 3,504,101	\$ -	\$ 3,504,101
Debt service	-	1,350,082	-	-	1,350,082
Total Committed Fund Balance	\$ -	\$ 1,350,082	\$ 3,504,101	\$ -	\$ 4,854,183
Assigned:					
Records preservation	\$ 4,197	\$ -	\$ -	\$ -	\$ 4,197
Other	25,000	-	-	-	25,000
Harbor improvements	109,971	-	-	-	109,971
Total Assigned Fund Balance	\$ 139,168	\$ -	\$ -	\$ -	\$ 139,168
Unassigned Fund Balance	\$ 7,898,674	\$ -	\$ -	\$ (182,910)	\$ 7,715,764
Total Fund Balances	\$ 8,038,716	\$ 3,800,632	\$ 3,504,101	\$ (40,161)	\$ 15,303,288

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (CONTINUED)

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#### **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.
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 exceeded appropriations in the Eastern Shore Regional Jail, Forfeited Assets and Purchase of Development Rights funds at June 30, 2014.

#### **NOTE 3—DEPOSITS AND INVESTMENTS:**

##### **Deposits**

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

##### **Investments**

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The County and its discretely presented component unit have no investment policies that would further limit their investment choices.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**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, 2014 were held by the County or in the County's name by the County's custodial banks.

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2014 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

**County's Rated Debt Investments' Values**

<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 985,530
State Non-Arbitrage Pool	<u>1,306,857</u>
Total	<u>\$ 2,292,387</u>

**External Investment Pool**

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). Bond proceeds subject to arbitrage rebate are invested in the SNAP by County. Values of shares in SNAP reflect fair value.

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, 2014 (CONTINUED)

**NOTE 4—DUE FROM OTHER GOVERNMENTS:**

At June 30, 2014, the County has amounts due from other governments as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Commonwealth of Virginia:		
Local sales tax	\$ 240,672	\$ -
Local communication sales tax	86,092	-
Mobile home titling tax	3,889	-
Recordation tax	11,596	-
VPA funds	7,734	-
State sales tax	-	277,802
Constitutional officer reimbursements	126,868	-
Health department fees	2,100	-
Fire program funds	4,097	-
MVC Rolling stock tax	1,907	-
Auto rental tax	226	-
Emergency management	7,500	-
Jail funds	237,009	-
Other state funds	26,375	-
Federal Government:		
School fund grants	-	560,961
Housing and Urban Development grant	59,725	-
VPA funds	59,963	-
Other federal grants	37,658	-
Total due from other governments	<u>\$ 913,411</u>	<u>\$ 838,763</u>

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 5—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

**Primary Government:**

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 2,240,874	\$ -	\$ -	\$ 2,240,874
Construction in progress	184,504	511,940	655,879	40,565
Jointly owned land	134,600	-	-	134,600
Total capital assets not subject to depreciation	<u>\$ 2,559,978</u>	<u>\$ 511,940</u>	<u>\$ 655,879</u>	<u>\$ 2,416,039</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 47,863,573	\$ 655,879	\$ -	\$ 48,519,452
Improvements other than buildings	1,316,254	-	-	1,316,254
Machinery and equipment	4,033,900	347,543	164,161	4,217,282
Jointly owned assets	14,221,590	-	-	14,221,590
Total capital assets subject to depreciation	<u>\$ 67,435,317</u>	<u>\$ 1,003,422</u>	<u>\$ 164,161</u>	<u>\$ 68,274,578</u>
Accumulated depreciation:				
Buildings and improvements	\$ (9,473,165)	\$ (1,862,711)	\$ -	\$ (11,335,876)
Improvements other than buildings	(255,632)	(43,164)	-	(298,796)
Machinery and equipment	(2,824,947)	(338,030)	(164,161)	(2,998,816)
Jointly owned assets	(5,994,641)	(465,489)	-	(6,460,130)
Total accumulated depreciation	<u>\$ (18,548,385)</u>	<u>\$ (2,709,394)</u>	<u>\$ (164,161)</u>	<u>\$ (21,093,618)</u>
Total capital assets being depreciated, net	<u>\$ 48,886,932</u>	<u>\$ (1,705,972)</u>	<u>\$ -</u>	<u>\$ 47,180,960</u>
Governmental activities capital assets, net	<u>\$ 51,446,910</u>	<u>\$ (1,194,032)</u>	<u>\$ 655,879</u>	<u>\$ 49,596,999</u>

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 5—CAPITAL ASSETS: (Continued)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

**Component Unit – School Board**

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 130,505	\$ -	\$ -	\$ 130,505
Total capital assets not subject to depreciation	\$ 130,505	\$ -	\$ -	\$ 130,505
Capital assets subject to depreciation:				
Buildings and improvements	\$ 2,251,758	\$ -	\$ -	\$ 2,251,758
Improvements other than buildings	917,773	55,397	-	973,170
Machinery and equipment	5,072,501	818,380	362,785	5,528,096
Total capital assets subject to depreciation	\$ 8,242,032	\$ 873,777	\$ 362,785	\$ 8,753,024
Accumulated depreciation:				
Buildings and improvements	\$ (2,089,856)	\$ (14,846)	\$ -	\$ (2,104,702)
Improvements other than buildings	(298,711)	(57,819)	-	(356,530)
Machinery and equipment	(2,815,471)	(659,685)	(362,785)	(3,112,371)
Total accumulated depreciation	\$ (5,204,038)	\$ (732,350)	\$ (362,785)	\$ (5,573,603)
Total capital assets being depreciated, net	\$ 3,037,994	\$ 141,427	\$ -	\$ 3,179,421
Governmental activities capital assets, net	\$ 3,168,499	\$ 141,427	\$ -	\$ 3,309,926

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 5—CAPITAL ASSETS: (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	699,384
Judicial administration		175,114
Public safety		984,114
Public works		241,066
Health and welfare		53,554
Education		535,367
Parks, recreation and cultural		20,150
Community development		<u>645</u>
Total Governmental activities	\$	<u><u>2,709,394</u></u>
Component Unit School Board	\$	<u><u>732,350</u></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, 2014, is that school financed assets in the amount of \$7,896,060 are reported in the Primary Government for financial reporting purposes.

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 207,373	\$ 5,809,284
Eastern Shore Regional Jail	1,456,904	77,490
Debt Service	2,775,029	-
Capital Projects	876,518	98,878
Other Governmental Funds	631,711	129,883
Total Governmental Funds	<u>\$ 5,947,535</u>	<u>\$ 6,115,535</u>
Enterprise Fund:		
Public Utilities	\$ 18,000	\$ -
Fiduciary Funds:		
IDA Operating	\$ 150,000	\$ -
Total-All Funds	<u>\$ 6,115,535</u>	<u>\$ 6,115,535</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 7—LONG-TERM OBLIGATIONS:**

**Primary Government:**

A summary of long-term obligation transactions for the year ended June 30, 2014 is as follows:

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Incurred by County:					
Lease revenue bonds	\$ 26,745,000	\$ -	\$ 1,570,000	\$ 25,175,000	\$ 1,620,000
Add deferred amounts:					
For issuance premium	4,860,791	-	243,040	4,617,751	-
Capital leases	341,477	145,277	224,643	262,111	160,886
Landfill post-closure liability	3,323,764	28,195	309,835	3,042,124	-
Compensated absences	762,265	40,236	76,226	726,275	72,628
Net OPEB obligation	269,000	74,000	19,000	324,000	-
Total incurred by County	<u>\$ 36,302,297</u>	<u>\$ 287,708</u>	<u>\$ 2,442,744</u>	<u>\$ 34,147,261</u>	<u>\$ 1,853,514</u>
Incurred by School Board:					
State literary fund loans	\$ 109,175	\$ -	\$ 12,131	\$ 97,044	\$ 12,130
General obligation bonds	6,065,655	-	50,000	6,015,655	60,000
Add deferred amounts:					
For issuance premium	126,049	-	8,403	117,646	-
Total incurred by School Board	<u>\$ 6,300,879</u>	<u>\$ -</u>	<u>\$ 70,534</u>	<u>\$ 6,230,345</u>	<u>\$ 72,130</u>
Total Governmental Activities	<u>\$ 42,603,176</u>	<u>\$ 287,708</u>	<u>\$ 2,513,278</u>	<u>\$ 40,377,606</u>	<u>\$ 1,925,644</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

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

Year Ending June 30,	County Obligations			
	Capital Leases		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 160,886	\$ 4,712	\$ 1,620,000	\$ 1,138,069
2016	101,225	1,169	1,680,000	1,080,631
2017	-	-	1,745,000	1,012,516
2018	-	-	1,830,000	932,332
2019	-	-	1,920,000	838,938
2020	-	-	2,020,000	737,975
2021	-	-	2,125,000	631,759
2022	-	-	1,890,000	528,875
2023	-	-	1,985,000	429,578
2024	-	-	1,970,000	328,231
2025	-	-	2,065,000	227,934
2026	-	-	930,000	155,662
2027	-	-	980,000	111,281
2028	-	-	365,000	81,703
2029	-	-	380,000	66,087
2030	-	-	395,000	49,854
2031	-	-	410,000	35,019
2032	-	-	425,000	21,653
2033	-	-	440,000	7,425
Total	\$ <u>262,111</u>	\$ <u>5,881</u>	\$ <u>25,175,000</u>	\$ <u>8,415,522</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

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

Year Ending June 30,	School Obligations			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 12,130	\$ 2,911	\$ 60,000	\$ 45,780
2016	12,130	2,547	484,060	42,623
2017	12,130	2,184	65,000	39,341
2018	12,130	1,820	70,000	35,933
2019	12,131	1,456	2,217,167	32,647
2020	12,131	1,092	75,000	29,609
2021	12,131	728	80,000	26,070
2022	12,131	364	85,000	21,904
2023	-	-	2,299,428	18,036
2024	-	-	90,000	14,943
2025	-	-	95,000	12,596
2026	-	-	95,000	10,530
2027	-	-	95,000	8,345
2028	-	-	100,000	5,227
2029	-	-	105,000	1,601
Total	\$ <u>97,044</u>	\$ <u>13,102</u>	\$ <u>6,015,655</u>	\$ <u>345,185</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

Details of long-term indebtedness are as follows:

	<b><u>Amount Outstanding</u></b>
<b><u>General Long-Term Obligations:</u></b>	
<b><u>Lease Revenue Bonds:</u></b>	
\$28,430,000 2012 Series VRA Lease Revenue Refunding Bonds issued August 2, 2012, maturing annually October 1, 2012-2032, in varying amounts. Interest payable annually at various interest rates from 2.273% to 5.125%. Face amount of bonds outstanding, \$25,175,000 plus unamortized issuance premium of \$4,617,751.	\$ <u>29,792,751</u>
Total Lease Revenue bonds	\$ <u>29,792,751</u>
<b><u>Capital Leases:</u></b>	
\$183,606 equipment lease purchase agreement (payable from the General Fund) issued June 29, 2012, due in bi-annual installments of \$31,603 through 2015. Interest payable bi-annually at a rate of 2.56%.	\$ 61,200
\$154,466 equipment lease purchase agreement (payable from the General Fund) issued June 28, 2013, due in bi-annual installments of \$26,570 through 2016. Interest payable semi-annually at a rate of 3.10%.	97,081
\$145,277 equipment lease purchase agreement (payable from the General Fund) issued September 17, 2013, due in bi-annual installments of \$24,626 through 2016. Interest payable semi-annually at a rate of 1.17%.	<u>103,830</u>
Total Capital Leases	\$ <u>262,111</u>
Landfill post-closure liability	\$ 3,042,124
Compensated absences (payable from the General Fund)	726,275
Net OPEB obligation (payable from the General Fund)	<u>324,000</u>
Total Long-Term Obligations Incurred by County	\$ <u><u>34,147,261</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

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

	<b><u>Amount Outstanding</u></b>
<u>School Bonds:</u>	
General Obligation Bonds	
\$1,290,000 School Bonds issued November 15, 2012, maturing annually July 15, 2013-2028, in varying amounts. Interest payable semi-annually at various interest rates from 2.050% through 5.050%. Face amount of bonds outstanding, \$1,240,000 plus unamortized issuance premium of \$117,646.	\$ 1,357,646
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
\$2,214,428 2006 Series Qualified Zone Academy Bonds issued December 28, 2006, with entire principal maturing on December 29, 2022.	<u>2,214,428</u>
Total general obligation bonds	\$ <u>6,133,301</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>97,044</u>
Total State Literary Fund Loans	\$ <u>97,044</u>
Total School Board Long-Term Debt Issued, payable from the General Fund	\$ <u>6,230,345</u>
Total Governmental Activities Obligations	\$ <u>40,377,606</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (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 school buses, Promethean boards and equipment 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:		
4 Public safety vehicles	\$ 117,565	\$ -
4 Public safety vehicles	109,622	-
7 Public safety vehicles	136,432	-
3 School buses	-	246,633
17 Promethean boards	-	105,383
3 School buses	-	222,522
34 Promethean boards	-	204,442
3 School buses	-	257,316
17 Promethean boards	-	97,019
1 Bobcat loader	-	37,087
5 School buses	-	476,519
17 Promethean boards	-	106,151
Less: Accumulated depreciation	<u>(72,718)</u>	<u>(593,790)</u>
	<u>\$ 290,901</u>	<u>\$ 1,159,282</u>

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

Capital Leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
2015	\$ 165,598	\$ 367,092
2016	102,394	277,121
2017	-	202,658
2018	-	120,606
Total minimum lease payments	\$ 267,992	\$ 967,477
Less: amount representing interest	<u>(5,881)</u>	<u>(29,278)</u>
Present value of minimum lease payments	<u>\$ 262,111</u>	<u>\$ 938,199</u>

**Component Unit—School Board:**

The following is a summary of long-term obligation transactions of the Component Unit—School Board for the year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within OneYear</u>
Compensated absences (payable from the School Fund)	\$ 623,825	\$ 77,079	\$ 62,383	\$ 638,521	\$ 63,852
Capital leases	876,546	582,670	521,017	938,199	352,015
Net OPEB obligation	131,000	153,000	154,000	130,000	-
Total	<u>\$ 1,631,371</u>	<u>\$ 812,749</u>	<u>\$ 737,400</u>	<u>\$ 1,706,720</u>	<u>\$ 415,867</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

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

**Amount  
Outstanding**

**Details of Long-term Indebtedness:**

Capital Leases:

\$391,422 school equipment lease purchase agreement (payable from the School Fund) issued September 26, 2012, due in semi-annual installments of \$41,027 through 2017. Interest payable semi-annually at a rate of 3.25%.	\$ 237,932
\$588,838 school equipment lease purchase agreement (payable from the School Fund) issued September 17, 2013, due in bi-annual installments of \$60,998 through 2018. Interest payable semi-annually at a rate of 1.45%.	467,057
\$352,016 school equipment lease purchase agreement (payable from the School Fund) issued September 2, 2011, due in bi-annual installments of \$37,231 through 2016. Interest payable quarterly at a rate of 3.2354%.	144,783
\$426,964 school equipment lease purchase agreement (payable from the School Fund) issued November 15, 2010, due in bi-annual installments of \$44,986 through 2015. Interest payable annually at a rate of 3.2135%.	<u>88,427</u>
Total Capital Leases	\$ <u>938,199</u>
Compensated absences (payable from the School Fund)	638,521
Net OPEB obligation (payable from the School Fund)	<u>130,000</u>
Total Long-Term Obligations Incurred by School Board	\$ <u><u>1,706,720</u></u>

**Component Unit Obligation**

<b>Year Ending June 30</b>	<b>Capital Leases</b>	
	<b>Principal</b>	<b>Interest</b>
	2015	\$ 352,015
2016	268,420	8,701
2017	198,457	4,201
2018	<u>119,307</u>	<u>1,299</u>
Total	<u>\$ 938,199</u>	<u>\$ 29,278</u>

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (CONTINUED)

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#### **NOTE 8—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 or corrective action costs from available, expendable resources as of June 30, 2014, the fund financial statements do not include any fund expenditure or liability relating to postclosure care or corrective action costs of its landfill site. The \$3,042,124 reported as a long-term liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$2,042,124 is based on what it would cost to perform all postclosure care in fiscal year 2014 and the amount of \$1,000,000 represents corrective action costs. 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 2011.

