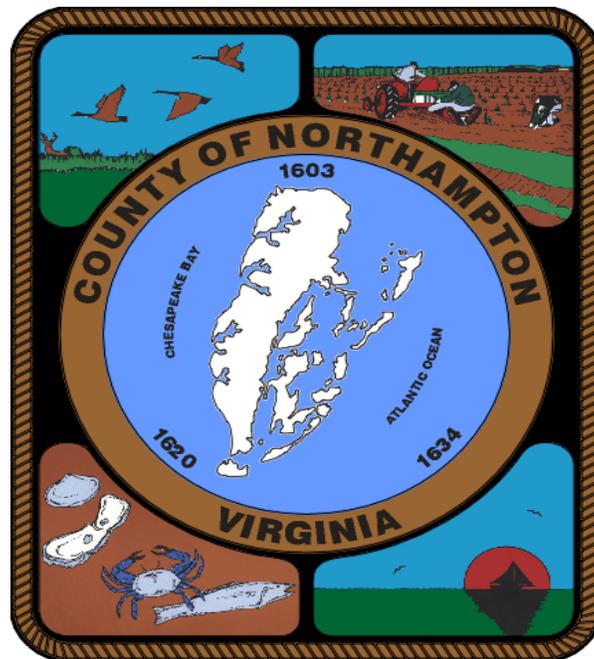


# COUNTY OF NORTHAMPTON, VIRGINIA



**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2015**

## **About the Cover**

The official seal/logo of Northampton County was developed to reflect the County's history, its traditional way of life and its ties with the marine environment. It was adopted by the Board of Supervisors on July 13, 1987.

The gold rope which borders the logo represents the County's bond to the sea and, of course, its geographic location. The four panels represent its economy, its way of life, its unique life style and its relationship with the environment. The three dates represent: (1) the first recorded English landing in 1603 by Bartholomew Gilbert; (2) the first permanent settling of Northampton in 1620; and (3) in 1634, Northampton County, then known as Accomack County, became one of the original shires of the colony governed by England. The black stems separating the gold band holding the map of Northampton represent points of the compass normally associated with ties to the sea. The blue field, which surrounds the map, represents the pure hue of clear sky and sea. The gold band depicts the county as a "unique area" – very precious and rare. Northampton County, shown in white, represents sunlight – desiring to do good.

*INTRODUCTORY SECTION*

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COUNTY OF NORTHAMPTON, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

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Prepared By:

John Andrzejewski  
Director of Finance

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COUNTY OF NORTHAMPTON, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

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# COUNTY OF NORTHAMPTON, VIRGINIA

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## Board of Supervisors

---

Richard L. Hubbard, Chairperson  
Oliver H. Bennett, Vice-Chairperson

Laurence J. Trala  
Granville F. Hogg, Jr.

Larry E. LeMond

## 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

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Sally Bedsworth, Chairperson

William E. Denny

H. Spencer Murray

## Other Officials

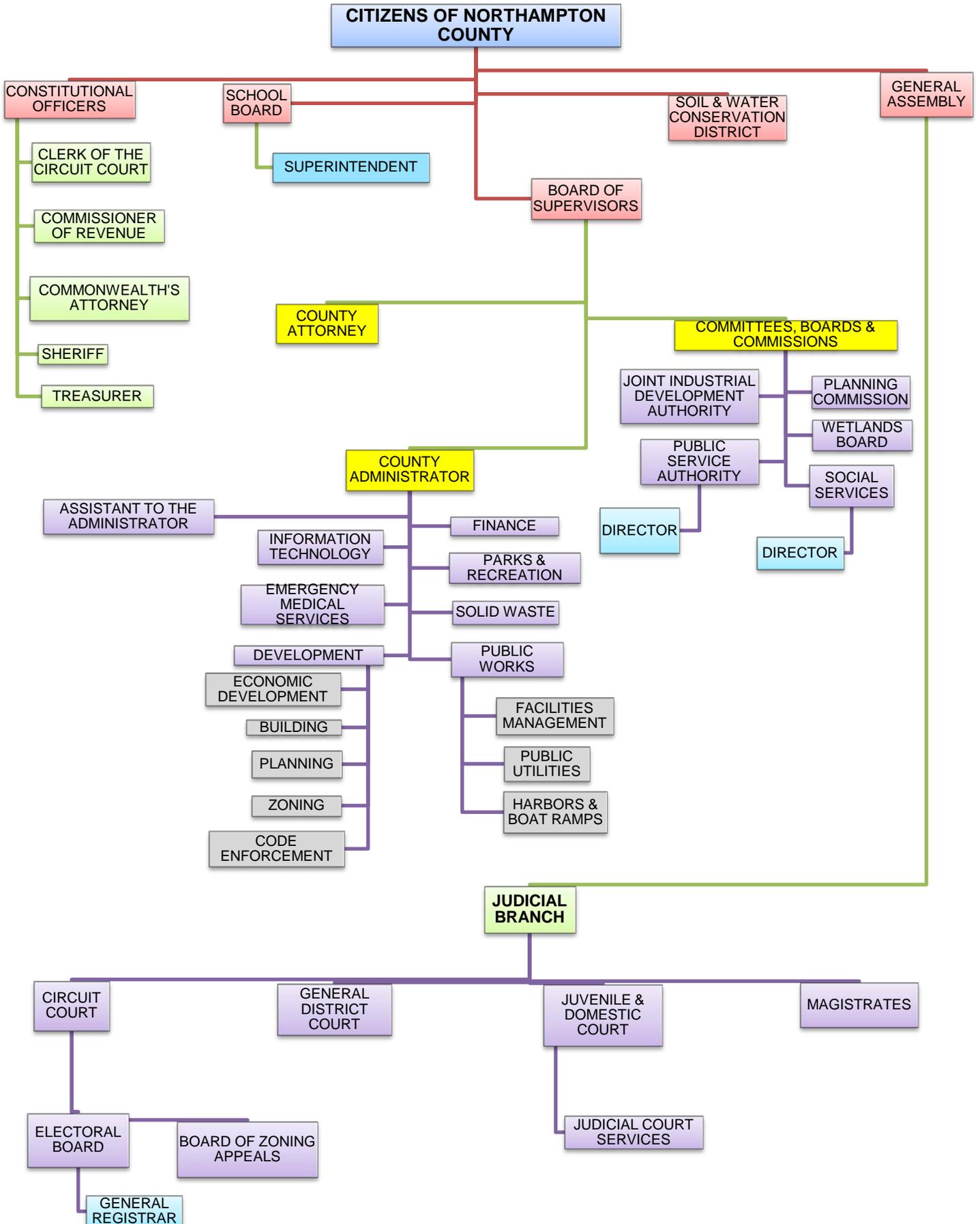
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County Administrator  
Clerk of the Circuit Court  
County/Commonwealth's Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Director of Department of Social Services  
Director of Finance  
Registrar

Katherine H. Nunez  
Traci W. Johnson  
Bruce D. Jones, Jr.  
Anne G. Sayers  
Cynthia S. Bradford  
David L. Doughty, Jr.  
Charles E. Lawrence  
Richard Sterrett  
John Andrzejewski  
Terrence Flynn

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# ORGANIZATIONAL 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, 2014**

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 16, 2015

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, 2015.

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, 2015. 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, with either two or three members' terms expiring every two years. Each year the Board elects a Chairman and Vice Chairman from among its members. In addition to the County Board, other elected County officials include the Commonwealth's Attorney, Commissioner of the Revenue, Treasurer, Sheriff, and Clerk of the Circuit Court.



The Board appoints a County Administrator to serve as the chief executive officer of the County. The County Administrator serves at the pleasure of the Board, implements its policies, directs business and administrative procedures, and recommends officials to be appointed by the Board. The County Administrator is currently assisted by eight staff departments and offices including Finance; Information Technology; Office of Community and Economic Development, comprised of Planning & Zoning, Code Compliance, Building Inspections and Economic Development; Facilities Management; 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 members who are elected by the citizens of Northampton County. 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.



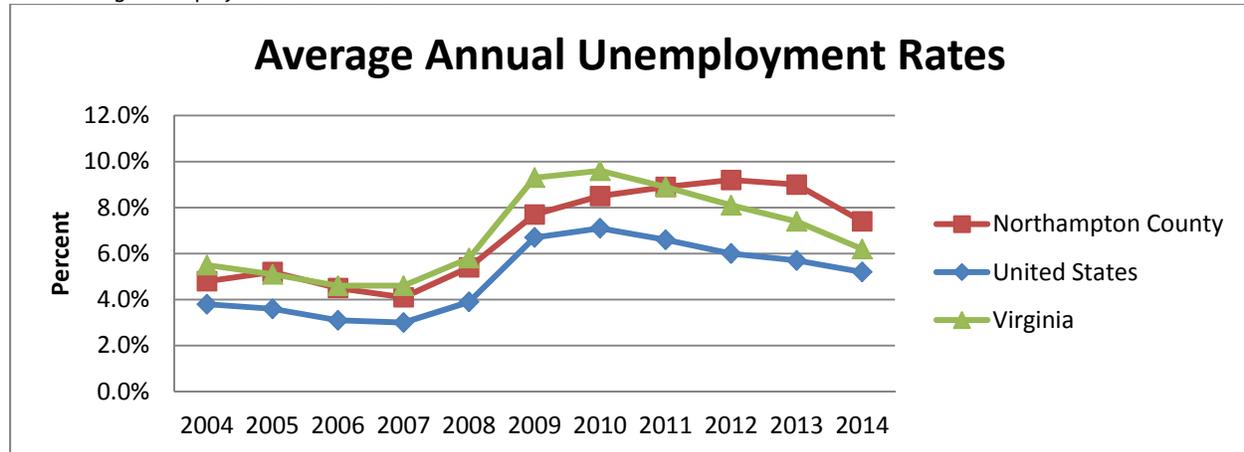
### Unemployment

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

Average Annual Unemployment Rates

<u>Year</u>	<u>Northampton County</u>	<u>Virginia</u>	<u>United States</u>
2004	4.8%	3.8%	5.5%
2005	5.2%	3.6%	5.1%
2006	4.5%	3.1%	4.6%
2007	4.1%	3.0%	4.6%
2008	5.4%	3.9%	5.8%
2009	7.7%	6.7%	9.3%
2010	8.5%	7.1%	9.6%
2011	8.9%	6.6%	8.9%
2012	9.2%	6.0%	8.1%
2013	9.0%	5.7%	7.4%
2014	7.4%	5.2%	6.2%

Source: Virginia Employment Commission



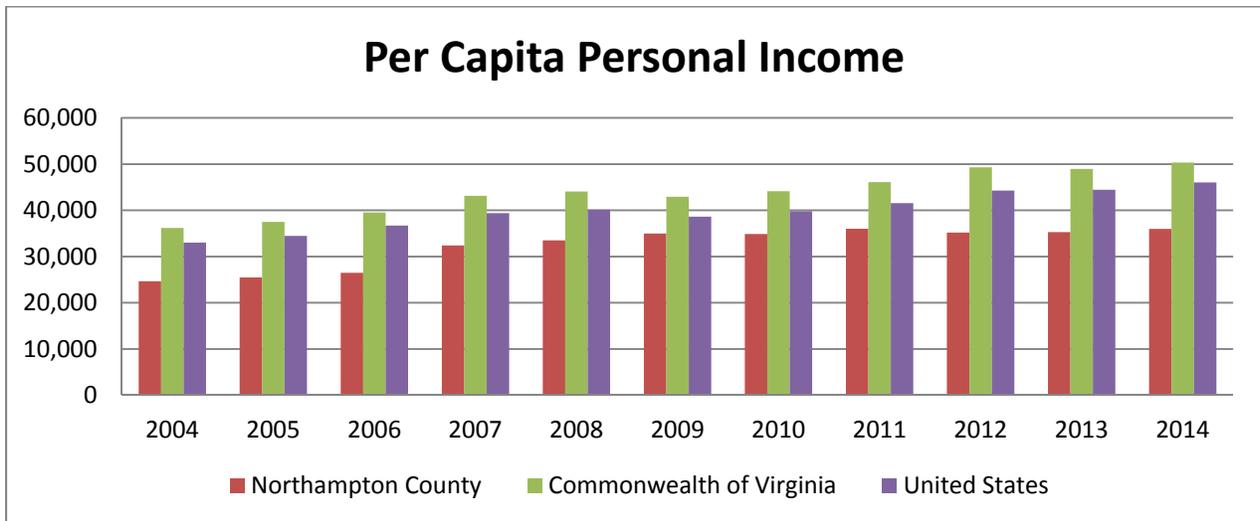
## INCOME

Per capita personal income for Northampton County in 2014 was \$35,987, 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>
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	35,205	49,320	44,266
2013	35,289	48,956	44,438
2014	35,987	50,345	46,049

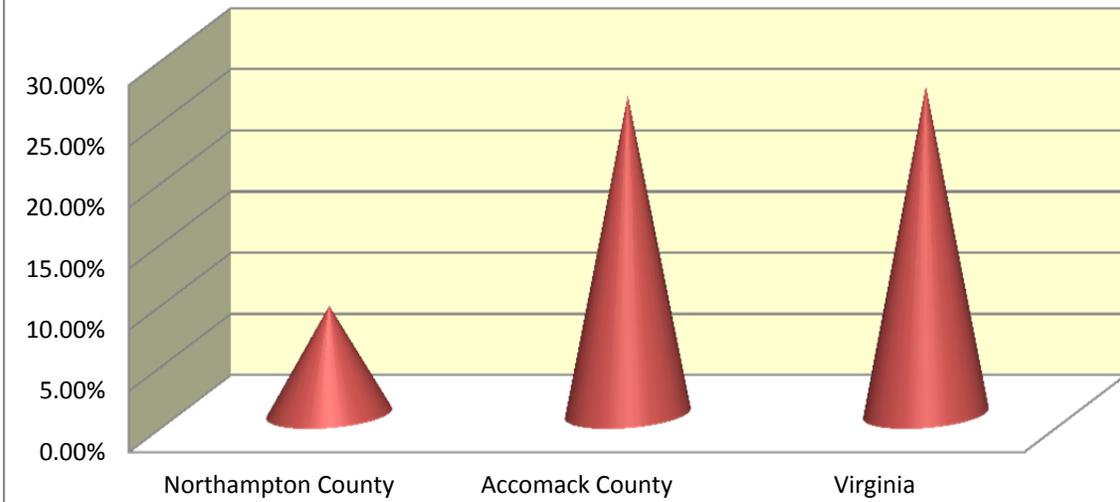
Source: U.S. Department of Commerce, Bureau of Economic Analysis



Since 2004, Northampton County's median household income had been growing at a slower rate than that of Accomack County or the State of Virginia as evidenced below. However, the most recent data for 2014 indicates that Northampton County has experienced a greater rate of growth in median household income than Accomack County.