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.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

#### **NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:**

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The County reports unavailable revenue totaling \$1,222,873 and unearned revenue of \$94,660 at June 30, 2014 which is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,188,022 at June 30, 2014.

Deferred/Unavailable Prepaid Property Taxes: Property taxes due subsequent to June 30, 2014, but paid in advance by the tax payers totaled \$34,851 at June 30, 2014.

Unearned Revenue: Unearned revenue representing unspent jail telephone commission funds and unspent asset forfeiture funds not available for funding of current expenditures totaled \$94,660 at June 30, 2014.

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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### **NOTE 10—COMMITMENTS AND CONTINGENCIES:**

Federal programs in which the County and the discretely presented component unit 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.

### **NOTE 11—LITIGATION:**

At June 30, 2014, 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 12—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 the 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 Workers' Compensation Act. VACORP will reinsure through commercial insurance companies for claims in excess of \$250,000 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, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN:**

**A. Plan Description**

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

**VRS – PLAN 1**

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

**NOTE 13—PENSION PLAN (Continued):**

**A. Plan Description (Continued)**

**VRS – PLAN 1 (CONTINUED)**

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**VRS – PLAN 1 (CONTINUED)**

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**VRS – PLAN 1 (CONTINUED)**

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**VRS – PLAN 2**

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** – Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** – Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** – Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** – Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2014. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**VRS – PLAN 2 (CONTINUED)**

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

- 14. Eligibility** – Same as VRS Plan 1—Refer to Section 14.

- 15. Exceptions to COLA Effective Dates** – Same as VRS Plan 1—Refer to Section 15.

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

**HYBRID RETIREMENT PLAN**

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**HYBRID RETIREMENT PLAN (CONTINUED)**

**1. Plan Overview (Continued)**

- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

**2. Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees\*
- School division employees
- Political subdivision employees\*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**3. \*Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

**4. Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**HYBRID RETIREMENT PLAN (CONTINUED)**

**5. Creditable Service**

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

**6. Vesting**

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**HYBRID RETIREMENT PLAN (CONTINUED)**

**7. Calculating the Benefit**

Defined Benefit Component – Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

**8. Average Final Compensation** – Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

**9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**10. Normal Retirement Age**

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**11. Earliest Unreduced Retirement Eligibility**

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**12. Earliest Reduced Retirement Eligibility**

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**A. Plan Description (Continued)**

**HYBRID RETIREMENT PLAN (Continued)**

**13. Cost-of-Living Adjustment (COLA) in Retirement**

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable.

**14. Eligibility** – Same as VRS Plan 1 and VRS Plan 2— Refer to Section 14.

**15. Exceptions to COLA Effective Dates** – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

**16. Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**17. Purchase of Prior Service**

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component – Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 13—PENSION PLAN: (Continued)**

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its 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's contribution rate for the fiscal year ended 2014 were 10.18% and 12.16% of annual covered payroll, respectively.

The School Board's professional employees contributed \$1,059,324, \$1,057,393, and \$579,023 to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012 respectively and these contributions represented 11.66%, 11.66% and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year 2014, the County's annual pension cost of \$1,204,301 (which includes the portion of the employee share which was \$396,674) was equal to the County's required and actual contributions.

<b>Three Year Trend Information - County</b>			
<b>Fiscal Year</b>	<b>Annual</b>	<b>Percentage of</b>	<b>Net</b>
<b>Ending</b>	<b>Pension</b>	<b>APC</b>	<b>Pension</b>
	<b>Cost (APC) (1)</b>	<b>Contributed</b>	<b>Obligation</b>
County:			
June 30, 2014	\$ 807,627	100%	\$ -
June 30, 2013	754,623	100%	-
June 30, 2012	529,346	100%	-

(1) Employer portion only

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 13—PENSION PLAN: (Continued)**

**C. Annual Pension Cost (Continued)**

For the fiscal year 2014, the School Board’s annual pension cost of \$162,865 (which includes the portion of the employee share that was \$47,455) was equal to the School Board’s required and actual contributions.

<b>Three Year Trend Information – School Board Non-Professional</b>			
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC) (1)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
School Board:			
Non-Professional:			
June 30, 2014	\$ 115,410	100%	\$ -
June 30, 2013	72,597	100%	-
June 30, 2012	42,726	100%	-

(1) Employer portion only

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board’s assets is equal to the modified market value of 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 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

**D. Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the County’s plan was 83.31% funded. The actuarial accrued liability for benefits was \$26,282,911, and the actuarial value of assets was \$21,896,282, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,386,629. The covered payroll (annual payroll of active employees covered by the plan) was \$7,552,000, and ratio of the UAAL to the covered payroll was 58.09%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board’s plan was 79.62% funded. The actuarial accrued liability for benefits was \$3,430,344, and the actuarial value of assets was \$2,731,246, resulting in an unfunded actuarial accrued liability (UAAL) of \$699,098. The covered payroll (annual payroll of active employees covered by the plan) was \$608,108 and ratio of the UAAL to the covered payroll was 114.96%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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 (AAL) for benefits.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 14—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
Cynthia S. Bradford, Treasurer	400,000
Anne G. Sayers, Commissioner of the Revenue	3,000
David L. Doughty, Jr., 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

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 15—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:**

**Post-retirement Medical Plan for Employee**

**PRIMARY GOVERNMENT**

**A. 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.

**B. 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.

**C. 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 was \$74,000 for fiscal year 2014. The annual estimated employer contributions for fiscal year 2014 were \$19,000.

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:

		<b><u>Primary Government</u></b>
Annual required contribution	\$	74,000
Interest on net OPEB obligation		11,000
Adjustment to annual required contribution		<u>(11,000)</u>
Annual OPEB cost (expense)	\$	74,000
Contributions made		<u>(19,000)</u>
Increase in net OPEB obligation		55,000
Net OPEB obligation-beginning of year		<u>269,000</u>
Net OPEB obligation-end of year	\$	<u><u>324,000</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**NOTE 15—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)**

**Post-retirement Medical Plan for Employee (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

**Three Year Trend Information for County**

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>
County:					
6/30/2012	\$	74,000	16.22%	\$	214,000
6/30/2013		78,000	29.49%		269,000
6/30/2014		74,000	25.68%		324,000

**D. Funded Status and Funding Progress:**

As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$789,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$789,000. The covered payroll (annual payroll of active employees covered by the plan) was \$7,379,000, and the ratio of the UAAL to the covered payroll was 10.69%.

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.

**E. 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 of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00 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, 2013 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, 2014 (CONTINUED)

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**NOTE 15—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)**

**Post-retirement Medical Plan for Employee (Continued)**

**E. 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.

45% 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 2013. This rate decreases 1% per year until an ultimate rate of 5.0% is reached. The general inflation rate is assumed to be 2.50%.

**COMPONENT UNIT SCHOOL BOARD**

**A. Plan Description:**

The School Board 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 School Board. There is no separate audited GAAP-basis post-employment benefit plan report available.

**B. 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, 2014 (CONTINUED)

**NOTE 15—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)**

**Post-retirement Medical Plan for Employee (Continued)**

**C. 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 was \$153,000 for fiscal year 2014. The annual employer contributions for fiscal year 2014 were \$154,000.

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:

	<b>Component Unit School Board</b>
Annual required contribution	\$ 153,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	<u>(5,000)</u>
Annual OPEB cost (expense)	\$ 153,000
Contributions made	<u>(154,000)</u>
Increase in net OPEB obligation	(1,000)
Net OPEB obligation-beginning of year	<u>131,000</u>
Net OPEB obligation-end of year	<u><u>\$ 130,000</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

**Three Year Trend Information for School Board**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
Schools:			
6/30/2012	\$ 183,000	80.87%	\$ 101,000
6/30/2013	186,000	83.87%	131,000
6/30/2014	153,000	100.65%	130,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 15—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)**

**Post-retirement Medical Plan for Employee (Continued)**

**D. Funded Status and Funding Progress:**

As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$2,016,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,016,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8,704,000, and the ratio of the UAAL to the covered payroll was 23.16%.

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.

**E. 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 of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00 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, 2013 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.

57% of actives currently enrolled in the County's health care plan, will continue in the plan upon retiring. 17.50% 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 2013. This rate decreases 1% per year until an ultimate rate of 5.0% is reached. The general inflation rate is assumed to be 2.50%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**NOTE 15—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)**

**Health Insurance Credit Program Through Virginia Retirement System**

**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.

**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 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, June 30, 2013, and June 30, 2012 was \$100,845, \$100,661 and \$54,884, respectively, and equaled the required contributions for the year.

The Retiree Health Insurance Credit benefit is based on a member's eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarially valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

**NOTE 16—UPCOMING PRONOUNCEMENTS:**

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements

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*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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 16,866,683	\$ 16,866,683	\$ 16,717,264	\$ (149,419)
Other local taxes	2,878,229	2,878,229	2,505,831	(372,398)
Permits, privilege fees, and regulatory licenses	141,210	141,210	115,874	(25,336)
Fines and forfeitures	307,249	307,249	537,765	230,516
Revenue from the use of money and property	34,250	34,250	13,354	(20,896)
Charges for services	763,690	847,006	948,363	101,357
Miscellaneous	3,000	95,012	139,785	44,773
Recovered costs	106,100	106,100	108,364	2,264
Intergovernmental:				
Commonwealth	3,618,189	3,896,257	3,777,552	(118,705)
Federal	26,000	264,236	299,695	35,459
Total revenues	<u>\$ 24,744,600</u>	<u>\$ 25,436,232</u>	<u>\$ 25,163,847</u>	<u>\$ (272,385)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,238,930	\$ 2,166,943	\$ 2,038,882	\$ 128,061
Judicial administration	637,954	634,427	623,134	11,293
Public safety	4,084,792	4,536,322	4,419,918	116,404
Public works	2,062,745	2,150,279	2,142,149	8,130
Health and welfare	526,513	559,949	556,266	3,683
Education	8,128,966	8,128,966	8,128,966	-
Parks, recreation, and cultural	333,332	378,982	353,402	25,580
Community development	1,162,412	1,381,774	1,268,920	112,854
Debt service:				
Principal retirement	149,266	187,264	187,264	-
Interest and other fiscal charges	-	8,813	8,813	-
Total expenditures	<u>\$ 19,324,910</u>	<u>\$ 20,133,719</u>	<u>\$ 19,727,714</u>	<u>\$ 406,005</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,419,690</u>	<u>\$ 5,302,513</u>	<u>\$ 5,436,133</u>	<u>\$ 133,620</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 139,599	\$ 141,414	\$ 207,373	\$ 65,959
Transfers out	(5,698,055)	(5,855,395)	(5,809,284)	46,111
Issuance of capital lease	138,766	138,766	145,277	6,511
Total other financing sources (uses)	<u>\$ (5,419,690)</u>	<u>\$ (5,575,215)</u>	<u>\$ (5,456,634)</u>	<u>\$ 118,581</u>
Net change in fund balances	\$ -	\$ (272,702)	\$ (20,501)	\$ 252,201
Fund balances - beginning	-	290,369	8,059,217	7,768,848
Fund balances - ending	<u>\$ -</u>	<u>\$ 17,667</u>	<u>\$ 8,038,716</u>	<u>\$ 8,021,049</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 15,500	\$ 15,500	\$ 12,849	\$ (2,651)
Recovered costs	1,000	1,000	3,372	2,372
Intergovernmental:				
Commonwealth	2,068,190	2,068,190	2,203,479	135,289
Total revenues	<u>\$ 2,084,690</u>	<u>\$ 2,084,690</u>	<u>\$ 2,219,700</u>	<u>\$ 135,010</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 3,534,254	\$ 3,581,539	\$ 3,599,114	\$ (17,575)
Total expenditures	<u>\$ 3,534,254</u>	<u>\$ 3,581,539</u>	<u>\$ 3,599,114</u>	<u>\$ (17,575)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,449,564)</u>	<u>\$ (1,496,849)</u>	<u>\$ (1,379,414)</u>	<u>\$ 117,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,449,564	\$ 1,456,904	\$ 1,456,904	\$ -
Transfers out	-	-	(77,490)	(77,490)
Total other financing sources (uses)	<u>1,449,564</u>	<u>1,456,904</u>	<u>1,379,414</u>	<u>(77,490)</u>
Net change in fund balances	\$ -	\$ (39,945)	\$ -	\$ 39,945
Fund balances - beginning	-	39,945	-	(39,945)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Pension Funding Progress  
For the Year Ended June 30, 2014

**Primary Government:**  
**County Retirement Plan:**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
6/30/2013	\$ 21,896,282	\$ 26,282,911	\$ 4,386,629	83.31%	\$ 7,552,000	58.09%
6/30/2012	20,600,181	25,491,422	4,891,241	80.81%	6,919,534	70.69%
6/30/2011	20,154,951	23,756,149	3,601,198	84.84%	6,447,215	55.86%
6/30/2010	19,348,364	22,564,574	3,216,210	85.75%	6,547,235	49.12%
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:**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
6/30/2013	\$ 2,731,246	\$ 3,430,344	\$ 699,098	79.62%	\$ 608,108	114.96%
6/30/2012	2,724,838	3,508,640	783,802	77.66%	634,039	123.62%
6/30/2011	2,856,665	3,445,539	588,874	82.91%	648,684	90.78%
6/30/2010	2,966,684	3,335,960	369,276	88.93%	719,418	51.33%
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 OPEB Funding Progress for Retiree Health Plan  
 For the Year Ended June 30, 2014

**Primary Government:**  
**County Retiree Health Plan:**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 524,000	\$ 524,000	0.00%	\$ 5,795,000	9.04%
6/1/2011	-	630,000	630,000	0.00%	6,492,000	9.70%
7/1/2013	-	789,000	789,000	0.00%	7,379,000	10.69%

**Discretely Presented Component Unit:**  
**School Board Retiree Health Plan:**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 1,820,000	\$ 1,820,000	0.00%	\$ 9,592,000	18.97%
6/1/2011	-	2,126,000	2,126,000	0.00%	10,091,000	21.07%
7/1/2013	-	2,016,000	2,016,000	0.00%	8,704,000	23.16%

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND  
SCHEDULES*

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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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 58,148	\$ 58,148
Recovered costs	161,000	161,000	161,139	139
Total revenues	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 219,287</u>	<u>\$ 58,287</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 1,916,047	\$ 1,916,047	\$ 1,669,510	\$ 246,537
Interest and other fiscal charges	1,250,623	1,250,623	1,247,955	2,668
Total expenditures	<u>\$ 3,166,670</u>	<u>\$ 3,166,670</u>	<u>\$ 2,917,465</u>	<u>\$ 249,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,005,670)</u>	<u>\$ (3,005,670)</u>	<u>\$ (2,698,178)</u>	<u>\$ 307,492</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 3,005,670	\$ 2,775,530	\$ 2,775,029	\$ (501)
Total other financing sources (uses)	<u>\$ 3,005,670</u>	<u>\$ 2,775,530</u>	<u>\$ 2,775,029</u>	<u>\$ (501)</u>
Net change in fund balances	\$ -	\$ (230,140)	\$ 76,851	\$ 306,991
Fund balances - beginning		230,140	3,723,781	3,493,641
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,800,632</u>	<u>\$ 3,800,632</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 719,708	\$ -	\$ (719,708)
Miscellaneous	-	7,942	-	(7,942)
Intergovernmental:				
Local government	-	-	596,848	596,848
Commonwealth	-	289,794	40,230	(249,564)
Total revenues	\$ -	\$ 1,017,444	\$ 637,078	\$ (380,366)
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ 177,522	\$ 177,522	\$ -
Capital projects	777,640	3,423,177	755,337	2,667,840
Debt service:				
Interest and other fiscal charges	-	2	-	2
Total expenditures	\$ 777,640	\$ 3,600,701	\$ 932,859	\$ 2,667,842
Excess (deficiency) of revenues over (under) expenditures	\$ (777,640)	\$ (2,583,257)	\$ (295,781)	\$ 2,287,476
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 777,640	\$ 777,641	876,518	\$ 98,877
Transfers out	-	-	(98,878)	(98,878)
Issuance of capital lease	-	300	-	(300)
Total other financing sources (uses)	\$ 777,640	\$ 777,941	\$ 777,640	\$ (301)
Net change in fund balances	\$ -	\$ (1,805,316)	\$ 481,859	\$ 2,287,175
Fund balances - beginning	-	7,382,035	3,022,242	(4,359,793)
Fund balances - ending	\$ -	\$ 5,576,719	\$ 3,504,101	\$ (2,072,618)