<u>Year</u>	<u>Northampton County</u>	<u>Accomack County</u>	<u>Virginia</u>
2004	31,847	31,256	51,103
2006	32,804	37,265	56,297
2008	34,424	37,564	61,210
2010	35,760	41,372	61,406
2012	32,138	36,957	61,782
2014	34,656	39,389	64,792
Percentage Change from 2012 to 2014	7.83%	6.58%	4.87%

### GROWTH IN MEDIAN HOUSEHOLD INCOME BETWEEN 2004 - 2014



Source: U.S. Census, Small Area Income & Poverty Estimates

## Employment

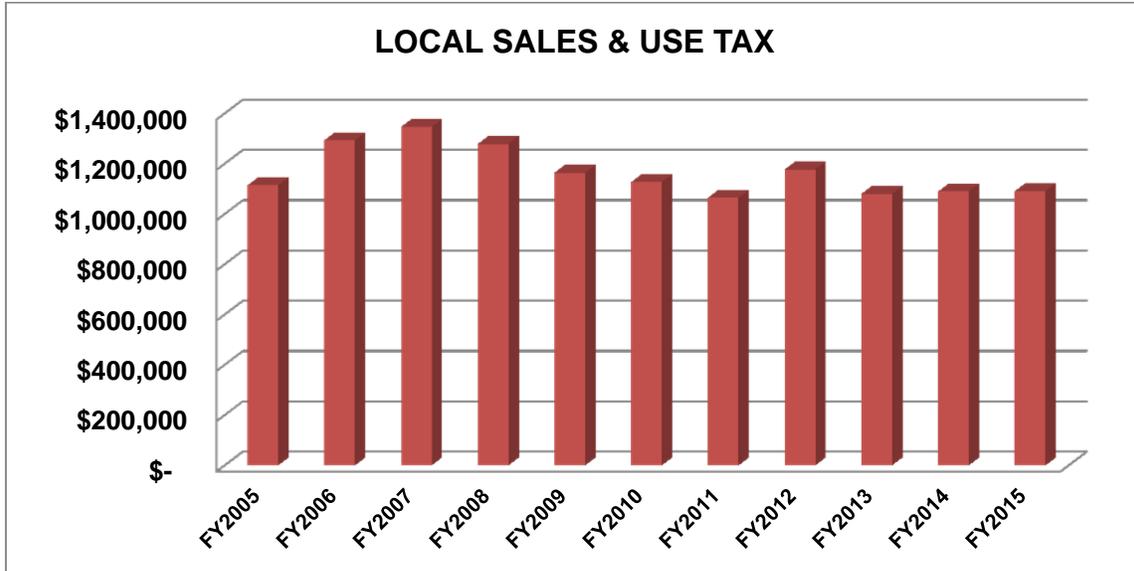
The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending June 30, 2015. Source: Virginia Employment Commission - Labor Market Statistics, Quarterly Census of Employment and Wages Program

Industry	Employment	Percentage
Health Care and Social Assistance	940	18.6%
Local Government	851	16.8%
Agriculture, Forestry, Fishing and Hunting	791	15.6%
Accommodation and Food Services	634	12.5%
Manufacturing	591	11.7%
Retail Trade	464	9.2%
Other Services (except Public Administration)	121	2.4%
Construction	93	1.8%
Educational Services*	93	1.8%
State Government	72	1.4%
Finance and Insurance	70	1.4%
Professional, Scientific and Technical Services	47	0.9%
Wholesale Trade	43	0.8%
Administrative and Support and Waste Management	38	0.8%
Transportation and Warehousing	35	0.7%
Federal Government	31	0.6%
Real Estate and Rental and Leasing	22	0.4%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%
Utilities*		0.0%
Information*		0.0%
Management of Companies and Enterprises*		0.0%
Arts, Entertainment and Recreation*		0.0%
<b>TOTAL</b>	<b>5,060</b>	

*NOTE: Asterik (\*) indicates non-disclosable data.*

### Taxable Sales Revenue

Northampton County has experienced a fluctuation in taxable sales over the last ten years. In ten years, the county has had a decrease of the Local Sales & Use Tax by 2%. Between FY2014 and FY2015, sales increased 0.16%. 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 FY15, property tax revenue generated 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 72% of the total real estate tax base for the FY15 tax year. By comparison, in 2000, it was only 64%. For FY15, current year real estate tax revenues increased by approximately .75% over FY14.

## Travel and Tourism

Tourism remains one of the County's primary industries due to its location between the Atlantic Ocean and the Chesapeake Bay. According to the Virginia Division of Tourism, preliminary figures indicate that travel expenditures in the County exceeded \$73,754,459 in 2014 and approximately 781 tourism-related jobs are located in the County. Since 2013, travel expenditures increased by 3.6% and the number of tourism related jobs increased by 1.7%. 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 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 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.

#### 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.

**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 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 on-going mutually agreeable goals with the School Board.

<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. Continue to 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>(1) Increase graduation rates across demographic categories.</li> <li>(2) Obtain accreditation for each school within the School District.</li> <li>(3) Develop a mutually acceptable Capital Plan for the School District.</li> <li>(4) 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, 2015.

STRATEGIES	<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.

STRATEGIES	<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 August 1, 2015.

STRATEGIES	<ul style="list-style-type: none"> <li>A. Complete the Comprehensive Plan Update by September 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:** Assist and promote the use of the existing Industrial Park in Cape Charles by June 30, 2017

STRATEGIES	<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, 2016.

STRATEGIES	<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> <li>E. Assist and promote agriculture, aquaculture and tourism.</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.

STRATEGIES	<ul style="list-style-type: none"> <li>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.</li> <li>B. Partner with the Virginia Economic Development Partnership in marketing the availability of broadband in the County.</li> <li>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.</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.

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

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

STRATEGIES	<ul style="list-style-type: none"> <li>A. Ascertain final plans from Riverside as to what remaining medical services and facilities will continue to be provided at the Nassawadox campus.</li> <li>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.</li> </ul>
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OBJECTIVE #2: Strongly support EMS services by June 30, 2017.

STRATEGIES	<ul style="list-style-type: none"> <li>A. Review and implement the state Fire and EMS Study, commissioned in 2011, as it relates to EMS service.</li> <li>B. Complete feasibility study for renovation of former Middle School property as new location for the Northampton EMS Department.</li> <li>C. Review and evaluate the effectiveness of the County-operated ambulance in relation to the volunteer ambulance coverage.</li> <li>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.</li> </ul>
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OBJECTIVE #3: Partner with Riverside Shore Memorial Hospital for a redevelopment plan for its present facilities.

STRATEGIES	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
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#### Relevant Financial Policies

The adopted fund balance policy states that unassigned fund balance should not fall below 10% of the combined operating expenditures of the General, Social Services, Eastern Shore Regional Jail and School Operating Funds (less interfund transfers). In addition, as a condition of its bond with the Virginia Resource Authority (VRA), the County pledge to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for FY2013 and annually thereafter through the term of the Lease with VRA through 2033.

At June 30, 2015, the unassigned general fund balance was \$7,804,166 or 20.52%. 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

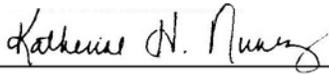
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Northampton for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate 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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John J. Andrzejewski  
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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

#### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of June 30, 2015, 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.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 87-88, and 89-94 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.

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.

*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 November 24, 2015, on our consideration of County of Gloucester, 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 Gloucester, Virginia's internal control over financial reporting and compliance.

*Roberson, Tam, Cox Accountants*

Richmond, Virginia  
November 24, 2015

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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, 2015. 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.

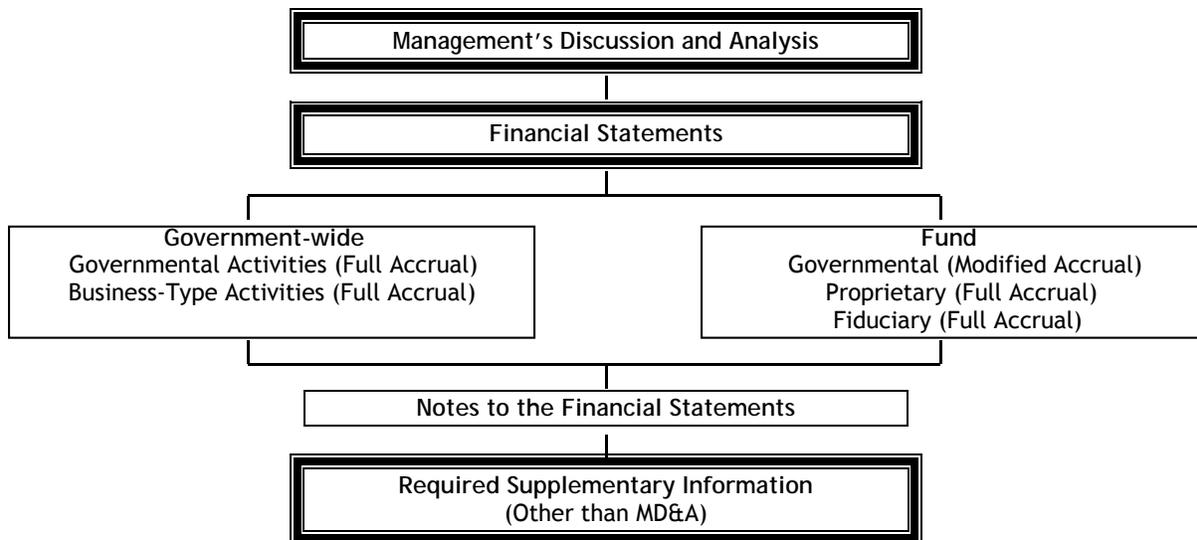
### Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$23,686,566 (*net assets*). The County's investment in capital assets, net of related debt decreased from \$13,311,792 to \$13,002,316. Unrestricted net assets decreased by \$309,476 from FY14.
- At June 30, 2015, unassigned General Fund balance was \$7,804,166 or 20.52% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance decreased by \$43,501 from FY2014.
- On a government-wide basis for governmental activities the County had expenses net of program revenues of \$21,218,806 which was \$635,468 less than the general revenues of \$21,854,274.
- On a government-wide basis for business-type activities the County had revenues net of program expenses of \$138.