**COUNTY OF NORTHAMPTON, VIRGINIA**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2014

	<u>Virginia Public Assistance Fund</u>	<u>Forfeited Asset Sharing Fund</u>	<u>Purchase of Development Rights Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,701	\$ 80,150	-
Due from other governmental units	67,697	-	25,550
Total assets	<u>\$ 116,398</u>	<u>\$ 80,150</u>	<u>\$ 25,550</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 69,087	\$ -	\$ 850
Accrued liabilities	47,311	-	-
Reconciled overdraft payable	-	-	13,254
Unearned revenue	-	5,413	-
Total liabilities	<u>\$ 116,398</u>	<u>\$ 5,413</u>	<u>\$ 14,104</u>
Fund balances:			
Restricted	\$ -	\$ 74,737	\$ 11,446
Unassigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 74,737</u>	<u>\$ 11,446</u>
Total liabilities and fund balances	<u>\$ 116,398</u>	<u>\$ 80,150</u>	<u>\$ 25,550</u>

<b>CDBG Projects Fund</b>	<b>HMGP Home Elevation Project Fund</b>	<b>Parks and Recreation Project Fund</b>	<b>Total</b>
\$ 74,443	\$ -	\$ -	\$ 203,294
-	-	59,725	152,972
\$ 74,443	\$ -	\$ 59,725	\$ 356,266
\$ 15,577	\$ -	\$ -	\$ 85,514
2,300	-	-	49,611
-	12,054	230,581	255,889
-	-	-	5,413
\$ 17,877	\$ 12,054	\$ 230,581	\$ 396,427
\$ 56,566	\$ -	\$ -	\$ 142,749
-	(12,054)	(170,856)	(182,910)
\$ 56,566	\$ (12,054)	\$ (170,856)	\$ (40,161)
\$ 74,443	\$ -	\$ 59,725	\$ 356,266

**COUNTY OF NORTHAMPTON, VIRGINIA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2014

	<u>Virginia Public Assistance Fund</u>	<u>Forfeited Asset Sharing Fund</u>	<u>Purchase of Development Rights Fund</u>
<b>REVENUES</b>			
Miscellaneous	\$ 4,416	\$ -	\$ -
Intergovernmental:			
Commonwealth	589,057	14,947	26,707
Federal	1,311,749	-	-
Total revenues	<u>\$ 1,905,222</u>	<u>\$ 14,947</u>	<u>\$ 26,707</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	\$ 2,278,865	\$ 750	\$ -
Community development	-	-	37,100
Total expenditures	<u>\$ 2,278,865</u>	<u>\$ 750</u>	<u>\$ 37,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (373,643)</u>	<u>\$ 14,197</u>	<u>\$ (10,393)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 501,711	\$ -	\$ -
Transfers out	(128,068)	(1,815)	-
Total other financing sources (uses)	<u>\$ 373,643</u>	<u>\$ (1,815)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 12,382	\$ (10,393)
Fund balances - beginning	-	62,355	21,839
Fund balances - ending	<u>\$ -</u>	<u>\$ 74,737</u>	<u>\$ 11,446</u>

<b>CDBG Projects Fund</b>	<b>HMGP Home Elevation Project Fund</b>	<b>Parks and Recreation Project Fund</b>	<b>Total</b>
\$ 7,447	\$ (13,490)	\$ -	\$ (1,627)
-	22,244	-	652,955
210,043	83,417	-	1,605,209
<u>\$ 217,490</u>	<u>\$ 92,171</u>	<u>\$ -</u>	<u>\$ 2,256,537</u>
\$ -	\$ -	\$ -	\$ 2,279,615
320,363	144,182	-	501,645
<u>\$ 320,363</u>	<u>\$ 144,182</u>	<u>\$ -</u>	<u>\$ 2,781,260</u>
<u>\$ (102,873)</u>	<u>\$ (52,011)</u>	<u>\$ -</u>	<u>\$ (524,723)</u>
\$ 130,000	\$ -	\$ -	\$ 631,711
-	-	-	(129,883)
<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,828</u>
\$ 27,127	\$ (52,011)	\$ -	\$ (22,895)
29,439	39,957	(170,856)	(17,266)
<u>\$ 56,566</u>	<u>\$ (12,054)</u>	<u>\$ (170,856)</u>	<u>\$ (40,161)</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, 2014

	<b>Virginia Public Assistance Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 4,416	\$ 4,416
Intergovernmental:				
Commonwealth	898,977	897,023	589,057	(307,966)
Federal	1,348,465	1,350,419	1,311,749	(38,670)
Total revenues	<u>\$ 2,247,442</u>	<u>\$ 2,247,442</u>	<u>\$ 1,905,222</u>	<u>\$ (342,220)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,655,163	\$ 2,655,163	\$ 2,278,865	\$ 376,298
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,655,163</u>	<u>\$ 2,655,163</u>	<u>\$ 2,278,865</u>	<u>\$ 376,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (407,721)</u>	<u>\$ (407,721)</u>	<u>\$ (373,643)</u>	<u>\$ 34,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 547,321	\$ 547,321	\$ 501,711	\$ (45,610)
Transfers out	(139,600)	(139,600)	(128,068)	11,532
Total other financing sources (uses)	<u>\$ 407,721</u>	<u>\$ 407,721</u>	<u>\$ 373,643</u>	<u>\$ (34,078)</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	14,947	14,947	-	-	26,707	26,707
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,947</u>	<u>\$ 14,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,707</u>	<u>\$ 26,707</u>
\$ -	\$ -	\$ 750	\$ (750)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	37,100	(37,100)
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ (750)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,100</u>	<u>\$ (37,100)</u>
\$ -	\$ -	\$ 14,197	\$ 14,197	\$ -	\$ -	\$ (10,393)	\$ (10,393)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(1,815)	(1,815)	-	-	-	-	-
<u>\$ -</u>	<u>\$ (1,815)</u>	<u>\$ (1,815)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (1,815)	\$ 12,382	\$ 14,197	\$ -	\$ -	\$ (10,393)	\$ (10,393)
-	1,815	62,355	60,540	-	-	21,839	21,839
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,737</u>	<u>\$ 74,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,446</u>	<u>\$ 11,446</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, 2014

	<b>CDBG Projects Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 45,700	\$ 7,447	\$ (38,253)
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	668,779	210,043	(458,736)
Total revenues	<u>\$ -</u>	<u>\$ 714,479</u>	<u>\$ 217,490</u>	<u>\$ (496,989)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ -	\$ -	\$ -	-
Community development	130,000	817,900	320,363	497,537
Capital projects	-	-	-	-
Total expenditures	<u>\$ 130,000</u>	<u>\$ 817,900</u>	<u>\$ 320,363</u>	<u>\$ 497,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (130,000)</u>	<u>\$ (103,421)</u>	<u>\$ (102,873)</u>	<u>\$ 548</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 130,000	\$ 130,000	\$ 130,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 26,579	\$ 27,127	\$ 548
Fund balances - beginning	-	5,687	29,439	23,752
Fund balances - ending	<u>\$ -</u>	<u>\$ 32,266</u>	<u>\$ 56,566</u>	<u>\$ 24,300</u>

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		
\$ -	\$ 38,223	\$ (13,490)	\$ (51,713)	\$ -	\$ -	\$ -	\$ -
-	109,906	22,244	(87,662)	-	-	-	-
-	527,202	83,417	(443,785)	-	187,777	-	(187,777)
\$ -	\$ 675,331	\$ 92,171	\$ (583,160)	\$ -	\$ 187,777	\$ -	\$ (187,777)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	761,942	144,182	617,760	-	-	-	-
-	-	-	-	-	35,053	-	35,053
\$ -	\$ 761,942	\$ 144,182	\$ 617,760	\$ -	\$ 35,053	\$ -	\$ 35,053
\$ -	\$ (86,611)	\$ (52,011)	\$ 34,600	\$ -	\$ 152,724	\$ -	\$ (152,724)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (86,611)	\$ (52,011)	\$ 34,600	\$ -	\$ 152,724	\$ -	\$ (152,724)
-	66,458	39,957	(26,501)	-	-	(170,856)	(170,856)
\$ -	\$ (20,153)	\$ (12,054)	\$ 8,099	\$ -	\$ 152,724	\$ (170,856)	\$ (323,580)

**COUNTY OF NORTHAMPTON, VIRGINIA**

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2014

	<b>IDA Operating Fund</b>	<b>Virginia Broadband Authority Fund</b>	<b>Special Welfare Fund</b>	<b>NC Tourism Commission Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,628	\$ -	\$ 205,714	\$ 56,341
Accounts receivable	276	53,170	-	-
Total assets	<u>\$ 34,904</u>	<u>\$ 53,170</u>	<u>\$ 205,714</u>	<u>\$ 56,341</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	13,633	\$ -	\$ -
Accrued liabilities	-	9,909	8,020	-
Reconciled overdraft payable	-	29,628	-	-
Amounts held for social services clients	-	-	197,694	-
Amounts held for others	34,904	-	-	56,341
Total liabilities	<u>\$ 34,904</u>	<u>\$ 53,170</u>	<u>\$ 205,714</u>	<u>\$ 56,341</u>

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<b>911 Local Fund</b>	<b>911 Wireline Fund</b>	<b>Local Sales Tax Fund</b>	<b>Building Inspection Fees Fund</b>	<b>Total</b>
\$ 100,820	\$ 68,798	\$ -	\$ 1,750	\$ 468,051
24,948	85,570	-	-	163,964
<u>\$ 125,768</u>	<u>\$ 154,368</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ 632,015</u>
\$ 25,478	\$ 37,578	\$ -	\$ -	\$ 76,689
-	17,618	-	1,660	37,207
-	-	51,999	-	81,627
-	-	-	-	197,694
100,290	99,172	(51,999)	90	238,798
<u>\$ 125,768</u>	<u>\$ 154,368</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ 632,015</u>

Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>IDA Operating Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 27,786	\$ 156,868	\$ 150,026	\$ 34,628
Accounts receivable	-	276	-	276
Total assets	<u>\$ 27,786</u>	<u>\$ 157,144</u>	<u>\$ 150,026</u>	<u>\$ 34,904</u>
Liabilities:				
Amounts held for others	<u>\$ 27,786</u>	<u>\$ 157,144</u>	<u>\$ 150,026</u>	<u>\$ 34,904</u>
<b>Virginia Broadband Authority Fund:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 479,530	\$ 479,530	\$ -
Accounts receivable	64,418	53,170	64,418	53,170
Total assets	<u>\$ 64,418</u>	<u>\$ 532,700</u>	<u>\$ 543,948</u>	<u>\$ 53,170</u>
Liabilities:				
Accounts payable	\$ 4,531	13,633	4,531	\$ 13,633
Accrued liabilities	9,451	9,909	9,451	9,909
Due to external parties	1,000	479,530	480,530	-
Reconciled overdraft payable	49,436	29,628	49,436	29,628
Total liabilities	<u>\$ 64,418</u>	<u>\$ 532,700</u>	<u>\$ 543,948</u>	<u>\$ 53,170</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 120,770	\$ 215,534	\$ 130,590	\$ 205,714
Total assets	<u>\$ 120,770</u>	<u>\$ 215,534</u>	<u>\$ 130,590</u>	<u>\$ 205,714</u>
Liabilities:				
Accrued liabilities	\$ 8,020	-	-	\$ 8,020
Amounts held for social services clients	112,750	215,534	130,590	197,694
Total liabilities	<u>\$ 120,770</u>	<u>\$ 215,534</u>	<u>\$ 130,590</u>	<u>\$ 205,714</u>
<b>NC Tourism Commission Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 56,341	-	-	\$ 56,341
Liabilities:				
Amounts held for others	<u>\$ 56,341</u>	<u>-</u>	<u>-</u>	<u>\$ 56,341</u>
<b>911 Local Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 79,473	\$ 104,578	\$ 83,231	\$ 100,820
Accounts receivable	5,523	24,948	5,523	24,948
Due from other governmental units	1,094	-	1,094	-
Total assets	<u>\$ 86,090</u>	<u>\$ 129,526</u>	<u>\$ 89,848</u>	<u>\$ 125,768</u>
Liabilities:				
Accounts payable	\$ 5,453	\$ 25,478	\$ 5,453	\$ 25,478
Amounts held for others	80,637	104,048	84,395	100,290
Total liabilities	<u>\$ 86,090</u>	<u>\$ 129,526</u>	<u>\$ 89,848</u>	<u>\$ 125,768</u>

Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>911 Wireline Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 105,777	891,108	928,087	\$ 68,798
Due from other governmental units	8,996	-	8,996	-
Accounts receivable	86,136	85,570	86,136	85,570
Total assets	<u>\$ 200,909</u>	<u>\$ 976,678</u>	<u>\$ 1,023,219</u>	<u>\$ 154,368</u>
Liabilities:				
Accounts payable	\$ 23,550	37,578	23,550	\$ 37,578
Accrued liabilities	21,152	17,618	21,152	17,618
Amounts held for others	156,207	921,482	978,517	99,172
Total liabilities	<u>\$ 200,909</u>	<u>\$ 976,678</u>	<u>\$ 1,023,219</u>	<u>\$ 154,368</u>
<b>Local Sales Tax Fund:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 53,089	\$ 53,089	\$ -
Due from other governmental units	21,334	-	21,334	-
Total assets	<u>\$ 21,334</u>	<u>\$ 53,089</u>	<u>\$ 74,423</u>	<u>\$ -</u>
Liabilities:				
Amounts held for others	\$ (30,715)	\$ 1,090	\$ 22,374	\$ (51,999)
Reconciled overdraft payable	52,049	51,999	52,049	51,999
Total liabilities	<u>\$ 21,334</u>	<u>\$ 53,089</u>	<u>\$ 74,423</u>	<u>\$ -</u>
<b>Building Inspection Fees Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 1,508	242	-	\$ 1,750
Liabilities:				
Accrued liabilities	\$ 1,418	242	-	\$ 1,660
Amounts held for others	90	-	-	90
Total liabilities	<u>\$ 1,508</u>	<u>\$ 242</u>	<u>\$ -</u>	<u>\$ 1,750</u>
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 391,655	\$ 1,900,949	\$ 1,824,553	\$ 468,051
Accounts receivable	156,077	163,964	156,077	163,964
Due from other governmental units	31,424	-	31,424	-
Total assets	<u>\$ 579,156</u>	<u>\$ 2,064,913</u>	<u>\$ 2,012,054</u>	<u>\$ 632,015</u>
Liabilities:				
Accounts payable	\$ 33,534	\$ 76,689	\$ 33,534	\$ 76,689
Accrued liabilities	40,041	27,769	30,603	37,207
Reconciled overdraft payable	101,485	81,627	101,485	81,627
Amounts held for others	290,346	1,183,764	1,235,312	238,798
Due to external parties	1,000	479,530	480,530	-
Amounts held for social services clients	112,750	215,534	130,590	197,694
Total liabilities	<u>\$ 579,156</u>	<u>\$ 2,064,913</u>	<u>\$ 2,012,054</u>	<u>\$ 632,015</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, 2014

	<u>School Operating Fund</u>	<u>School Grants Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,570,596	\$ -	\$ 347,492	\$ 1,918,088
Receivables (net of allowance for uncollectibles):				
Accounts receivable	197,324	-	263	197,587
Due from other governmental units	277,802	515,175	45,786	838,763
Prepaid items	19,562	2,000	-	21,562
Total assets	<u>\$ 2,065,284</u>	<u>\$ 517,175</u>	<u>\$ 393,541</u>	<u>\$ 2,976,000</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 193,432	\$ 85,056	\$ 928	\$ 279,416
Accrued liabilities	1,363,496	155,707	57,358	1,576,561
Reconciled overdraft payable	-	151,777	-	151,777
Unearned revenue	-	-	11,000	11,000
Total liabilities	<u>\$ 1,556,928</u>	<u>\$ 392,540</u>	<u>\$ 69,286</u>	<u>\$ 2,018,754</u>
Fund balances:				
Nonspendable	\$ 19,562	\$ 2,000	\$ -	\$ 21,562
Committed	488,794	122,635	324,255	935,684
Total fund balances	<u>\$ 508,356</u>	<u>\$ 124,635</u>	<u>\$ 324,255</u>	<u>\$ 957,246</u>
Total liabilities and fund balances	<u>\$ 2,065,284</u>	<u>\$ 517,175</u>	<u>\$ 393,541</u>	<u>\$ 2,976,000</u>

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

Total fund balances per above	\$ 957,246
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,309,926
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>(1,706,720)</u>
Net position of governmental activities	<u>\$ 2,560,452</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, 2014

	<u>School Operating Fund</u>	<u>School Grants Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 370,234	\$ 370,234
Miscellaneous	441,300	-	-	441,300
Intergovernmental:				
Local government	8,285,765	-	-	8,285,765
Commonwealth	8,494,217	-	13,890	8,508,107
Federal	-	3,358,821	788,887	4,147,708
Total revenues	<u>\$ 17,221,282</u>	<u>\$ 3,358,821</u>	<u>\$ 1,173,011</u>	<u>\$ 21,753,114</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 17,131,722	\$ 3,358,821	\$ 1,094,059	\$ 21,584,602
Debt service:				
Principal retirement	521,017	-	-	521,017
Interest and other fiscal charges	6,891	-	-	6,891
Total expenditures	<u>\$ 17,659,630</u>	<u>\$ 3,358,821</u>	<u>\$ 1,094,059</u>	<u>\$ 22,112,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (438,348)</u>	<u>\$ -</u>	<u>\$ 78,952</u>	<u>\$ (359,396)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ 582,670	\$ -	\$ -	\$ 582,670
Total other financing sources (uses)	<u>\$ 582,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,670</u>
Net change in fund balances	\$ 144,322	\$ -	\$ 78,952	\$ 223,274
Fund balances - beginning	364,034	124,635	245,303	733,972
Fund balances - ending	<u>\$ 508,356</u>	<u>\$ 124,635</u>	<u>\$ 324,255</u>	<u>\$ 957,246</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 \$ 223,274

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. 141,427

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ (14,696)
Issuance of capital lease	(582,670)
Principal payments	521,017
(Increase) decrease in Net OPEB obligation	<u>1,000</u>
	<u>(75,349)</u>

Change in net position of governmental activities \$ 289,352

**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, 2014

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 380,820	\$ 469,301	\$ 441,300	\$ (28,001)
Intergovernmental:				
Local government	8,108,243	8,285,765	8,285,765	-
Commonwealth	8,473,226	8,526,257	8,494,217	(32,040)
Federal	-	-	-	-
Total revenues	<u>\$ 16,962,289</u>	<u>\$ 17,281,323</u>	<u>\$ 17,221,282</u>	<u>\$ (60,041)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 16,434,381	\$ 17,191,763	\$ 17,131,722	\$ 60,041
Debt service:				
Principal retirement	521,017	521,017	521,017	-
Interest and other fiscal charges	6,891	6,891	6,891	-
Total expenditures	<u>\$ 16,962,289</u>	<u>\$ 17,719,671</u>	<u>\$ 17,659,630</u>	<u>\$ 60,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (438,348)</u>	<u>\$ (438,348)</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ -	\$ 582,670	\$ 582,670	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 582,670</u>	<u>\$ 582,670</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 144,322	\$ 144,322	\$ -
Fund balances - beginning		33,200	364,034	330,834
Fund balances - ending	<u>\$ -</u>	<u>\$ 177,522</u>	<u>\$ 508,356</u>	<u>\$ 330,834</u>

<b>School Grants Fund</b>				
<b>Budgeted Amounts</b>			<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>			
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
3,466,422	5,108,158	3,358,821	(1,749,337)	
<u>\$ 3,466,422</u>	<u>\$ 5,108,158</u>	<u>\$ 3,358,821</u>	<u>\$ (1,749,337)</u>	
\$ 3,466,422	\$ 5,108,158	\$ 3,358,821	\$ 1,749,337	
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,466,422</u>	<u>\$ 5,108,158</u>	<u>\$ 3,358,821</u>	<u>\$ 1,749,337</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	124,635	124,635	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,635</u>	<u>\$ 124,635</u>	

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Combining Balance Sheet - Nonmajor Special Revenue Funds  
 Discretely Presented Component Unit - School Board  
 June 30, 2014

	<u>School Cafeteria Fund</u>	<u>School Retiree Health Insurance Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 318,401	\$ 29,091	\$ 347,492
Receivables (net of allowance for uncollectibles):			
Accounts receivable	23	240	263
Due from other governmental units	45,786	-	45,786
Total assets	<u>\$ 364,210</u>	<u>\$ 29,331</u>	<u>\$ 393,541</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 928	\$ -	\$ 928
Accrued liabilities	57,358	-	57,358
Unearned revenue	11,000	-	11,000
Total liabilities	<u>\$ 69,286</u>	<u>\$ -</u>	<u>\$ 69,286</u>
Fund balances:			
Committed	\$ 294,924	\$ 29,331	\$ 324,255
Total fund balances	<u>\$ 294,924</u>	<u>\$ 29,331</u>	<u>\$ 324,255</u>
Total liabilities and fund balances	<u>\$ 364,210</u>	<u>\$ 29,331</u>	<u>\$ 393,541</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, 2014

	<b>School Cafeteria Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 159,200	\$ 159,200	\$ 138,212	\$ (20,988)
Intergovernmental:				
Commonwealth	10,270	12,807	13,890	1,083
Federal	686,690	686,690	788,887	102,197
Total revenues	<u>\$ 856,160</u>	<u>\$ 858,697</u>	<u>\$ 940,989</u>	<u>\$ 82,292</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 856,160	\$ 858,697	\$ 865,402	\$ (6,705)
Total expenditures	<u>\$ 856,160</u>	<u>\$ 858,697</u>	<u>\$ 865,402</u>	<u>\$ (6,705)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,587</u>	<u>\$ 75,587</u>
Net change in fund balances	\$ -	\$ -	\$ 75,587	\$ 75,587
Fund balances - beginning	-	-	219,337	219,337
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 294,924</u></u>	<u><u>\$ 294,924</u></u>

<b>School Retiree Health Insurance Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ 232,022	\$ 232,022
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,022</u>	<u>\$ 232,022</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,657</u>	<u>\$ (228,657)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,657</u>	<u>\$ (228,657)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 3,365</u>
\$ -	\$ -	\$ 3,365	\$ 3,365
-	-	25,966	25,966
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,331</u>	<u>\$ 29,331</u>

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 June 30, 2014

	<b>Private Purpose Trust Funds</b>				
	<b>GW Young Scholarship Fund</b>	<b>D Lewis Scholarship Fund</b>	<b>BF Kellam Scholarship Fund</b>	<b>SD Goldstein Scholarship Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,530	\$ 11	\$ 5,363	\$ 4,663	\$ 26,567
Total assets	<u>\$ 16,530</u>	<u>\$ 11</u>	<u>\$ 5,363</u>	<u>\$ 4,663</u>	<u>\$ 26,567</u>
<b>NET POSITION</b>					
Held in trust for scholarships	\$ 16,530	\$ 11	\$ 5,363	\$ 4,663	\$ 26,567
Total net position	<u>\$ 16,530</u>	<u>\$ 11</u>	<u>\$ 5,363</u>	<u>\$ 4,663</u>	<u>\$ 26,567</u>

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2014

	<b>Private Purpose Trust Funds</b>				
	<b>GW Young Scholarship Fund</b>	<b>D Lewis Scholarship Fund</b>	<b>BF Kellam Scholarship Fund</b>	<b>SD Goldstein Scholarship Fund</b>	<b>Total</b>
<b>ADDITIONS</b>					
Contributions:					
Miscellaneous	\$ 675	\$ -	\$ -	\$ -	\$ 675
Total contributions	<u>\$ 675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675</u>
Investment earnings:					
Interest	\$ 25	\$ 6	\$ 9	\$ 8	\$ 48
Total additions	<u>\$ 700</u>	<u>\$ 6</u>	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 723</u>
<b>DEDUCTIONS</b>					
Scholarships	\$ -	\$ -	\$ 250	\$ 400	\$ 650
Total deductions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 400</u>	<u>\$ 650</u>
Change in net position	\$ 700	\$ 6	\$ (241)	\$ (392)	\$ 73
Net position - beginning	15,830	5	5,604	5,055	26,494
Net position - ending	<u><u>\$ 16,530</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 5,363</u></u>	<u><u>\$ 4,663</u></u>	<u><u>\$ 26,567</u></u>

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*SUPPORTING SCHEDULES*

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,929,686	\$ 13,929,686	\$ 13,937,673	\$ 7,987
Real and personal public service corporation taxes	299,930	299,930	320,514	20,584
Personal property taxes	2,252,222	2,252,222	2,039,362	(212,860)
Mobile home taxes	24,818	24,818	21,105	(3,713)
Penalties	160,027	160,027	204,950	44,923
Interest	200,000	200,000	193,660	(6,340)
Total general property taxes	<u>\$ 16,866,683</u>	<u>\$ 16,866,683</u>	<u>\$ 16,717,264</u>	<u>\$ (149,419)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,434,029	\$ 1,434,029	\$ 1,089,704	\$ (344,325)
Consumers' utility taxes	323,900	323,900	320,126	(3,774)
Business license taxes	40,000	40,000	41,232	1,232
Motor vehicle licenses	340,000	340,000	361,433	21,433
Bank stock taxes	5,300	5,300	11,844	6,544
Taxes on recordation and wills	180,000	180,000	154,399	(25,601)
Hotel and motel room taxes	255,000	255,000	255,470	470
Restaurant food taxes	300,000	300,000	271,623	(28,377)
Total other local taxes	<u>\$ 2,878,229</u>	<u>\$ 2,878,229</u>	<u>\$ 2,505,831</u>	<u>\$ (372,398)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,500	\$ 3,500	\$ 4,191	\$ 691
Permits and other licenses	137,710	137,710	111,683	(26,027)
Total permits, privilege fees, and regulatory licenses	<u>\$ 141,210</u>	<u>\$ 141,210</u>	<u>\$ 115,874</u>	<u>\$ (25,336)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 307,249	\$ 307,249	\$ 537,765	\$ 230,516
Total fines and forfeitures	<u>\$ 307,249</u>	<u>\$ 307,249</u>	<u>\$ 537,765</u>	<u>\$ 230,516</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 25,050	\$ 25,050	\$ 3,354	\$ (21,696)
Revenue from use of property	9,200	9,200	10,000	800
Total revenue from use of money and property	<u>\$ 34,250</u>	<u>\$ 34,250</u>	<u>\$ 13,354</u>	<u>\$ (20,896)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 27,500	\$ 27,500	\$ 34,807	\$ 7,307
Charges for courthouse security	130,000	130,000	173,442	43,442
Charges for Commonwealth's Attorney	1,200	1,200	2,026	826
Charges for ambulance fees	149,638	149,638	173,321	23,683
Charges for sanitation and waste removal	422,952	506,268	506,268	-
Charges for parks and recreation	32,400	32,400	58,479	26,079
Charges for sale of publications and commemorative material	-	-	20	20
Total charges for services	<u>\$ 763,690</u>	<u>\$ 847,006</u>	<u>\$ 948,363</u>	<u>\$ 101,357</u>
Miscellaneous revenue:				
Miscellaneous	\$ 3,000	\$ 95,012	\$ 139,785	\$ 44,773
Total miscellaneous revenue	<u>\$ 3,000</u>	<u>\$ 95,012</u>	<u>\$ 139,785</u>	<u>\$ 44,773</u>
Recovered costs:				
General recovered costs	\$ 66,100	\$ 66,100	\$ 86,666	\$ 20,566
Treasurer recovered costs	40,000	40,000	21,698	(18,302)
Total recovered costs	<u>\$ 106,100</u>	<u>\$ 106,100</u>	<u>\$ 108,364</u>	<u>\$ 2,264</u>
Total revenue from local sources	<u>\$ 21,100,411</u>	<u>\$ 21,275,739</u>	<u>\$ 21,086,600</u>	<u>\$ (189,139)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,900	\$ 1,900	\$ 1,907	\$ 7
Mobile home titling tax	12,000	12,000	4,804	(7,196)
Motor vehicle rental tax	3,000	3,000	5,493	2,493
Communications tax	500,000	500,000	510,906	10,906
State recordation tax	54,563	54,563	47,860	(6,703)
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,993,430</u>	<u>\$ 1,993,430</u>	<u>\$ 1,992,937</u>	<u>\$ (493)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 222,626	\$ 222,626	\$ 226,276	\$ 3,650
Sheriff	961,806	961,806	908,419	(53,387)
Commissioner of revenue	83,155	83,155	84,876	1,721
Treasurer	75,771	75,771	76,418	647
Registrar/electoral board	30,414	30,414	36,554	6,140
Clerk of the Circuit Court	186,172	186,172	188,825	2,653
Total shared expenses	<u>\$ 1,559,944</u>	<u>\$ 1,559,944</u>	<u>\$ 1,521,368</u>	<u>\$ (38,576)</u>
Other categorical aid:				
Health department grant	\$ -	\$ -	\$ 16,039	\$ 16,039
Virginia Tourism grant	-	-	500	500
Four for Life	-	11,492	11,457	(35)
Litter control grant	-	9,547	9,547	-
VA rescue squad assistance grant	-	34,163	34,163	-
Emergency services grant	-	3,500	3,500	-
DMV grant	-	21,100	-	(21,100)
Victim-witness grant	-	20,025	12,126	(7,899)
Other state funds	64,815	222,296	150,000	(72,296)
Fire programs	-	20,760	25,915	5,155
Total other categorical aid	<u>\$ 64,815</u>	<u>\$ 342,883</u>	<u>\$ 263,247</u>	<u>\$ (79,636)</u>
Total categorical aid	<u>\$ 1,624,759</u>	<u>\$ 1,902,827</u>	<u>\$ 1,784,615</u>	<u>\$ (118,212)</u>
Total revenue from the Commonwealth	<u>\$ 3,618,189</u>	<u>\$ 3,896,257</u>	<u>\$ 3,777,552</u>	<u>\$ (118,705)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 29,696</u>	<u>\$ 3,696</u>
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 16,180	\$ 16,180
Byrne Justice assistance grant	-	2,865	2,865	-
ISTEA grant	-	235,371	235,371	-
State homeland security grant	-	-	7,500	7,500
Stormwater program development	-	-	8,083	8,083
Total categorical aid	<u>\$ -</u>	<u>\$ 238,236</u>	<u>\$ 269,999</u>	<u>\$ 31,763</u>
Total revenue from the federal government	<u>\$ 26,000</u>	<u>\$ 264,236</u>	<u>\$ 299,695</u>	<u>\$ 35,459</u>
Total General Fund	<u>\$ 24,744,600</u>	<u>\$ 25,436,232</u>	<u>\$ 25,163,847</u>	<u>\$ (272,385)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Eastern Shore Regional Jail Fund:</b>				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 15,500	\$ 15,500	\$ 12,849	\$ (2,651)
Total charges for services	\$ 15,500	\$ 15,500	\$ 12,849	\$ (2,651)
Recovered costs:				
Extradition costs	\$ 1,000	\$ 1,000	\$ 3,372	\$ 2,372
Total recovered costs	\$ 1,000	\$ 1,000	\$ 3,372	\$ 2,372
Total revenue from local sources	\$ 16,500	\$ 16,500	\$ 16,221	\$ (279)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,847,908	\$ 1,847,908	\$ 1,911,668	\$ 63,760
Other categorical aid:				
Local jails	\$ 220,282	\$ 220,282	\$ 291,811	\$ 71,529
Total categorical aid	\$ 2,068,190	\$ 2,068,190	\$ 2,203,479	\$ 135,289
Total revenue from the Commonwealth	\$ 2,068,190	\$ 2,068,190	\$ 2,203,479	\$ 135,289
Total Eastern Shore Regional Jail Fund	\$ 2,084,690	\$ 2,084,690	\$ 2,219,700	\$ 135,010
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 4,416	\$ 4,416
Total miscellaneous revenue	\$ -	\$ -	\$ 4,416	\$ 4,416
Total revenue from local sources	\$ -	\$ -	\$ 4,416	\$ 4,416
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 898,977	\$ 897,023	\$ 589,057	\$ (307,966)
Total categorical aid	\$ 898,977	\$ 897,023	\$ 589,057	\$ (307,966)
Total revenue from the Commonwealth	\$ 898,977	\$ 897,023	\$ 589,057	\$ (307,966)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,348,465	\$ 1,350,419	\$ 1,311,749	\$ (38,670)
Total categorical aid	\$ 1,348,465	\$ 1,350,419	\$ 1,311,749	\$ (38,670)
Total revenue from the federal government	\$ 1,348,465	\$ 1,350,419	\$ 1,311,749	\$ (38,670)
Total Virginia Public Assistance Fund	\$ 2,247,442	\$ 2,247,442	\$ 1,905,222	\$ (342,220)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Forfeited Asset Sharing Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 14,947	\$ 14,947
Total Forfeited Asset Sharing Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,947</u>	<u>\$ 14,947</u>
<b>Purchase of Development Rights Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of Conservation and Recreation grant	\$ -	\$ -	\$ 1,157	\$ 1,157
Department of Agriculture grant	-	-	25,550	25,550
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,707</u>	<u>\$ 26,707</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,707</u>	<u>\$ 26,707</u>
Total Purchase of Development Rights Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,707</u>	<u>\$ 26,707</u>
<b>CDBG Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 45,700	\$ 9,900	\$ (35,800)
Program income	-	-	(2,453)	(2,453)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 45,700</u>	<u>\$ 7,447</u>	<u>\$ (38,253)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 45,700</u>	<u>\$ 7,447</u>	<u>\$ (38,253)</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 668,779	\$ 210,043	\$ (458,736)
Total categorical aid	<u>\$ -</u>	<u>\$ 668,779</u>	<u>\$ 210,043</u>	<u>\$ (458,736)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 668,779</u>	<u>\$ 210,043</u>	<u>\$ (458,736)</u>
Total CDBG Projects Fund	<u>\$ -</u>	<u>\$ 714,479</u>	<u>\$ 217,490</u>	<u>\$ (496,989)</u>
<b>HMGP Home Elevation Project Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 38,223	\$ (13,490)	\$ (51,713)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 38,223</u>	<u>\$ (13,490)</u>	<u>\$ (51,713)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 38,223</u>	<u>\$ (13,490)</u>	<u>\$ (51,713)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>HMGP Home Elevation Project Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDEM Hazard Mitigation grant	\$ -	\$ 109,906	\$ 22,244	\$ (87,662)
Revenue from the federal government:				
Categorical aid:				
FEMA Hazard Mitigation grant	\$ -	\$ 527,202	\$ 83,417	\$ (443,785)
Total HMGP Home Elevation Project Fund	<u>\$ -</u>	<u>\$ 675,331</u>	<u>\$ 92,171</u>	<u>\$ (583,160)</u>
<b>Parks and Recreation Project Fund:</b>				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
US Dept. of Housing and Urban Development	\$ -	\$ 187,777	\$ -	\$ (187,777)
Total Parks and Recreation Project Fund	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
<b>Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 58,148	\$ 58,148
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,148</u>	<u>\$ 58,148</u>
Recovered costs:				
Other recovered costs	\$ 161,000	\$ 161,000	\$ 161,139	\$ 139
Total recovered costs	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 161,139</u>	<u>\$ 139</u>
Total revenue from local sources	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 219,287</u>	<u>\$ 58,287</u>
Total Debt Service Fund	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 219,287</u>	<u>\$ 58,287</u>
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 719,708	\$ -	\$ (719,708)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 7,942	\$ -	\$ (7,942)
Intergovernmental:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ -	\$ -	\$ 596,848	\$ 596,848
Total revenues from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,848</u>	<u>\$ 596,848</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 727,650</u>	<u>\$ 596,848</u>	<u>\$ (130,802)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Department of Mines, Minerals and Energy	\$ -	\$ 150,000	\$ -	\$ (150,000)
Other grants	-	40,230	40,230	-
Department of Emergency Management	-	99,564	-	(99,564)
Total categorical aid	<u>\$ -</u>	<u>\$ 289,794</u>	<u>\$ 40,230</u>	<u>\$ (249,564)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 289,794</u>	<u>\$ 40,230</u>	<u>\$ (249,564)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>Capital Improvements Fund: (Continued)</b>				
Total County Capital Improvements Fund	\$ -	\$ 1,017,444	\$ 637,078	\$ (380,366)
 Total Primary Government	 \$ 29,237,732	 \$ 32,524,395	 \$ 30,496,449	 \$ (2,027,946)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 380,820	\$ 469,301	\$ 441,300	\$ (28,001)
Total revenue from local sources	\$ 380,820	\$ 469,301	\$ 441,300	\$ (28,001)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 8,108,243	\$ 8,285,765	\$ 8,285,765	\$ -
Total revenues from local governments	\$ 8,108,243	\$ 8,285,765	\$ 8,285,765	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,668,325	\$ 1,618,176	\$ 1,606,462	\$ (11,714)
Basic school aid	3,579,450	3,616,972	3,617,243	271
ISAEF	7,859	7,859	7,859	-
Adult education	2,638	-	-	-
Regular foster care	-	4,745	2,847	(1,898)
Special education foster care	13,413	-	1,898	1,898
Gifted and talented	35,141	35,244	35,244	-
Remedial education	268,904	269,697	269,697	-
Compensation supplement	92,089	92,094	92,094	-
English as a second language	89,347	75,040	75,040	-
Special education	568,365	570,041	570,041	-
Textbook payment	68,548	68,750	68,750	-
Virginia preschool initiative	219,000	219,000	219,000	-
Social security fringe benefits	229,944	230,622	230,622	-
Retirement fringe benefits	384,258	385,391	385,391	-
Group life insurance fringe benefits	14,515	14,558	14,558	-
SOL algebra	26,573	28,174	28,174	-
Early reading intervention	15,289	19,876	19,876	-
GED pass-thru grant	-	24,855	24,855	-
Homebound special education	2,028	7,750	7,750	-
National Board Certification incentive awards	-	7,500	7,500	-
Vocational educational	125,064	125,118	127,389	2,271