### 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 Position and the Statement of Activities, report the County's net position and changes in them. The County's net position 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 Position presents information on all the County's assets and liabilities. As discussed earlier, the difference between assets and liabilities is reported as net position. Net position is 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 Position as a financial indicator.

The Statement of Activities provides information on how the net position 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 Position 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 26-86 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the General and Eastern Shore Regional Jail Funds and Northampton County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 87-94 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 95-108 of this report.

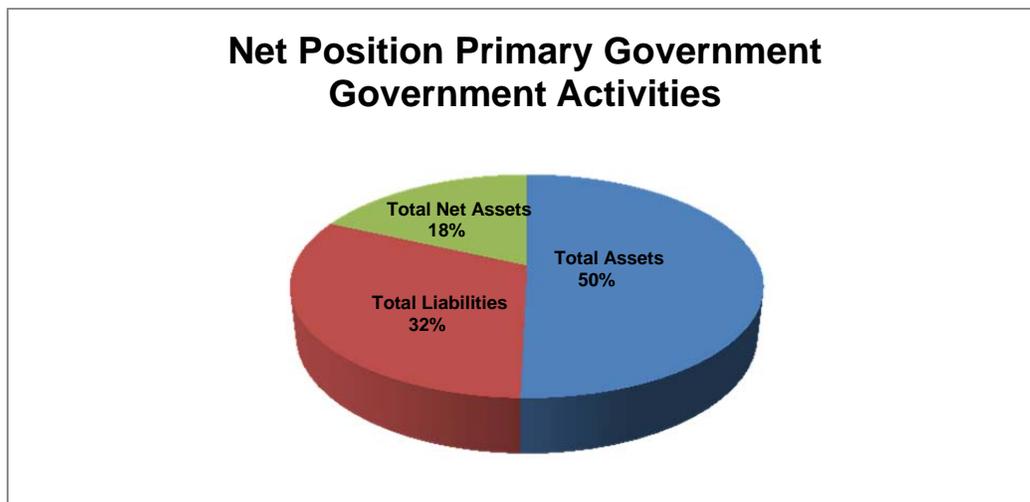
## Government-wide Financial Analysis

The following table presents the condensed Statement of Net Position:

Northampton County, VA  
Summary Statement of Net Position

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2014	2015	2014	2015	2014	2015
Current and Other Assets	\$ 18,254,236	\$ 18,472,859	\$ 41,032	\$ 25,193	\$ 2,824,223	\$ 3,103,571
Capital Assets (net)	49,596,999	47,174,897	-	-	3,309,926	3,706,206
<b>Total Assets</b>	<b>67,851,235</b>	<b>65,647,756</b>	<b>41,032</b>		<b>6,134,149</b>	<b>6,809,777</b>
Deferred outflows of resources	-	778,827	-	-	-	1,252,900
Long-term Liabilities	38,451,962	36,820,992	-	-	1,290,853	16,436,317
Other Liabilities	3,871,581	4,176,915	31,609	15,632	2,282,844	2,408,883
<b>Total Liabilities</b>	<b>42,323,543</b>	<b>40,997,907</b>	<b>31,609</b>	<b>15,632</b>	<b>3,573,697</b>	<b>18,845,200</b>
Deferred inflows of resources	34,851	1,742,110	-	-	-	2,686,221
<b>Net Position:</b>						
Net investment in						
Capital Assets	13,311,792	13,002,316	-	-	2,371,727	2,883,991
Restricted	2,593,299	3,005,354	-	-	-	-
Unrestricted	9,587,750	7,678,896	9,423	9,561	188,725	(16,352,735)
<b>Total Net Position</b>	<b>\$ 25,492,841</b>	<b>\$ 23,686,566</b>	<b>\$ 9,423</b>	<b>\$ 9,561</b>	<b>\$ 2,560,452</b>	<b>\$ (13,468,744)</b>

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations.



The Primary Government's governmental activities combined net position increased \$879,398 to \$23,686,566 from a restated net position of \$23,051,098. The Primary Government's governmental activities unrestricted net position decreased from \$9,587,750 to \$7,678,896. This was largely due to the depreciation of the County's capital assets (real property improvements). Due to the implementation of the planned operations, the proprietary fund ended the year with assets in excess of its liabilities by \$9,561. The component unit's net position totaled (\$13,468,744) which was the result of the assumption of the school board's retirement plan liability and further detailed in Note 13.

Northampton County, VA  
Summary Statement of Changes in Net Position

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2014	2015	2014	2015	2014	2015
<b>Revenues:</b>						
Program Revenues						
Charges for Service	\$ 1,614,851	\$ 1,584,409	\$ 160,946	\$ 165,486	\$ 370,234	\$ 322,593
Operating Grants & Contributions	5,844,878	6,137,361	-	-	12,655,815	11,602,522
Capital Grants & Contributions	741,305	-	-	-	-	-
General Revenues						
Real Estate & Personal Property Taxes	16,646,517	16,695,685	-	-	-	-
Other Taxes	2,505,831	2,506,479	-	-	-	-
Unrestricted Revenue from use of money and property	71,502	77,791	-	-	-	-
Grants and Contributions not restricted to specific programs	1,992,937	2,012,975	-	-	-	-
Miscellaneous	170,401	166,823	-	-	441,300	329,725
Transfers	578,848	394,521	18,000	-	8,285,765	8,153,338
<b>Total Revenues</b>	<b>30,167,070</b>	<b>29,576,044</b>	<b>178,946</b>	<b>165,486</b>	<b>21,753,114</b>	<b>20,408,178</b>
<b>Expenses:</b>						
General Administration	2,573,634	2,654,848	-	-	-	-
Judicial Administration	810,083	808,280	-	-	-	-
Public Safety	8,767,356	8,723,916	-	-	-	-
Public Works	2,061,988	2,006,016	-	-	-	-
Public Utilities	-	-	172,225	165,348	-	-
Health & Welfare	2,879,167	2,885,030	-	-	-	-
Education	9,069,634	9,587,332	-	-	21,463,762	19,627,073
Parks, Recreation, and Cultural	376,031	356,931	-	-	-	-
Community Development	1,932,522	1,153,095	-	-	-	-
Interest on long-term debt	817,257	765,128	-	-	-	-
<b>Total Expenses</b>	<b>29,287,672</b>	<b>28,940,576</b>	<b>172,225</b>	<b>165,348</b>	<b>21,463,762</b>	<b>19,627,073</b>
<b>Change in Net Position</b>	<b>879,398</b>	<b>635,468</b>	<b>6,721</b>	<b>138</b>	<b>289,352</b>	<b>781,105</b>
Net Position, Beginning, As Restated	24,613,443	23,051,098	2,702	9,423	2,271,100	(14,249,849)
<b>Net Position, Ending</b>	<b>\$ 25,492,841</b>	<b>\$ 23,686,566</b>	<b>\$ 9,423</b>	<b>\$ 9,561</b>	<b>\$ 2,560,462</b>	<b>\$ (13,468,744)</b>

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations. Therefore, beginning net position for 2015 as displayed above does not agree to ending net position for 2014.