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education regional payments	\$ 9,095	\$ 4,209	\$ 8,602	\$ 4,393
At risk payments	344,013	344,988	344,988	-
Special education - Jails	2,180	200	-	(200)
Primary class size	342,523	331,327	331,327	-
Technology	180,000	204,659	178,658	(26,001)
Alternative education	80,854	80,854	80,854	-
Jobs for Virginia graduates	-	21,000	21,000	-
Other state funds	-	10,112	9,052	(1,060)
Additional assistance with retirement, inflation and preschool costs	103,811	103,811	103,811	-
Mentor teacher programs	-	3,635	3,635	-
Total categorical aid	<u>\$ 8,473,226</u>	<u>\$ 8,526,257</u>	<u>\$ 8,494,217</u>	<u>\$ (32,040)</u>
Total revenue from the Commonwealth	<u>\$ 8,473,226</u>	<u>\$ 8,526,257</u>	<u>\$ 8,494,217</u>	<u>\$ (32,040)</u>
Total School Operating Fund	<u>\$ 16,962,289</u>	<u>\$ 17,281,323</u>	<u>\$ 17,221,282</u>	<u>\$ (60,041)</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 159,200	\$ 159,200	\$ 138,212	\$ (20,988)
Total charges for services	<u>\$ 159,200</u>	<u>\$ 159,200</u>	<u>\$ 138,212</u>	<u>\$ (20,988)</u>
Total revenue from local sources	<u>\$ 159,200</u>	<u>\$ 159,200</u>	<u>\$ 138,212</u>	<u>\$ (20,988)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,270	\$ 12,807	\$ 13,890	\$ 1,083
Total categorical aid	<u>\$ 10,270</u>	<u>\$ 12,807</u>	<u>\$ 13,890</u>	<u>\$ 1,083</u>
Total revenue from the Commonwealth	<u>\$ 10,270</u>	<u>\$ 12,807</u>	<u>\$ 13,890</u>	<u>\$ 1,083</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 686,690	\$ 686,690	\$ 703,298	\$ 16,608
Summer food program grant	-	-	14,593	14,593
USDA commodities	-	-	70,996	70,996
Total categorical aid	<u>\$ 686,690</u>	<u>\$ 686,690</u>	<u>\$ 788,887</u>	<u>\$ 102,197</u>
Total revenue from the federal government	<u>\$ 686,690</u>	<u>\$ 686,690</u>	<u>\$ 788,887</u>	<u>\$ 102,197</u>
Total School Cafeteria Fund	<u>\$ 856,160</u>	<u>\$ 858,697</u>	<u>\$ 940,989</u>	<u>\$ 82,292</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Grants Fund:</b>				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 741,712	\$ 1,237,210	\$ 578,385	\$ (658,825)
Title I Part C (Migrant)	151,689	416,071	137,615	(278,456)
Title II Part A	134,630	252,766	176,167	(76,599)
Title II Part D	5,645	-	-	-
Title III Part A	21,044	57,302	19,644	(37,658)
Title VI-B Special education	366,695	495,356	428,025	(67,331)
Title VI-B preschool	15,188	35,570	7,031	(28,539)
Title VI-B rural and low income schools	32,124	54,030	8,411	(45,619)
1003 G school improvement grant	1,954,843	2,501,291	1,962,145	(539,146)
CTE/Perkins grant	42,852	41,398	41,398	-
Consortium incentive grants	-	17,164	-	(17,164)
Total categorical aid	<u>\$ 3,466,422</u>	<u>\$ 5,108,158</u>	<u>\$ 3,358,821</u>	<u>\$ (1,749,337)</u>
Total revenue from the federal government	<u>\$ 3,466,422</u>	<u>\$ 5,108,158</u>	<u>\$ 3,358,821</u>	<u>\$ (1,749,337)</u>
Total School Grants Fund	<u>\$ 3,466,422</u>	<u>\$ 5,108,158</u>	<u>\$ 3,358,821</u>	<u>\$ (1,749,337)</u>
<b>School Retiree Health Insurance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 232,022	\$ 232,022
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,022</u>	<u>\$ 232,022</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,022</u>	<u>\$ 232,022</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,284,871</u>	<u>\$ 23,248,178</u>	<u>\$ 21,753,114</u>	<u>\$ (1,495,064)</u>