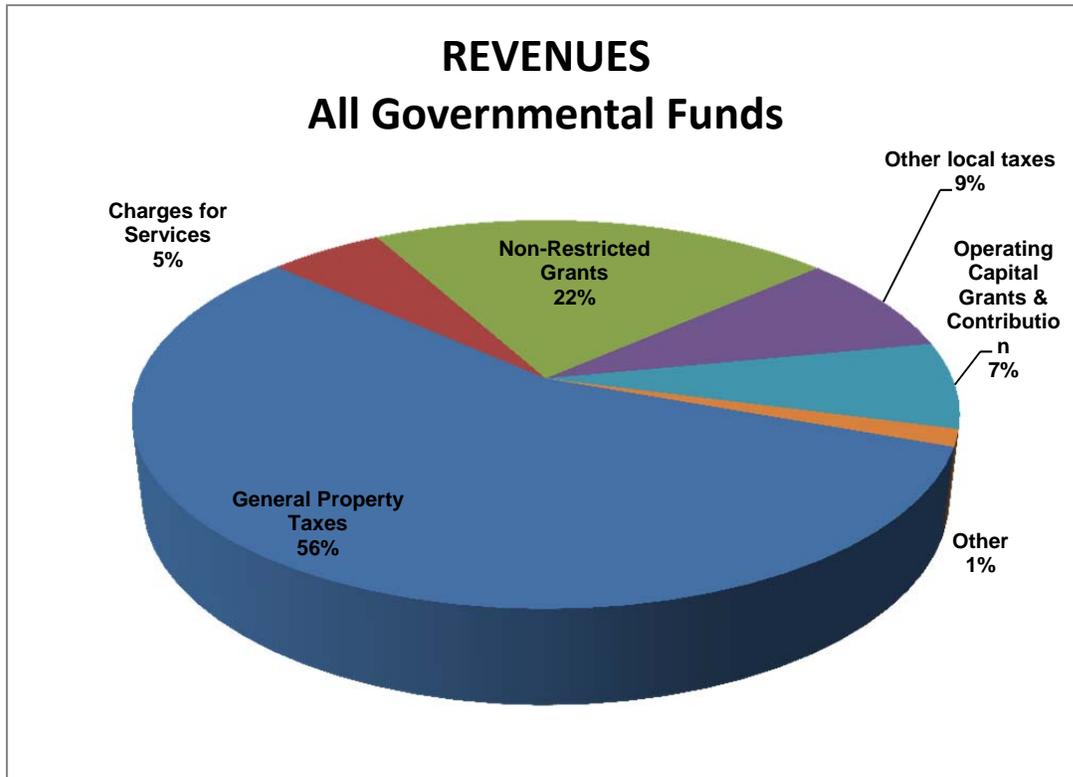
## Revenues

For the fiscal year ended June 30, 2015, revenues generated by the Primary Government's governmental activities totaled \$29,576,044. General property taxes, the County's largest revenue source, were \$16,695,685. 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 FY15 was \$0.6728 per \$100 of assessed value.

FY15 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 legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The 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 60% up to the first \$20,000 in value for FY15.

The other local tax category includes sales tax, consumer utilities tax, motor vehicle licenses, occupancy tax, recordation tax, and food and beverage tax. For FY 15, this category of income totals \$2,506,479. In the prior year of FY 14, this amount was \$2,505,831.

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 \$7,721,776. Program revenues in the governmental funds include a "charges for services" category that totaled \$1,584,409 and includes charges for waste disposal, recreation programs, and building permits.



## Expenses

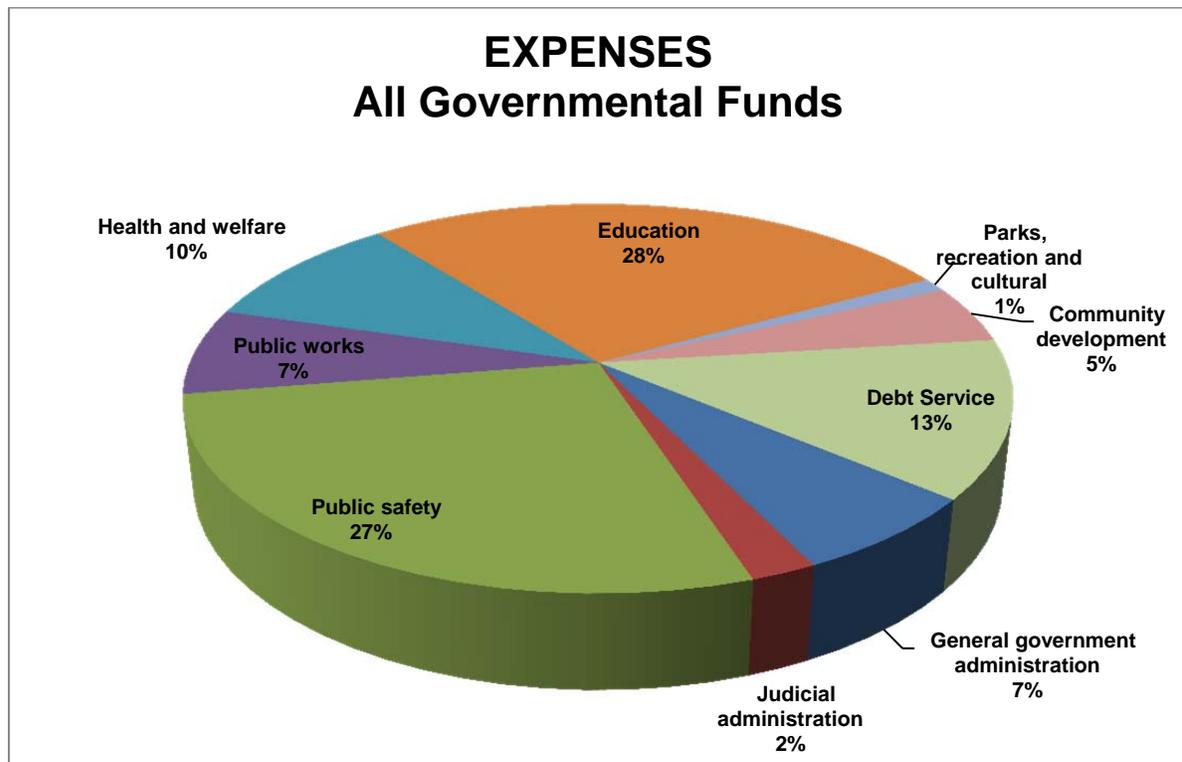
For the fiscal year ended June 30, 2015, expenses for governmental activities totaled \$28,940,576, a decrease of \$347,096 from FY14. The reason for the decrease in expenses over FY14 is due to a general reduction in operating expenses across several departments.

Personnel expenses for FY15 did not include any cost of living or salary adjustments for any department except for the Department of Social Services who implemented a salary study. 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 FY15 budget, this increase of 10% was provided under the employer contribution, bringing the monthly employer contribution rate from \$530.58 to \$583.64 to offset the increased premiums. The employer contribution into the Virginia Retirement System decreased from FY 14, going from a rate of 9.8% to 9.64%.

Education expenses decreased by \$129,598 in FY 15 compared to FY14.

Community Development expenses decreased by \$340,068. This was partly due to a loss of one position with the Community Development Department. Additionally, several grants, including Culls CDBG and Hazard Mitigation, were closed out during FY 15.

The County's Proprietary Fund reflects a total of \$165,348 in expenses for its fifth year of operation. This is the third 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.