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Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 49,319	\$ 43,319	\$ 39,152	\$ 4,167
General and financial administration:				
County administrator	\$ 390,116	\$ 374,871	\$ 362,027	\$ 12,844
County attorney	81,330	81,330	80,757	573
Commissioner of revenue	223,243	211,040	187,030	24,010
General reassessment	119,117	131,320	131,320	-
Treasurer	291,143	291,143	267,635	23,508
Finance	336,548	333,305	332,519	786
Department of information technology	240,710	350,710	300,534	50,176
Contingency	198,839	41,340	34,000	7,340
Other general and financial administration	170,513	170,513	168,918	1,595
Total general and financial administration	<u>\$ 2,051,559</u>	<u>\$ 1,985,572</u>	<u>\$ 1,864,740</u>	<u>\$ 120,832</u>
Board of elections:				
Electoral board and officials	\$ 138,052	\$ 138,052	\$ 134,990	\$ 3,062
Total board of elections	<u>\$ 138,052</u>	<u>\$ 138,052</u>	<u>\$ 134,990</u>	<u>\$ 3,062</u>
Total general government administration	<u>\$ 2,238,930</u>	<u>\$ 2,166,943</u>	<u>\$ 2,038,882</u>	<u>\$ 128,061</u>
Judicial administration:				
Courts:				
Circuit court	\$ 26,617	\$ 28,536	\$ 28,536	\$ -
General district court	5,090	5,187	5,186	1
Magistrate	3,725	3,725	2,041	1,684
Juvenile and domestic relations district court	6,196	6,196	6,175	21
Clerk of the circuit court	286,853	280,037	275,703	4,334
Victim and witness assistance	20,566	20,024	19,865	159
Total courts	<u>\$ 349,047</u>	<u>\$ 343,705</u>	<u>\$ 337,506</u>	<u>\$ 6,199</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 288,907	\$ 290,722	\$ 285,628	\$ 5,094
Total commonwealth's attorney	<u>\$ 288,907</u>	<u>\$ 290,722</u>	<u>\$ 285,628</u>	<u>\$ 5,094</u>
Total judicial administration	<u>\$ 637,954</u>	<u>\$ 634,427</u>	<u>\$ 623,134</u>	<u>\$ 11,293</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,099,119	\$ 2,258,345	\$ 2,254,345	\$ 4,000
Total law enforcement and traffic control	<u>\$ 2,099,119</u>	<u>\$ 2,258,345</u>	<u>\$ 2,254,345</u>	<u>\$ 4,000</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 12,806	\$ 12,936	\$ 12,936	\$ -
Fire prevention	199,985	188,515	183,899	4,616
Emergency medical services	1,165,754	1,304,517	1,303,585	932
Total fire and rescue services	<u>\$ 1,378,545</u>	<u>\$ 1,505,968</u>	<u>\$ 1,500,420</u>	<u>\$ 5,548</u>
Correction and detention:				
Judicial court services	\$ 35,455	\$ 76,628	\$ 76,008	\$ 620
Total correction and detention	<u>\$ 35,455</u>	<u>\$ 76,628</u>	<u>\$ 76,008</u>	<u>\$ 620</u>
Inspections:				
Building	\$ 192,566	\$ 194,322	\$ 188,030	6,292
Total inspections	<u>\$ 192,566</u>	<u>\$ 194,322</u>	<u>\$ 188,030</u>	<u>\$ 6,292</u>
Other protection:				
Animal control	\$ 94,142	\$ 100,347	\$ 99,997	\$ 350
Other emergency services	251,827	367,574	279,224	88,350
Contribution to animal control facility	33,138	33,138	21,894	11,244
Total other protection	<u>\$ 379,107</u>	<u>\$ 501,059</u>	<u>\$ 401,115</u>	<u>\$ 99,944</u>
Total public safety	<u>\$ 4,084,792</u>	<u>\$ 4,536,322</u>	<u>\$ 4,419,918</u>	<u>\$ 116,404</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,350,172	\$ 1,402,991	\$ 1,402,990	\$ 1
Administration	84,105	84,105	83,732	373
Total sanitation and waste removal	<u>\$ 1,434,277</u>	<u>\$ 1,487,096</u>	<u>\$ 1,486,722</u>	<u>\$ 374</u>
Maintenance of general buildings and grounds:				
General properties	\$ 628,468	\$ 663,183	\$ 655,427	\$ 7,756
Total maintenance of general buildings and grounds	<u>\$ 628,468</u>	<u>\$ 663,183</u>	<u>\$ 655,427</u>	<u>\$ 7,756</u>
Total public works	<u>\$ 2,062,745</u>	<u>\$ 2,150,279</u>	<u>\$ 2,142,149</u>	<u>\$ 8,130</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 359,175	\$ 359,175	\$ 359,175	\$ -
Total health	<u>\$ 359,175</u>	<u>\$ 359,175</u>	<u>\$ 359,175</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 61,538	\$ 61,538	\$ 57,855	\$ 3,683
Total mental health and mental retardation	<u>\$ 61,538</u>	<u>\$ 61,538</u>	<u>\$ 57,855</u>	<u>\$ 3,683</u>
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	104,000	137,436	137,436	-
Total welfare	<u>\$ 105,800</u>	<u>\$ 139,236</u>	<u>\$ 139,236</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 526,513</u>	<u>\$ 559,949</u>	<u>\$ 556,266</u>	<u>\$ 3,683</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 20,723	\$ 20,723	\$ 20,723	\$ -
Contribution to County School Board	8,108,243	8,108,243	8,108,243	-
Total education	<u>\$ 8,128,966</u>	<u>\$ 8,128,966</u>	<u>\$ 8,128,966</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 168,950	\$ 168,950	\$ 152,513	\$ 16,437
Harbors and boat ramps	26,815	72,465	63,322	9,143
Total parks and recreation	<u>\$ 195,765</u>	<u>\$ 241,415</u>	<u>\$ 215,835</u>	<u>\$ 25,580</u>
Library:				
Contribution to regional library	\$ 117,567	\$ 117,567	\$ 117,567	\$ -
Contribution to local library	20,000	20,000	20,000	-
Total library	<u>\$ 137,567</u>	<u>\$ 137,567</u>	<u>\$ 137,567</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 333,332</u>	<u>\$ 378,982</u>	<u>\$ 353,402</u>	<u>\$ 25,580</u>
Community development:				
Planning and community development:				
Community development	\$ 53,933	\$ 289,304	\$ 289,304	\$ -
Planning and zoning	379,110	393,575	353,565	40,010
Code compliance	190,614	169,363	153,675	15,688
Economic development	175,335	152,419	147,809	4,610
Wetlands board	3,300	3,300	925	2,375
Planning commission	6,480	6,480	4,491	1,989
Other economic development	241,306	256,306	218,285	38,021
Total planning and community development	<u>\$ 1,050,078</u>	<u>\$ 1,270,747</u>	<u>\$ 1,168,054</u>	<u>\$ 102,693</u>
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 28,783	\$ 28,783	\$ 28,783	\$ -
Total environmental management	<u>\$ 28,783</u>	<u>\$ 28,783</u>	<u>\$ 28,783</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 83,551	\$ 82,244	\$ 72,083	10,161
Total cooperative extension program	<u>\$ 83,551</u>	<u>\$ 82,244</u>	<u>\$ 72,083</u>	<u>\$ 10,161</u>
Total community development	<u>\$ 1,162,412</u>	<u>\$ 1,381,774</u>	<u>\$ 1,268,920</u>	<u>\$ 112,854</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 149,266	\$ 187,264	\$ 187,264	\$ -
Interest and other fiscal charges	-	8,813	8,813	-
Total debt service	<u>\$ 149,266</u>	<u>\$ 196,077</u>	<u>\$ 196,077</u>	<u>\$ -</u>
Total General Fund	<u>\$ 19,324,910</u>	<u>\$ 20,133,719</u>	<u>\$ 19,727,714</u>	<u>\$ 406,005</u>
<b>Special Revenue Funds:</b>				
<b>Eastern Shore Regional Jail Fund:</b>				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 3,534,254	\$ 3,581,539	\$ 3,599,114	\$ (17,575)
Total correction and detention	<u>\$ 3,534,254</u>	<u>\$ 3,581,539</u>	<u>\$ 3,599,114</u>	<u>\$ (17,575)</u>
Total Eastern Shore Regional Jail Fund	<u>\$ 3,534,254</u>	<u>\$ 3,581,539</u>	<u>\$ 3,599,114</u>	<u>\$ (17,575)</u>
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,116,746	\$ 2,116,746	\$ 2,022,817	\$ 93,929
Public assistance	434,500	434,500	175,103	259,397
Other welfare services	103,917	103,917	80,945	22,972
Total welfare and social services	<u>\$ 2,655,163</u>	<u>\$ 2,655,163</u>	<u>\$ 2,278,865</u>	<u>\$ 376,298</u>
Total health and welfare	<u>\$ 2,655,163</u>	<u>\$ 2,655,163</u>	<u>\$ 2,278,865</u>	<u>\$ 376,298</u>
Total Virginia Public Assistance Fund	<u>\$ 2,655,163</u>	<u>\$ 2,655,163</u>	<u>\$ 2,278,865</u>	<u>\$ 376,298</u>
<b>Forfeited Asset Sharing Fund:</b>				
Public safety:				
Law enforcement and traffic control:				
Sheriff - Eastern Shore task force	\$ -	\$ -	\$ 750	\$ (750)
Total Forfeited Asset Sharing Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ (750)</u>
<b>Purchase of Development Rights Fund:</b>				
Community development:				
Planning and community development:				
Purchase of development rights	\$ -	\$ -	\$ 37,100	\$ (37,100)
Total Purchase of Development Rights Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,100</u>	<u>\$ (37,100)</u>
<b>CDBG Projects Fund:</b>				
Community development:				
Planning and community development:				
East Fairview CDBG project	\$ -	\$ 7,197	\$ -	\$ 7,197
West Fairview CDBG project	-	243,481	-	243,481
CDBG Regional broadband project	-	415	-	415
Wastewater project	130,000	130,000	58,199	71,801
Culls Community CDBG project	<u>-</u>	<u>436,807</u>	<u>262,164</u>	<u>174,643</u>
Total community development	<u>\$ 130,000</u>	<u>\$ 817,900</u>	<u>\$ 320,363</u>	<u>\$ 497,537</u>
Total CDBG Projects Fund	<u>\$ 130,000</u>	<u>\$ 817,900</u>	<u>\$ 320,363</u>	<u>\$ 497,537</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>HMGP Home Elevation Project Fund:</b>				
Community development:				
Planning and community development:				
Home elevation improvements	\$ -	\$ 434,192	\$ -	\$ 434,192
1905 Elevation project	-	327,750	144,182	183,568
Total community development	<u>\$ -</u>	<u>\$ 761,942</u>	<u>\$ 144,182</u>	<u>\$ 617,760</u>
Total HMGP Home Elevation Project Fund	<u>\$ -</u>	<u>\$ 761,942</u>	<u>\$ 144,182</u>	<u>\$ 617,760</u>
<b>Parks and Recreation Project Fund:</b>				
Capital projects:				
Parks and recreation improvements	\$ -	\$ 35,053	\$ -	\$ 35,053
Total capital projects	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ -</u>	<u>\$ 35,053</u>
Total Parks and Recreation Project Fund	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ -</u>	<u>\$ 35,053</u>
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 1,916,047	\$ 1,916,047	\$ 1,669,510	\$ 246,537
Interest and other fiscal charges	1,250,623	1,250,623	1,247,955	2,668
Total Debt Service Fund	<u>\$ 3,166,670</u>	<u>\$ 3,166,670</u>	<u>\$ 2,917,465</u>	<u>\$ 249,205</u>
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ 177,522	\$ 177,522	\$ -
Total education	<u>\$ -</u>	<u>\$ 177,522</u>	<u>\$ 177,522</u>	<u>\$ -</u>
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 1,219,601	\$ -	\$ 1,219,601
County administrator	-	139,946	15,618	124,328
Emergency services equipment	-	86,071	-	86,071
School capital assets	-	548,116	227,779	320,337
Judicial court services	-	4	-	4
Contingencies	777,640	880,642	-	880,642
Facilities management	-	329	-	329
Solid waste transfer station and other construction	-	519,927	511,940	7,987
Other construction and improvements	-	28,541	-	28,541
Total capital projects	<u>\$ 777,640</u>	<u>\$ 3,423,177</u>	<u>\$ 755,337</u>	<u>\$ 2,667,840</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ 2	\$ -	\$ 2
Total debt service	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>
Total Capital Improvements Fund	<u>\$ 777,640</u>	<u>\$ 3,600,701</u>	<u>\$ 932,859</u>	<u>\$ 2,667,842</u>
Total Primary Government	<u>\$ 29,588,637</u>	<u>\$ 34,752,687</u>	<u>\$ 29,958,412</u>	<u>\$ 4,794,275</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 1,964,185	\$ 2,011,915	\$ 1,935,377	\$ 76,538
Total administration of schools	<u>\$ 1,964,185</u>	<u>\$ 2,011,915</u>	<u>\$ 1,935,377</u>	<u>\$ 76,538</u>
Instruction costs:				
Elementary and secondary schools	\$ 11,091,836	\$ 11,205,288	\$ 10,969,431	\$ 235,857
Total instruction costs	<u>\$ 11,091,836</u>	<u>\$ 11,205,288</u>	<u>\$ 10,969,431</u>	<u>\$ 235,857</u>
Operating costs:				
Pupil transportation	\$ 1,288,104	\$ 1,884,304	\$ 1,704,257	\$ 180,047
Operation and maintenance of school plant	2,090,256	2,090,256	1,925,809	164,447
Total operating costs	<u>\$ 3,378,360</u>	<u>\$ 3,974,560</u>	<u>\$ 3,630,066</u>	<u>\$ 344,494</u>
Contribution to County Capital Projects Fund	\$ -	\$ -	\$ 596,848	\$ (596,848)
Total education	<u>\$ 16,434,381</u>	<u>\$ 17,191,763</u>	<u>\$ 17,131,722</u>	<u>\$ 60,041</u>
Debt service:				
Principal retirement	\$ 521,017	\$ 521,017	\$ 521,017	\$ -
Interest and other fiscal charges	6,891	6,891	6,891	-
Total debt service	<u>\$ 527,908</u>	<u>\$ 527,908</u>	<u>\$ 527,908</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 16,962,289</u>	<u>\$ 17,719,671</u>	<u>\$ 17,659,630</u>	<u>\$ 60,041</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 856,160	\$ 858,697	\$ 794,406	\$ 64,291
USDA commodities	-	-	70,996	(70,996)
Total school food services	<u>\$ 856,160</u>	<u>\$ 858,697</u>	<u>\$ 865,402</u>	<u>\$ (6,705)</u>
Total education	<u>\$ 856,160</u>	<u>\$ 858,697</u>	<u>\$ 865,402</u>	<u>\$ (6,705)</u>
Total School Cafeteria Fund	<u>\$ 856,160</u>	<u>\$ 858,697</u>	<u>\$ 865,402</u>	<u>\$ (6,705)</u>
<b>School Grants Fund:</b>				
Education:				
Instruction	\$ 3,466,422	\$ 5,108,158	\$ 3,358,821	\$ 1,749,337
Total School Grants Fund	<u>\$ 3,466,422</u>	<u>\$ 5,108,158</u>	<u>\$ 3,358,821</u>	<u>\$ 1,749,337</u>
<b>School Retiree Health Insurance Fund:</b>				
Education:				
Instruction	\$ -	\$ -	\$ 228,657	\$ (228,657)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,657</u>	<u>\$ (228,657)</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,657</u>	<u>\$ (228,657)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,284,871</u>	<u>\$ 23,686,526</u>	<u>\$ 22,112,510</u>	<u>\$ 1,574,016</u>

*STATISTICAL SECTION*

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## 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.

11-12

#### 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.

13-15

*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

**COUNTY OF NORTHAMPTON, VIRGINIA**

Net Position by Component  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629	\$ 11,716,567
Restricted	2,593,299	2,299,456	2,690,446	2,279,410
Unrestricted	9,587,750	9,115,224	8,399,606	6,930,654
Total governmental activities net position	<u>\$ 25,492,841</u>	<u>\$ 24,613,443</u>	<u>\$ 24,903,681</u>	<u>\$ 20,926,631</u>
Business-type activities				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 7,136
Unrestricted	2,702	2,702	(27,136)	(131,380)
Total business-type activities net position	<u>\$ 2,702</u>	<u>\$ 2,702</u>	<u>\$ (27,136)</u>	<u>\$ (124,244)</u>
Primary government				
Net investment in capital assets	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629	\$ 11,723,703
Restricted	2,593,299	2,299,456	2,690,446	2,279,410
Unrestricted	9,590,452	9,117,926	8,372,470	6,799,274
Total primary government net position	<u>\$ 25,495,543</u>	<u>\$ 24,616,145</u>	<u>\$ 24,876,545</u>	<u>\$ 20,802,387</u>

Table 1

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 8,893,564	\$ 12,200,548	\$ 3,337,644	\$ 5,878,385	\$ 4,007,409	\$ 2,891,713
2,016,857	1,027,524	753,414	474,573	349,601	184,152
10,914,539	734,791	2,784,343	3,102,846	1,396,523	1,060,779
<u>\$ 21,824,960</u>	<u>\$ 13,962,863</u>	<u>\$ 6,875,401</u>	<u>\$ 9,455,804</u>	<u>\$ 5,753,533</u>	<u>\$ 4,136,644</u>
\$ 8,849	\$ 10,562	\$ 12,275	\$ -	\$ -	\$ -
(16,115)	(17,828)	(19,541)	-	-	-
<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,902,413	\$ 12,211,110	\$ 3,349,919	\$ 5,878,385	\$ 4,007,409	\$ 2,891,713
2,016,857	1,027,524	753,414	474,573	349,601	184,152
10,898,424	716,963	2,764,802	3,102,846	1,396,523	1,060,779
<u>\$ 21,817,694</u>	<u>\$ 13,955,597</u>	<u>\$ 6,868,135</u>	<u>\$ 9,455,804</u>	<u>\$ 5,753,533</u>	<u>\$ 4,136,644</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government administration	\$ 2,573,634	\$ 2,580,737	\$ 2,421,964	\$ 1,880,236
Judicial administration	810,083	776,261	791,212	755,107
Public safety	8,767,356	9,453,598	3,875,834	7,220,089
Public works	2,061,988	2,173,368	2,171,427	3,046,144
Health and welfare	2,879,167	2,878,538	3,182,812	3,352,694
Education	9,069,634	8,731,218	8,009,717	8,807,476
Parks, recreation, cultural	376,031	320,558	343,025	352,034
Community development	1,932,522	1,299,259	1,414,090	1,849,353
Interest on long-term debt	817,257	2,480,390	1,598,507	1,630,403
<b>Total governmental activities expenses</b>	<b>\$ 29,287,672</b>	<b>\$ 30,693,927</b>	<b>\$ 23,808,588</b>	<b>\$ 28,893,536</b>
<b>Business-type activities:</b>				
Public utilities	\$ 172,225	\$ 163,782	\$ 95,162	\$ 171,219
<b>Total business-type activities expenses</b>	<b>\$ 172,225</b>	<b>\$ 163,782</b>	<b>\$ 95,162</b>	<b>\$ 171,219</b>
<b>Total Primary government expenses</b>	<b>\$ 29,459,897</b>	<b>\$ 30,857,709</b>	<b>\$ 23,903,750</b>	<b>\$ 29,064,755</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	748,040	562,536	309,943	246,548
Public safety	302,044	348,892	182,244	180,166
Public works	506,268	451,294	448,334	397,766
Parks, recreation, culture	58,479	46,528	71,060	43,447
Community development	20	188	108	372
Operating grants and contributions	5,815,182	5,604,379	6,586,173	7,542,861
Capital grants and contributions	741,305	1,482,705	139,418	150,000
<b>Total governmental activities program revenues</b>	<b>\$ 8,171,338</b>	<b>\$ 8,496,522</b>	<b>\$ 7,737,280</b>	<b>\$ 8,561,160</b>
<b>Business-type activities:</b>				
Charges for services	\$ 160,946	\$ 174,910	\$ -	\$ 54,241
<b>Total business-type activities program revenues</b>	<b>\$ 160,946</b>	<b>\$ 174,910</b>	<b>\$ -</b>	<b>\$ 54,241</b>
<b>Total primary government program revenue</b>	<b>\$ 8,332,284</b>	<b>\$ 8,671,432</b>	<b>\$ 7,737,280</b>	<b>\$ 8,615,401</b>
<b>Net(Expense)/Revenue</b>				
Governmental activities	\$ (21,116,334)	\$ (22,197,405)	\$ (16,071,308)	\$ (20,332,376)
Business-type activities	(11,279)	11,128	(95,162)	(116,978)
<b>Total primary government net expense</b>	<b>\$ (21,127,613)</b>	<b>\$ (22,186,277)</b>	<b>\$ (16,166,470)</b>	<b>\$ (20,449,354)</b>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	1,609,696	\$ 2,062,347	\$ 2,750,816	\$ 1,836,811	\$ 1,625,617	\$ 1,538,130
	700,167	1,118,587	1,223,208	1,081,364	966,440	870,211
	7,006,458	7,067,742	6,753,142	4,571,938	3,489,595	3,391,928
	1,345,320	2,771,451	1,461,183	1,575,481	1,653,659	939,072
	4,192,321	3,855,439	3,934,795	3,733,684	3,391,314	3,517,236
	8,307,555	9,710,756	8,410,381	7,707,296	7,578,332	6,037,215
	300,973	293,853	370,596	325,906	350,309	355,501
	900,746	1,368,325	1,732,461	1,604,728	1,626,484	1,467,840
	1,657,839	2,176,369	2,326,326	2,054,896	1,696,123	1,100,212
\$	<u>26,021,075</u>	<u>\$ 30,424,869</u>	<u>\$ 28,962,908</u>	<u>\$ 24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>
\$	<u>83,596</u>	<u>\$ 86,402</u>	<u>\$ 25,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>83,596</u>	<u>\$ 86,402</u>	<u>\$ 25,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>26,104,671</u>	<u>\$ 30,511,271</u>	<u>\$ 28,988,474</u>	<u>\$ 24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>
\$	-	\$ 117,117	\$ 139,233	\$ 108,788	\$ 62,593	\$ 58,566
	236,585	1,532	4,573	67,234	2,379	932
	294,899	369,089	373,412	296,998	284,759	222,903
	330,862	303,654	58,655	78,759	63,672	177,928
	49,180	18,662	15,440	14,820	14,156	13,798
	-	283,323	348,133	364,856	374,874	614,077
	6,591,543	6,792,581	7,169,684	5,567,059	4,927,797	5,124,701
	6,269,953	9,518,123	151,205	4,060,879	469,055	250,729
\$	<u>13,773,022</u>	<u>\$ 17,404,081</u>	<u>\$ 8,260,335</u>	<u>\$ 10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>
\$	<u>57,489</u>	<u>\$ 26,663</u>	<u>\$ 18,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>57,489</u>	<u>\$ 26,663</u>	<u>\$ 18,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>13,830,511</u>	<u>\$ 17,430,744</u>	<u>\$ 8,278,635</u>	<u>\$ 10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>
\$	(12,248,053)	(13,020,788)	(20,702,573)	(13,932,711)	(16,178,588)	(12,753,711)
	(26,107)	(59,739)	(7,266)	-	-	-
\$	<u>(12,274,160)</u>	<u>(13,080,527)</u>	<u>(20,709,839)</u>	<u>(13,932,711)</u>	<u>(16,178,588)</u>	<u>(12,753,711)</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 16,646,517	\$ 16,777,134	\$ 15,640,011	\$ 15,457,110
Local sales and use tax	1,089,704	1,080,525	1,177,340	1,064,382
Communication sales tax	-	-	-	-
Consumer utility tax	320,126	316,666	313,641	316,147
Business license taxes	41,232	39,679	40,968	44,943
Franchise taxes	-	-	-	-
Hotel and meals taxes	527,093	520,300	265,688	258,405
E-911 taxes	-	-	-	-
Other local taxes	527,676	586,363	695,252	682,452
Unrestricted revenues from use of money and property	71,502	62,378	128,069	79,445
Miscellaneous	170,401	246,097	190,464	76,049
Grants and contributions not restricted to specific programs	2,022,633	1,844,798	1,796,331	1,794,768
Gain(loss) on disposal of capital assets	-	-	-	-
Transfers	<u>578,848</u>	<u>747,803</u>	<u>(199,406)</u>	<u>436,301</u>
Total governmental activities	<u>\$ 21,995,732</u>	<u>\$ 22,221,743</u>	<u>\$ 20,048,358</u>	<u>\$ 20,210,002</u>
Business-type activities:				
Miscellaneous	\$ -	\$ -	\$ (7,136)	\$ -
Transfers	<u>18,000</u>	<u>18,710</u>	<u>199,406</u>	<u>-</u>
Total business-type activities	<u>\$ 18,000</u>	<u>\$ 18,710</u>	<u>\$ 192,270</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 22,013,732</u></u>	<u><u>\$ 22,240,453</u></u>	<u><u>\$ 20,240,628</u></u>	<u><u>\$ 20,210,002</u></u>
Change in Net Position				
Governmental activities	\$ 879,398	\$ 24,338	\$ 3,977,050	\$ (122,374)
Business-type activities	<u>6,721</u>	<u>29,838</u>	<u>97,108</u>	<u>(116,978)</u>
Total primary government	<u><u>\$ 886,119</u></u>	<u><u>\$ 54,176</u></u>	<u><u>\$ 4,074,158</u></u>	<u><u>\$ (239,352)</u></u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	15,591,694	\$ 15,323,293	\$ 12,226,724	\$ 12,122,410	\$ 11,229,030	\$ 10,132,568
	1,041,256	1,086,465	1,279,051	1,346,943	1,311,705	1,132,340
	-	507,013	558,021	239,287	-	-
	512,946	320,085	305,629	405,185	639,003	685,523
	42,978	16,355	20,424	13,725	15,174	16,637
	-	-	-	12,037	5,879	14,002
	483,995	530,968	552,122	358,832	438,483	417,525
	-	-	-	-	156,632	121,222
	494,685	445,393	483,882	558,807	588,299	764,278
	86,717	208,654	767,134	796,109	795,440	354,403
	87,554	303,303	390,500	210,872	242,363	221,952
	1,666,792	1,307,051	1,526,036	1,565,029	1,724,185	1,471,448
	-	119,409	12,647	-	-	-
	<u>(26,107)</u>	<u>(59,739)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>19,982,510</u>	<u>\$ 20,108,250</u>	<u>\$ 18,122,170</u>	<u>\$ 17,629,236</u>	<u>\$ 17,146,193</u>	<u>\$ 15,331,898</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>26,107</u>	<u>59,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>26,107</u>	<u>\$ 59,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u><u>20,008,617</u></u>	<u><u>20,167,989</u></u>	<u><u>18,122,170</u></u>	<u><u>17,629,236</u></u>	<u><u>17,146,193</u></u>	<u><u>15,331,898</u></u>
\$	7,734,457	\$ 7,087,462	\$ (2,580,403)	\$ 3,696,525	\$ 967,605	\$ 2,578,187
	-	-	(7,266)	-	-	-
\$	<u>7,734,457</u>	<u>\$ 7,087,462</u>	<u>\$ (2,587,669)</u>	<u>\$ 3,696,525</u>	<u>\$ 967,605</u>	<u>\$ 2,578,187</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	874	674	-	-
Restricted	-	-	-	1,334,815
Assigned	139,168	-	-	-
Unassigned	<u>7,898,674</u>	<u>8,058,543</u>	<u>6,598,399</u>	<u>4,191,411</u>
Total General Fund	<u>\$ 8,038,716</u>	<u>\$ 8,059,217</u>	<u>\$ 6,598,399</u>	<u>\$ 5,526,226</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	624,228
Restricted	2,593,299	2,299,456	2,690,446	1,123,573
Committed	4,854,183	4,600,157	4,378,522	4,410,088
Unassigned	<u>(182,910)</u>	<u>(170,856)</u>	<u>(168,211)</u>	<u>(176,288)</u>
Total all other governmental funds	<u>\$ 7,264,572</u>	<u>\$ 6,728,757</u>	<u>\$ 6,900,757</u>	<u>\$ 5,981,601</u>

Note: The County implemented GASB Statement number 54, the new standard for fund balance reporting in FY11. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB number 54 is not available, but will be accumulated over time.

**Table 3**

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 246,159	\$ 87,818	\$ 75,584	\$ 175,776	\$ 42,385	\$ 23,144
4,336,539	3,783,923	4,399,830	5,370,220	5,863,933	5,266,780
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,582,698</u>	<u>\$ 3,871,741</u>	<u>\$ 4,475,414</u>	<u>\$ 5,545,996</u>	<u>\$ 5,906,318</u>	<u>\$ 5,289,924</u>
\$ 2,016,857	\$ 1,722,914	\$ 1,581,003	\$ 1,319,773	\$ 1,194,801	\$ 1,029,352
55,070	65,165	43,601	53,883	73,584	93,785
-	440,816	1,161,023	415,849	456,825	428,397
7,518,666	10,300,626	12,573,719	15,749,848	11,114,139	11,811,825
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 9,590,593</u>	<u>\$ 12,529,521</u>	<u>\$ 15,359,346</u>	<u>\$ 17,539,353</u>	<u>\$ 12,839,349</u>	<u>\$ 13,363,359</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>				
General property taxes	\$ 16,717,264	\$ 17,199,372	\$ 15,691,764	\$ 15,420,768
Other local taxes	2,505,831	2,543,533	2,492,889	2,366,329
Permits, privilege fees, and regulatory licenses	115,874	128,550	134,793	125,374
Fines and forfeitures	537,765	378,652	162,917	117,466
Revenue from the use of money and property	71,502	62,378	128,069	111,289
Charges for services	961,212	902,236	713,979	625,459
Miscellaneous	138,158	264,511	109,602	76,049
Recovered costs	272,875	255,303	3,719,863	346,093
Intergovernmental revenues	9,175,968	9,698,395	8,994,551	9,923,930
Total revenues	<u>\$ 30,496,449</u>	<u>\$ 31,432,930</u>	<u>\$ 32,148,427</u>	<u>\$ 29,112,757</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,038,882	\$ 1,968,506	\$ 1,934,342	\$ 1,714,692
Judicial administration	623,134	607,948	584,726	592,779
Public safety	8,019,032	7,214,604	6,546,031	6,594,780
Public works	2,142,149	2,001,046	1,847,921	1,777,069
Health and welfare	2,835,881	2,800,420	3,124,653	3,312,480
Education	8,306,488	7,984,224	7,675,452	7,625,997
Parks, recreation, and cultural	353,402	298,448	281,966	258,761
Community development	1,770,565	1,297,764	1,370,772	1,849,972
Capital projects	755,337	1,647,734	2,654,844	3,849,415
Debt service:				
Principal retirement	1,856,774	36,705,041	2,530,680	2,523,955
Interest and other fiscal charges	1,256,768	2,461,003	1,589,911	1,784,540
Total expenditures	<u>\$ 29,958,412</u>	<u>\$ 64,986,738</u>	<u>\$ 30,141,298</u>	<u>\$ 31,884,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 538,037</u>	<u>\$ (33,553,808)</u>	<u>\$ 2,007,129</u>	<u>\$ (2,771,683)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,947,535	\$ 6,159,676	\$ 5,659,288	\$ 6,089,652
Transfers out	(6,115,535)	(6,178,386)	(5,858,694)	(6,089,652)
Sale of capital assets	-	-	-	-
Bonds issued	-	-	-	-
Refunding bonds issued	-	29,720,000	-	-
Premium on refunding bonds issued	-	4,986,840	-	-
Issuance of capital leases	145,277	154,466	183,606	106,219
Sale of industrial park property	-	-	-	-
Total other financing sources (uses)	<u>\$ (22,723)</u>	<u>\$ 34,842,596</u>	<u>\$ (15,800)</u>	<u>\$ 106,219</u>
Net change in fund balances	\$ 515,314	\$ 1,288,788	\$ 1,991,329	\$ (2,665,464)
Fund balances - beginning	14,787,974	13,499,156	11,507,827	14,173,291
Fund balances - ending	<u>\$ 15,303,288</u>	<u>\$ 14,787,944</u>	<u>\$ 13,499,156</u>	<u>\$ 11,507,827</u>
Debt Service as a percentage of noncapital expenditures	<u>10.70%</u>	<u>(1) 60.59%</u>	<u>15.07%</u>	<u>15.28%</u>

N/A - This information was unavailable.

Notes:

(1) Current refunding of debt in FY13 totaling \$35,466,616.

Table 4

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$	15,077,656	\$ 14,963,530	\$ 12,170,249	\$ 11,798,754	\$ 11,031,798	\$ 10,074,541
	2,892,710	2,906,279	3,199,129	2,934,816	3,155,175	3,151,527
	192,564	238,126	293,445	322,274	336,333	505,390
	114,132	114,630	136,138	107,828	61,393	55,166
	78,806	213,130	786,364	832,703	804,699	372,303
	604,829	560,304	273,121	239,436	146,333	308,234
	87,554	17,302	122,907	132,274	187,918	135,433
	428,125	180,390	176,043	61,292	94,276	105,276
	8,258,638	17,892,885	9,150,652	7,665,511	7,322,733	7,032,403
\$	<u>27,735,014</u>	<u>\$ 37,086,576</u>	<u>\$ 26,308,048</u>	<u>\$ 24,094,888</u>	<u>\$ 23,140,658</u>	<u>\$ 21,740,273</u>
\$	1,770,821	\$ 1,961,150	\$ 2,665,789	\$ 1,908,408	\$ 1,759,304	\$ 1,604,512
	584,458	940,492	1,054,686	913,982	964,096	849,032
	6,119,994	6,135,182	6,007,989	4,547,495	3,587,210	3,374,709
	1,725,082	1,983,356	1,368,205	1,884,483	1,128,292	976,451
	4,104,825	3,776,353	3,891,270	3,695,260	3,353,479	3,500,850
	7,656,078	9,903,796	8,361,729	7,363,024	7,218,237	5,724,062
	313,905	273,887	396,876	308,779	336,579	535,900
	1,003,195	1,347,828	1,670,771	1,620,683	1,604,750	1,440,409
	2,492,436	2,339,000	2,277,295	5,730,156	20,383,413	5,981,567
	3,825,226	12,188,497	1,639,477	1,519,387	1,370,202	1,280,712
	1,810,090	2,072,831	4,071,173	2,003,577	1,649,882	1,110,625
\$	<u>31,406,110</u>	<u>\$ 42,922,372</u>	<u>\$ 33,405,260</u>	<u>\$ 31,495,234</u>	<u>\$ 43,355,444</u>	<u>\$ 26,378,829</u>
\$	<u>(3,671,096)</u>	<u>\$ (5,835,796)</u>	<u>\$ (7,097,212)</u>	<u>\$ (7,400,346)</u>	<u>\$ (20,214,786)</u>	<u>\$ (4,638,556)</u>
\$	6,449,976	\$ 5,054,754	\$ 6,954,429	\$ 3,239,820	\$ 3,460,757	\$ 2,989,731
	(6,476,083)	(5,114,493)	(6,954,429)	(3,239,820)	(3,460,757)	(2,989,731)
	-	263,687	12,647	-	-	-
	1,390,000	1,378,350	-	11,345,428	20,000,000	9,822,050
	-	-	-	-	-	-
	-	-	-	-	-	-
	79,232	820,000	502,116	394,600	307,170	177,950
	-	-	3,331,860	-	-	-
\$	<u>1,443,125</u>	<u>\$ 2,402,298</u>	<u>\$ 3,846,623</u>	<u>\$ 11,740,028</u>	<u>\$ 20,307,170</u>	<u>\$ 10,000,000</u>
\$	(2,227,971)	(3,433,498)	(3,250,589)	4,339,682	92,384	5,361,444
	16,401,262	19,834,760	23,085,349	18,745,667	18,653,283	13,291,839
\$	<u>14,173,291</u>	<u>\$ 16,401,262</u>	<u>\$ 19,834,760</u>	<u>\$ 23,085,349</u>	<u>\$ 18,745,667</u>	<u>\$ 18,653,283</u>
	<u>23.62%</u>	<u>36.04%</u>	<u>18.80%</u>	<u>14.30%</u>	<u>13.40%</u>	<u>12.10%</u>

Principal Property Tax Payers  
Current Year and Ten Years Ago

Taxpayer	December 31, 2013			December 31, 2003		
	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	\$ 34,703,000	1	1.24 %			
Daniel A. Hoffer	14,288,300	2	0.51	\$ 3,231,100	4	0.33 %
Bayshore Concrete Products Corporation	11,652,800	3	0.42			
Ballard Brothers Fish Company	10,209,500	4	0.37			
Peacock Holdings Va LLC	10,090,100	5	0.36			
The Nature Conservancy	9,255,500	6	0.33			
Baycreek LLC	8,096,900	7	0.29			
Cherrydale Holdings Va LLC	6,337,000	8	0.23			
THS Family Limited Partnership	5,745,300	9	0.21			
Baymark Construction Corporation	5,726,000	10	0.20	3,017,100	5	0.31
HCMF Partnership				3,628,900	1	0.37
K Mart				3,588,500	2	0.37
Virginia Realty				3,384,400	3	0.35
Perdue Farms, Inc				2,430,600	6	0.25
Woodless Terrace Development Co.				2,352,200	7	0.24
Hertage Acres, Ltd				2,176,600	8	0.22
Shore Landverst, Inc.				2,095,000	9	0.21
Riverside Memorial Hospital				2,066,100	10	0.21
	<u>\$ 116,104,400</u>		<u>4.15 %</u>	<u>\$ 27,970,500</u>		<u>2.86 %</u>