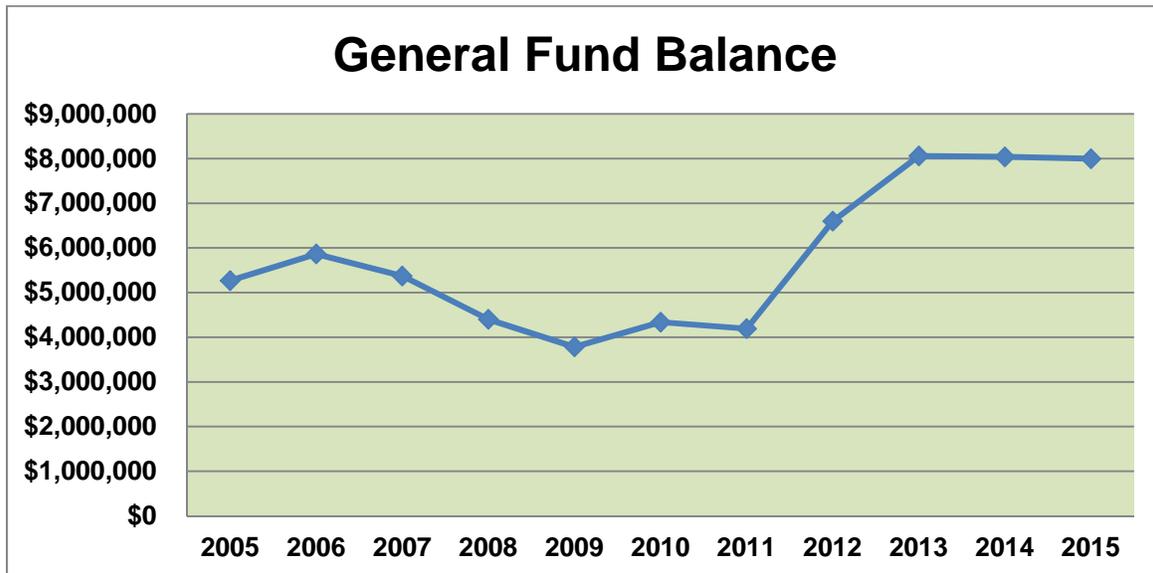
For the fiscal year ended June 30, 2015, the County's governmental funds reflect a combined fund balance of \$15,489,153. This equates to 49% being restricted, committed or assigned for debt service, capital projects and other governmental fund programs. The balance is an unassigned fund balance that can be utilized by the Board of Supervisors. This is an increase of \$185,865 from FY14. Fund balance in the General Fund for FY 15 is \$7,995,215, a decrease of \$43,501 from FY 14.

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.

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 FY 15, the Board, in cooperation with the School Board, endorsed a policy that any unspent appropriations related to personnel in the School Operating Fund for FY 14 will be recorded as reserved fund balance within that fund for the purpose of funding the projected sick leave liability. The Board of Supervisors adopted as part of the annual appropriations resolution its intent that 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 did not fluctuate.

In the General Fund, unassigned fund balance is \$7,804,166 compared to \$7,898,674 for 2014. The Board of Supervisors' Fund Balance Policy is 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, 2015, unassigned General Fund balance was 20.52% 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 decrease of \$467,266 in appropriations. Highlights of the budget amendments are as follows:

- Two State-aid reductions were mandated in FY 2015;
- Did not proceed with leasing of certain capital equipment.

## Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$47,174,897 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.

Northampton County, VA Primary Government Change in Capital Assets			
	Restated Balance 30-Jun-14	Net Increase/ (Decrease)	Balance 30-Jun-15
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,240,874	\$ 136,658	\$ 2,377,532
Construction in Progress	40,565	-	40,565
Jointly Owned Land	134,600	-	134,600
Other Capital Assets:			
Buildings	48,519,452	-	48,519,452
Furniture and Other Equipment	1,316,254	78,573	1,394,827
Improvements other than buildings	4,217,282	33,334	4,250,616
Jointly Owned Improvements	14,221,590	-	14,221,590
Less: Accumulated Depreciation	(21,093,618)	(2,670,667)	(23,764,285)
Net Capital Assets	<u>\$ 49,596,999</u>	<u>\$ (2,422,102)</u>	<u>\$ 47,174,897</u>

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 40-42 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 FY15, in accordance with the plan, approximately eight cents of the property tax levy was transferred to this fund to adequately cover the required debt service. Revenues in the General Debt Service Fund are generated through a combination of the special tax levy, growth in the existing tax base; savings achieved through the bond program and rent payments from the department of Social Services for their new building.

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 2015, the County chose not to enter into any capital lease agreements for the fiscal year. The School Board also entered into a \$294,150 capital lease for the acquisition of 3 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 FY15, this ratio was approximately 10.33%. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY15, this ratio was approximately 1.6%.

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 June 30, 2015 is as follows:

General	
Lease-Purchase Obligations	93,059
2012 Bond VRA Refinancing	27,929,711
Subtotal	28,022,770
Schools	
Lease-Purchase Obligations (Component Unit School Board)	822,215
2001, 2003 & 2006 QZABs	4,775,655
Literary Loans	84,914
2012 VPSA Gen. Obligation School Bond	1,289,242
Subtotal	6,972,026
Grand Total	34,994,796

Additional information on the County's long-term debt can be found in Note 7 on pages 44-51 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 Katherine H. Nunez, County Administrator and Interim Director of Finance (March 2015 - September 2015), and John Andrzejewski, Director of Finance. PO Box 66, Eastville, VA 23347, telephone 757-678-0444, e-mail [knunez@co.northampton.va.us](mailto:knunez@co.northampton.va.us) or [jandrzejewski@co.northampton.va.us](mailto:jandrzejewski@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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,348,413	\$ 22,004	\$ 13,370,417	\$ 2,105,126
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,352,314	-	1,352,314	-
Accounts receivable	196,122	3,189	199,311	184,264
Due from other governmental units	812,420	-	812,420	814,181
Prepaid items	874	-	874	-
Restricted assets:				
Cash and cash equivalents (in custody of others)	2,762,716	-	2,762,716	-
Capital assets (net of accumulated depreciation):				
Land	2,512,132	-	2,512,132	238,676
Buildings and improvements	42,599,072	-	42,599,072	132,569
Improvements other than buildings	1,048,065	-	1,048,065	1,047,708
Machinery and equipment	975,063	-	975,063	2,219,034
Construction in progress	40,565	-	40,565	68,219
Total assets	<u>\$ 65,647,756</u>	<u>\$ 25,193</u>	<u>\$ 65,672,949</u>	<u>\$ 6,809,777</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	\$ 778,827	\$ -	\$ 778,827	\$ 1,252,900
Total deferred outflows of resources	<u>\$ 778,827</u>	<u>\$ -</u>	<u>\$ 778,827</u>	<u>\$ 1,252,900</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 920,005	\$ 6,331	\$ 926,336	\$ 384,223
Accrued liabilities	616,564	2,978	619,542	1,605,413
Accrued interest payable	298,477	-	298,477	-
Unearned revenue	-	6,323	6,323	28,350
Long-term liabilities:				
Due within one year	2,341,869	-	2,341,869	390,897
Due in more than one year	36,820,992	-	36,820,992	16,436,317
Total liabilities	<u>\$ 40,997,907</u>	<u>\$ 15,632</u>	<u>\$ 41,013,539</u>	<u>\$ 18,845,200</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Items related to measurement of net pension liability	\$ 1,627,733	\$ -	\$ 1,627,733	\$ 2,686,221
Deferred revenue - property taxes	114,377	-	114,377	-
Total deferred inflows of resources	<u>\$ 1,742,110</u>	<u>\$ -</u>	<u>\$ 1,742,110</u>	<u>\$ 2,686,221</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 13,002,316	\$ -	\$ 13,002,316	\$ 2,883,991
Restricted:				
Forfeited assets	91,136	-	91,136	-
CDBG projects	140,056	-	140,056	-
Purchase of development rights	11,446	-	11,446	-
Debt service and bond covenants	2,762,716	-	2,762,716	-
Unrestricted (deficit)	7,678,896	9,561	7,688,457	(16,352,735)
Total net position	<u>\$ 23,686,566</u>	<u>\$ 9,561</u>	<u>\$ 23,696,127</u>	<u>\$ (13,468,744)</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, 2015

<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	\$ 2,654,848	\$ -	\$ 402,933	\$ -
Judicial administration	808,280	722,594	255,743	-
Public safety	8,723,916	267,459	3,180,034	-
Public works	2,006,016	535,686	-	-
Health and welfare	2,885,030	-	1,939,578	-
Education	9,587,332	-	-	-
Parks, recreation, and cultural	356,931	58,630	-	-
Community development	1,153,095	40	359,073	-
Interest on long-term debt	765,128	-	-	-
Total governmental activities	<u>\$ 28,940,576</u>	<u>\$ 1,584,409</u>	<u>\$ 6,137,361</u>	<u>\$ -</u>
Business-type activities:				
Public utilities	\$ 165,348	\$ 165,486	\$ -	\$ -
Total business-type activities	<u>\$ 165,348</u>	<u>\$ 165,486</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 29,105,924</u>	<u>\$ 1,749,895</u>	<u>\$ 6,137,361</u>	<u>\$ -</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 19,627,073	\$ 322,593	\$ 11,602,522	\$ -
Total component units	<u>\$ 19,627,073</u>	<u>\$ 322,593</u>	<u>\$ 11,602,522</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  
 Total general revenues and transfers  
 Change in net position  
 Net position - beginning, as restated  
 Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,251,915)	\$ -	\$ (2,251,915)	\$ -
170,057	-	170,057	-
(5,276,423)	-	(5,276,423)	-
(1,470,330)	-	(1,470,330)	-
(945,452)	-	(945,452)	-
(9,587,332)	-	(9,587,332)	-
(298,301)	-	(298,301)	-
(793,982)	-	(793,982)	-
(765,128)	-	(765,128)	-
<u>\$ (21,218,806)</u>	<u>\$ -</u>	<u>\$ (21,218,806)</u>	<u>\$ -</u>
\$ -	\$ 138	\$ 138	\$ -
\$ -	\$ 138	\$ 138	\$ -
<u>\$ (21,218,806)</u>	<u>\$ 138</u>	<u>\$ (21,218,668)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (7,701,958)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,701,958)</u>
\$ 16,695,685	\$ -	\$ 16,695,685	\$ -
1,091,493	-	1,091,493	-
322,591	-	322,591	-
341,593	-	341,593	-
294,727	-	294,727	-
456,075	-	456,075	-
77,791	-	77,791	-
166,823	-	166,823	329,725
2,012,975	-	2,012,975	-
-	-	-	8,153,338
394,521	-	394,521	-
<u>\$ 21,854,274</u>	<u>\$ -</u>	<u>\$ 21,854,274</u>	<u>\$ 8,483,063</u>
\$ 635,468	\$ 138	\$ 635,606	\$ 781,105
23,051,098	9,423	23,060,521	(14,249,849)
<u>\$ 23,686,566</u>	<u>\$ 9,561</u>	<u>\$ 23,696,127</u>	<u>\$ (13,468,744)</u>

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*FUND FINANCIAL STATEMENTS*

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Balance Sheet  
 Governmental Funds  
 June 30, 2015

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,328,271	\$ 142,254	\$ 856,983	\$ 4,007,615	\$ 276,277	\$ 13,611,400
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,352,314	-	-	-	-	1,352,314
Accounts receivable	195,310	807	-	-	5	196,122
Due from other governmental units	469,078	206,699	-	-	136,643	812,420
Prepaid items	874	-	-	-	-	874
Restricted assets:						
Cash and cash equivalents	-	-	2,762,716	-	-	2,762,716
<b>Total assets</b>	<b>\$ 10,345,847</b>	<b>\$ 349,760</b>	<b>\$ 3,619,699</b>	<b>\$ 4,007,615</b>	<b>\$ 412,925</b>	<b>\$ 18,735,846</b>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	\$ 576,344	\$ 119,088	\$ -	\$ 172,752	\$ 51,821	\$ 920,005
Accrued liabilities	458,470	99,353	-	-	58,741	616,564
Reconciled overdraft	-	-	-	-	262,987	262,987
Unearned revenue	-	131,319	-	-	-	131,319
<b>Total liabilities</b>	<b>\$ 1,034,814</b>	<b>\$ 349,760</b>	<b>\$ -</b>	<b>\$ 172,752</b>	<b>\$ 373,549</b>	<b>\$ 1,930,875</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	\$ 1,315,818	\$ -	\$ -	\$ -	\$ -	\$ 1,315,818
<b>Total deferred inflows of resources</b>	<b>\$ 1,315,818</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,315,818</b>
<b>Fund balances:</b>						
Nonspendable	\$ 874	\$ -	\$ -	\$ -	\$ -	\$ 874
Restricted	-	-	2,762,716	-	242,638	3,005,354
Committed	-	-	856,983	3,834,863	-	4,691,846
Assigned	190,175	-	-	-	-	190,175
Unassigned	7,804,166	-	-	-	(203,262)	7,600,904
<b>Total fund balances</b>	<b>\$ 7,995,215</b>	<b>\$ -</b>	<b>\$ 3,619,699</b>	<b>\$ 3,834,863</b>	<b>\$ 39,376</b>	<b>\$ 15,489,153</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,345,847</b>	<b>\$ 349,760</b>	<b>\$ 3,619,699</b>	<b>\$ 4,007,615</b>	<b>\$ 412,925</b>	<b>\$ 18,735,846</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, 2015

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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	\$	15,489,153
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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	\$	70,939,182	
Accumulated depreciation		<u>(23,764,285)</u>	47,174,897

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable revenue - property taxes	\$	1,201,441	
Unavailable revenue - jail telephone commissions		131,319	
Items related to measurement of net pension liability		<u>(1,627,733)</u>	(294,973)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and therefore, are not reported in the funds.	778,827
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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	\$	(34,079,522)	
Accrued interest payable		(298,477)	
Net OPEB obligation		(369,000)	
Net pension liability		(1,139,578)	
Capital leases		(93,059)	
Landfill post-closure liability		(2,755,504)	
Compensated absences		<u>(726,198)</u>	(39,461,338)

Net position of governmental activities	\$	<u><u>23,686,566</u></u>
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The notes to the financial statements are an integral part of this statement.

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COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2015

	General	Eastern Shore Regional Jail	Debt Service
<b>REVENUES</b>			
General property taxes	\$ 16,682,266	\$ -	\$ -
Other local taxes	2,506,479	-	-
Permits, privilege fees, and regulatory licenses	109,011	-	-
Fines and forfeitures	510,887	-	-
Revenue from the use of money and property	12,161	-	65,630
Charges for services	945,306	19,205	-
Miscellaneous	110,664	-	-
Recovered costs	45,940	6,671	161,139
Intergovernmental:			
Local government	-	-	-
Commonwealth	3,673,411	2,117,834	-
Federal	81,347	-	-
Total revenues	<u>\$ 24,677,472</u>	<u>\$ 2,143,710</u>	<u>\$ 226,769</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,961,308	\$ -	\$ -
Judicial administration	648,852	-	-
Public safety	4,508,551	3,610,010	-
Public works	2,120,556	-	-
Health and welfare	596,513	-	-
Education	8,148,489	-	-
Parks, recreation, and cultural	338,095	-	-
Community development	1,175,343	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	169,052	-	1,692,130
Interest and other fiscal charges	4,444	-	1,187,312
Total expenditures	<u>\$ 19,671,203</u>	<u>\$ 3,610,010</u>	<u>\$ 2,879,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,006,269</u>	<u>\$ (1,466,300)</u>	<u>\$ (2,652,673)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 11,769	\$ 1,466,300	\$ 2,471,740
Transfers out	(5,061,539)	-	-
Total other financing sources (uses)	<u>\$ (5,049,770)</u>	<u>\$ 1,466,300</u>	<u>\$ 2,471,740</u>
Net change in fund balances	\$ (43,501)	\$ -	\$ (180,933)
Fund balances - beginning	8,038,716	-	3,800,632
Fund balances - ending	<u>\$ 7,995,215</u>	<u>\$ -</u>	<u>\$ 3,619,699</u>