Source: Northampton County Commissioner of Revenue Department

Property Tax Levies and Collections  
Last Ten 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
2005	11,376,690	(46,209)	11,330,481	10,610,313	93.26%	698,251	11,308,564	99.81%
2006	12,442,870	(70,530)	12,372,340	11,479,322	92.26%	889,579	12,368,901	99.97%
2007	12,910,798	(38,931)	12,871,867	12,200,316	94.50%	663,903	12,864,219	99.94%
2008	13,853,742	(86,242)	13,767,500	12,998,714	93.83%	735,097	13,733,811	99.76%
2009	16,846,757	(168,103)	16,678,654	15,371,677	91.24%	1,183,214	16,554,891	99.26%
2010	16,515,472	(136,186)	16,379,286	15,217,406	92.14%	1,083,419	16,300,825	99.52%
2011	15,149,699	(127,344)	15,022,355	14,145,065	93.37%	740,545	14,885,610	99.09%
2012	15,401,065	(141,860)	15,259,205	14,384,322	93.40%	562,446	14,946,768	97.95%
2013	16,645,168	(307,502)	16,337,666	15,454,436	92.85%	302,410	15,756,846	96.44%
2014	16,664,166	(162,988)	16,501,178	15,446,159	92.69%	-	15,446,159	93.61%

Source: Northampton County Treasurer's Department

**COUNTY OF NORTHAMPTON, VIRGINIA**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended	Real Property (1)				Public Service Property	Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100
	Residential Property	Commercial Property	Raw Land					
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
2011	2,122,658,500	179,480,200	581,313,900		24,505,800	0.49	66,661,000	4.10
2012	2,123,731,600	179,476,700	580,084,700		49,322,500	0.49	67,553,600	4.10
2013	1,644,540,300	172,302,700	484,359,100		47,337,675	0.54	68,377,100	3.85
2014	1,645,307,200	161,885,000	479,901,300		48,854,329	0.6728	68,775,700	3.85

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	Direct
Public	Tax	Machinery	Tax	Merchant's	Tax	Taxable	Tax
Service	Rate	and	Rate	Capital	Rate	Assessed	Rate
Property	per \$100	Tools	per \$100		per \$100	Value	per \$100
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	0.996
380,200	4.10	3,375,700	2.25	1,418,500	6.25	1,521,519,110	0.981
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
1,148,100	4.10	4,417,400	2.25	-	0.00	2,980,184,900	0.642
385,600	4.10	4,387,300	2.25	-	0.00	3,004,942,000	0.603
52,623	3.85	4,145,000	2.00	-	0.00	2,421,114,498	0.662
50,980	3.85	3,867,100	2.00	-	0.00	2,408,641,609	0.676

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

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Motor Vehicles and Tangibles</b>	<b>Machinery and Tools</b>	<b>Merchant's Capital</b>	<b>Total Direct Rate</b>
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	-	0.594
2011	0.491	0.149	0.002	-	0.642
2012	0.501	0.100	0.002	-	0.603
2013	0.552	0.100	0.002	-	0.662
2014	0.561	0.111	0.004	-	0.676

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**

<b>Fiscal Year</b>	<b>Town of Eastville</b>		<b>Town of Cape Charles</b>		<b>Town of Exmore</b>		<b>Town of Belle Haven</b>
	<b>Real Estate</b>	<b>Tangible Property</b>	<b>Real Estate</b>	<b>Tangible Property</b>	<b>Real Estate</b>	<b>Tangible Property</b>	<b>Real Estate</b>
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
2011	0.0175	0.2500	0.1628	2.00	0.1200	0.4900	0.0850
2012	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850
2013	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850
2014	0.0175	0.2500	0.2759	2.00	0.1200	0.4900	0.0850

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		
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%
2011	41,747,232	2,017,357	39,729,875	3,209.98	1.33%
2012	39,489,635	2,017,357	37,472,278	3,064.97	1.25%
2013	37,906,670	1,644,260	36,262,410	2,990.71	1.50%
2014	36,023,096	1,620,000	34,403,096	2,762.19	1.43%

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

<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
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	10.02%	3,320.22
2011	41,747,232	528,290	42,275,522	9.49%	3,415.65
2012	39,489,635	451,577	39,941,212	9.06%	3,266.91
2013	37,906,670	341,477	38,248,147	7.86%	3,154.49
2014	36,023,096	262,111	36,285,207	12.75%	2,913.30

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

Demographic and Economic Statistics  
Last Ten Calendar Years

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (1)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (3)</b>
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%
2011	12,377	445,708	36,011	42.4	1,667	8.00%
2012	12,226	486,628	39,803	47	1,590	8.80%
2013	12,125	284,610	23,473	42	1,586	7.70%

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) Northampton County Schools

Principal Employers  
Current Year and Ten Years Ago

Employer	2014			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Riverside Regional Medical Center	500-999	1	11%	500-999	2	10%
Northampton County Schools	250-499	2	5%	500-999	1	10%
County of Northampton	100-249	3	2%	100-249	5	2%
Bayshore Concrete Products Company	100-249	4	1%			
Chesapeake Bay Bridge Tunnel	100-249	5	2%	250-499	3	5%
Heritage Hall	100-249	6	2%			
New Raveena Inc.	50-99	7	1%			
Food Lion	50-99	8	1%	100-249	7	2%
Tankards Nurseries	50-99	9	1%			0%
David's Nursery	50-99	10	1%			
Lfc Agricultural Services Inc.				100-249	6	2%
Eastern Shore Community Services				100-249	4	2%
K.B.R. Technical Services				100-249	8	2%
K Mart Corporation				50-99	9	1%
Broadwater Academy				50-99	10	1%
<b>Total</b>	<b>1,350</b>		<b>28%</b>	<b>1,850</b>		<b>38% %</b>

Source: Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	19	19	22	20	19	19	19	18	17	18
Judicial	7	7	7	7	7	8	9	10	10	8
Public Safety	98	98	98	89	101	101	102	101	67	66
Public Works	5	5	5	5	9	10	11	11	11	12
Public Utilities	2	2	1	1	1	2	1	-	-	-
Health and Welfare	53	48	46	41	34	34	34	35	40	40
Parks, Recreation & Cultural	1	1	1	1	1	1	1	1	1	1
Community Development	10	11	10	11	12	13	13	12	13	14
<b>TOTAL</b>	<u>195</u>	<u>191</u>	<u>190</u>	<u>175</u>	<u>184</u>	<u>188</u>	<u>190</u>	<u>188</u>	<u>159</u>	<u>159</u>

Source: Northampton County Human Resources Department

**COUNTY OF NORTHAMPTON, VIRGINIA**

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General Administration</b>				
Treasurer				
Tax bills printed	46,131	46,125	46,100	46,000
Deposits	2,247	3,915	3,875	3,850
Finance				
Paychecks and direct deposit notices	8,371	7,948	7,665	7,650
Accounts payable checks	3,566	3,411	3,580	3,550
<b>Judicial Administration</b>				
Clerk of the Circuit Court				
Criminal cases commenced	N/A	N/A	N/A	N/A
Law cases commenced	N/A	N/A	N/A	N/A
Deeds recorded	N/A	N/A	N/A	N/A
<b>Public Safety</b>				
Sheriff				
Calls for service	N/A	N/A	N/A	N/A
Arrests made	N/A	N/A	N/A	N/A
Traffic summons	N/A	N/A	N/A	N/A
Civil processes	N/A	N/A	N/A	N/A
EMS				
EMS dispatched	2,759	2,758	2,760	2,702
Avg weekday response time in minutes	9	9	9	9
Avg night/week-end response time in minutes	11	11	12	12
Local prisoner days	38,125	53,025	55,000	53,077
Inmate transports	295	300	300	255
Out of state extraditions	13	9	15	13
Building inspections				
Plan reviews/Permits issued	331	367	189	190
Inspections	1,025	1,074	879	549
<b>Public Works</b>				
Solid waste services				
Tons received at landfill	15,737	14,088	18,665	15,318
Per capital waster generation (lbs/p/d)	6.05	6.23	5.72	5.44
Tipping fee per ton	\$ 65.00	\$ 65.00	\$ 63.00	\$ 63.00
<b>Community Development</b>				
Code compliance				
Abandoned vehicle/Inoperable vehicles	9	90	170	240
Overgrown grass	54	74	76	46
Dangerous structures	44	19	55	24
Assignment 911 addresses	51			

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2010	2009	2008	2007	2006	2005
48,000	45,000	40,000	35,000	26,800	26,300
3,800	3,800	30,000	1,895	1,655	1,500
7,652	7,758	7,134	6,860	4,382	4,310
3,508	3,534	3,979	3,653	3,890	3,698
N/A	N/A	539	414	500	379
N/A	N/A	599	266	350	188
N/A	N/A	2,769	5,272	5,000	4,649
N/A	3,372	3,384	2,397	2,011	2,067
N/A	838	977	799	1,036	682
N/A	2,177	1,777	2,382	1,416	983
N/A	4,597	4,266	4,989	5,377	6,395
2,692	2,572	2,439	2,169	1,980	1,965
10	10	10	9	8	8
14	15	14	14	14	13
33,100	29,097	33,882	28,300	29,900	26,710
315	321	397	250	300	322
9	12	14	10	12	10
324	350	398	400	500	510
1,049	1,500	1,667	1,488	2,000	1,644
17,000	16,992	19,652	14,137	11,188	16,055
4.62	7.11	8.22	5.92	4.69	6.70
\$ 61.00	\$ 61.00	\$ 51.00	\$ 51.00	\$ 51.00	\$ 51.00
200	110	503	214	200	130
50	30	29	37	25	23
40	27	7	24	50	28
80	82	87	150	N/A	N/A

**COUNTY OF NORTHAMPTON, VIRGINIA**

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Administration					
County Administration					
Eastville historic buildings	1	1	1	1	1
Eastville Inn	1	1	1	1	1
Temporary Admin. Bldg-Old Middle School	-	-	-	1	1
Former Middle School	1	1	1	-	-
1899 Courthouse building	1	1	1	1	-
Old Jail Building	1	1	1	1	-
Judicial Administration					
1899 Courthouse building	-	-	-	-	1
2006 Courthouse	-	-	-	-	1
Public Safety					
Willow Oak sheriff administration building	-	-	-	-	-
Old jail building	-	-	-	-	1
Temporary housing unit	-	-	-	-	-
THU (Converted to Sheriff's Admin)	1	1	1	1	1
Eastern Shore Regional Jail	1	1	1	1	1
Sheriff's vehicles	45	45	40	37	33
Public Works					
Landfill	1	1	1	1	1
Transfer station	1	1	1	1	1
Convenience centers	6	5	4	4	4
Community Development					
Social services building (old)	1	1	1	1	1
Social services building (new)	1	1	1	1	1
Parks, Recreation and Cultural					
Parks	1	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1	1
Schools					
Attendance centers, Elementary	2	2	2	2	2
Attendance centers, Middle	-	-	-	-	-
Attendance centers, Secondary	1	1	1	1	1
Number of classrooms, Elementary	88	88	88	88	88
Number of classrooms, Middle	-	-	-	-	-
Number of classrooms, Secondary	51	51	51	51	51

Sources: Various departments in the County of Northampton.

Table 15

2009	2008	2007	2006	2005
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
-	1	1	1	1
1	-	-	-	-
1	1	-	-	-
33	28	35	29	30
1	1	1	1	1
1	-	-	-	-
4	4	3	2	-
1	1	1	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
87	87	87	87	87
-	43	43	43	43
51	49	49	49	49

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*COMPLIANCE SECTION*

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Northampton Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated December 5, 2014.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Northampton Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Northampton, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Northampton, Virginia's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Northampton, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia  
December 5, 2014

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## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

### **Report on Compliance for Each Major Federal Program**

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, 2014. County of Northampton, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of County of Northampton, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Northampton, Virginia's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, County of Northampton, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of County of Northampton, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Northampton, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 County of Northampton, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia  
December 5, 2014

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 3,945
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	300,311
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	1,726
Low-Income Home Energy Assistance	93.568	0600409/0600410	34,112
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	40,891
Chafee Education and Training Vouchers Program	93.599	0760109/0760110	525
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	2,072
Foster Care - Title IV-E	93.658	1100109/1100110	126,386
Adoption Assistance	93.659	1100109/1100110	9,793
Social Services Block Grant	93.667	1000109/1000110	229,670
Chafee Foster Care Independence Program	93.674	9150108-9150110	3,912
Children's Health Insurance Program	93.767	0540109/0540110	8,452
Medical Assistance Program	93.778	1200109/1200110	<u>255,857</u>
Total Department of Health and Human Services			<u>\$ 1,017,652</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution--School (Child Nutrition Cluster)	10.555	Not available	\$ 70,289
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	<u>522,474</u>
<b>Sub-total CFDA 10.555</b>			<u>\$ 592,763</u>
Department of Agriculture:			
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	Not available	\$ 707
Direct Payments:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	<u>14,593</u>
<b>Sub-total CFDA 10.559</b>			<u>\$ 15,300</u>
Pass Through Payments:			
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 180,824

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	\$ <u>294,097</u>
Total Department of Agriculture			\$ <u>1,082,984</u>
Environmental Protection Agency:			
Direct Payments:			
Chesapeake Bay Program	66.466	N/A	\$ <u>8,083</u>
Total Environmental Protection Agency			\$ <u>8,083</u>
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	3900100-81100	\$ <u>2,865</u>
Total Department of Justice			\$ <u>2,865</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-52749	\$ 7,500
Hazardous Mitigation Grant	97.039	7760200-11,132	<u>83,417</u>
Total Department of Homeland Security - pass through payments			\$ <u>90,917</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and non-Entitlement Grants in Hawaii	14.228	53330500-50790,50797	\$ <u>210,043</u>
Total Department of Housing and Urban Development			\$ <u>210,043</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Direct Payments:			
Highway Planning and Construction (ISTEA)	20.205	N/A	\$ <u>235,371</u>
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700-51279,51280	<u>16,180</u>
Total Department of Transportation			\$ <u><u>251,551</u></u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 578,385
Migrant Education - State Grant Program	84.011	1790100-42910	137,615
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	41,399
Special Education Cluster:			
Special Education Grants to States	84.027	1790100-43071-61234	428,025
Special Education Preschool Grants	84.173	1790100-82521	7,031
Rural Education	84.358	1790100-43481	8,411
English Language Acquisition Grants	84.365	1790100-60512	19,644
School Improvement Grants	84.377	1790100-43040	1,962,144
Improving Teacher Quality State Grants	84.367	1790100-61480	<u>176,167</u>
Total Department of Education			\$ <u>3,358,821</u>
Total Expenditures of Federal Awards			\$ <u><u>6,022,916</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, 2014

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### 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, 2014. 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 position, 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 - Food Donation

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

### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 299,695
Special Revenue Funds:	
Virginia Public Assistance Fund	1,311,749
CDBG Projects Fund	210,043
HMGP Home Elevation Project Fund	83,417
Total primary government	\$ <u>1,904,904</u>
Component Unit School Board:	
School Cafeteria Fund	\$ 788,887
School Grants Fund	3,358,821
Total component unit School Board	\$ <u>4,147,708</u>
Total federal expenditures per basic financial statements	\$ <u><u>6,052,612</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,022,916
Add: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards	<u>29,696</u>
	\$ <u><u>6,052,612</u></u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

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

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted?        yes   ✓   no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
93.558	Temporary Assistance to Needy Families (TANF)
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee?   ✓   yes        no

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None

**Section IV—Status of Prior Audit Findings**

There were no prior year audit findings.

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