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

Exhibit 5

	Capital Projects	Other Governmental Funds	Total
\$	-	-	\$ 16,682,266
	-	-	2,506,479
	-	-	109,011
	-	-	510,887
	-	-	77,791
	-	-	964,511
	-	19,500	130,164
	-	-	213,750
	394,521	-	394,521
	-	612,807	6,404,052
	-	1,664,937	1,746,284
\$	<u>394,521</u>	<u>2,297,244</u>	<u>\$ 29,739,716</u>
\$	-	-	\$ 1,961,308
	-	-	648,852
	-	-	8,118,561
	-	-	2,120,556
	-	2,296,643	2,893,156
	28,401	-	8,176,890
	-	-	338,095
	-	255,154	1,430,497
	812,998	-	812,998
	-	-	1,861,182
	-	-	1,191,756
\$	<u>841,399</u>	<u>2,551,797</u>	<u>\$ 29,553,851</u>
\$	<u>(446,878)</u>	<u>(254,553)</u>	<u>\$ 185,865</u>
\$	1,438,246	345,859	\$ 5,733,914
	(660,606)	(11,769)	(5,733,914)
\$	<u>777,640</u>	<u>334,090</u>	<u>\$ -</u>
\$	330,762	79,537	\$ 185,865
	3,504,101	(40,161)	15,303,288
\$	<u>3,834,863</u>	<u>39,376</u>	<u>\$ 15,489,153</u>

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, 2015

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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	\$	185,865
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$	464,478	
Depreciation expense		<u>(2,778,409)</u>	(2,313,931)

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	\$	13,419	
Increase (decrease) in unearned telephone commissions revenue		36,659	
Change in donated capital assets		(108,171)	
Change in deferred inflows related to the measurement of the net pension liability		<u>(1,627,733)</u>	(1,685,826)

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.

Principal payments	\$	1,861,182	
Increase in landfill post-closure liability		<u>286,620</u>	2,147,802

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.

Change in compensated absences	\$	77	
Change in net OPEB obligation		(45,000)	
Change in net pension liability		2,113,555	
Amortization of bond issuance premiums		251,444	
Change in deferred outflows related to pension payments subsequent to the measurement date		(32,563)	
Change in accrued interest payable		<u>14,045</u>	<u>2,301,558</u>

Change in net position of governmental activities	\$	<u><u>635,468</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position  
 Proprietary Fund  
 June 30, 2015

	Enterprise Fund <u>Public Utilities Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 22,004
Accounts receivable, net of allowance for uncollectibles	3,189
Total current assets	<u>\$ 25,193</u>
Total assets	<u>\$ 25,193</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 6,331
Accrued liabilities	2,978
Unearned revenue	6,323
Total current liabilities	<u>\$ 15,632</u>
Total liabilities	<u>\$ 15,632</u>
<b>NET POSITION</b>	
Unrestricted	\$ 9,561
Total net position	<u>\$ 9,561</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, 2015

	Enterprise Fund <hr/> Public Utilities Fund <hr/>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 56,951
Wastewater revenues	108,535
Total operating revenues	<u>\$ 165,486</u>
<b>OPERATING EXPENSES</b>	
Personnel	\$ 63,581
Fringe benefits	24,530
Contractual services	45,034
Other charges	32,203
Total operating expenses	<u>\$ 165,348</u>
Operating income (loss)	<u>\$ 138</u>
Total net position - beginning	<u>9,423</u>
Total net position - ending	<u><u>\$ 9,561</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, 2015

	Enterprise Fund
	<u>Public Utilities Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 166,904
Payments to suppliers	(93,214)
Payments to employees	(88,111)
Net cash provided by (used for) operating activities	<u>\$ (14,421)</u>
Net increase (decrease) in cash and cash equivalents	\$ (14,421)
Cash and cash equivalents - beginning	36,425
Cash and cash equivalents - ending	<u><u>\$ 22,004</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 138
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ 1,418
Increase (decrease) in accounts payable	(16,469)
Increase (decrease) in accrued liabilities	492
Total adjustments	<u>\$ (14,559)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (14,421)</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2015

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 431,088
Accounts receivables	160,621
Total assets	<u>\$ 591,709</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 84,524
Accrued liabilities	43,515
Amounts held for social services clients	155,814
Amounts held for others	307,856
Total liabilities	<u>\$ 591,709</u>

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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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).

**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, 2015.

*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, 2015.

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.

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.

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, ES Tourism Commission, 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.

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 \$310,121 at June 30, 2015 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.

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

H. Capital Assets (Continued)

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

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

I. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net 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. Use of Estimates

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

K. Net Position

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.

L. 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.

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

M. Pensions

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

N. 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.

O. Prepaid Items

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

P. Restricted Assets

Restricted assets of \$2,762,716 represent amounts set aside in a sinking fund for debt service at June 30, 2015.

Q. 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;

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

Q. Fund Equity (Continued)

- 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;
- 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).

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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

Q. Fund Equity (Continued)

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	\$ -	\$ 2,762,716	\$ -	\$ -	\$ 2,762,716
Forfeited asset sharing	-	-	-	91,136	91,136
CDBG projects	-	-	-	140,056	140,056
Purchase of development rights	-	-	-	11,446	11,446
Total Restricted Fund Balance	\$ -	\$ 2,762,716	\$ -	\$ 242,638	\$ 3,005,354
Committed:					
Capital projects	\$ -	\$ -	\$ 3,834,863	\$ -	\$ 3,834,863
Debt service	-	856,983	-	-	856,983
Total Committed Fund Balance	\$ -	\$ 856,983	\$ 3,834,863	\$ -	\$ 4,691,846
Assigned:					
Records preservation	\$ 4,197	\$ -	\$ -	\$ -	\$ 4,197
Other	25,000	-	-	-	25,000
Harbor improvements	160,978	-	-	-	160,978
Total Assigned Fund Balance	\$ 190,175	\$ -	\$ -	\$ -	\$ 190,175
Unassigned Fund Balance	\$ 7,804,166	\$ -	\$ -	\$ (203,262)	\$ 7,600,904
Total Fund Balances	\$ 7,995,215	\$ 3,619,699	\$ 3,834,863	\$ 39,376	\$ 15,489,153

R. 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

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

R. Deferred Outflow/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the future tax levies, and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on future tax levies are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

S. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these statements resulted in a restatement of net position, reference Note 16.

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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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

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 Fund at June 30, 2015.

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.

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, 2015 were held by the County or in the County’s name by the County’s custodial banks.

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2015 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	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 986,633
State Non-Arbitrage Pool	1,263,963
Total	\$ <u>2,250,596</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.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (CONTINUED)

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NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2015, the County has amounts due from other governments as follows:

	<u>Government</u>	<u>Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 215,407	\$ -
Local communication sales tax	83,131	-
Victim witness	6,096	-
Asset forfeiture	560	-
Mobile home titling tax	2,919	-
Recordation tax	7,230	-
VPA funds	15,002	-
State sales tax	-	288,494
Constitutional officer reimbursements	124,735	-
Auto rental tax	405	-
Emergency management	25,000	-
Jail funds	206,699	-
Other state funds	4,155	-
Federal Government:		
School fund grants	-	525,687
Housing and Urban Development grant	59,725	-
VPA funds	61,356	-
	<u>          </u>	<u>          </u>
Total due from other governments	<u>\$ 812,420</u>	<u>\$ 814,181</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

Primary Government:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 2,240,874	\$ 244,829	\$ 108,171	\$ 2,377,532
Construction in progress	40,565	-	-	40,565
Jointly owned land	134,600	-	-	134,600
Total capital assets not subject to depreciation	<u>\$ 2,416,039</u>	<u>\$ 244,829</u>	<u>\$ 108,171</u>	<u>\$ 2,552,697</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 48,519,452	\$ -	\$ -	\$ 48,519,452
Improvements other than buildings	1,316,254	78,573	-	1,394,827
Machinery and equipment	4,217,282	141,076	107,742	4,250,616
Jointly owned assets	14,221,590	-	-	14,221,590
Total capital assets subject to depreciation	<u>\$ 68,274,578</u>	<u>\$ 219,649</u>	<u>\$ 107,742</u>	<u>\$ 68,386,485</u>
Accumulated depreciation:				
Buildings and improvements	\$ (11,335,876)	\$ (1,881,840)	\$ -	\$ (13,217,716)
Improvements other than buildings	(298,796)	(47,966)	-	(346,762)
Machinery and equipment	(2,998,816)	(384,479)	(107,742)	(3,275,553)
Jointly owned assets	(6,460,130)	(464,124)	-	(6,924,254)
Total accumulated depreciation	<u>\$ (21,093,618)</u>	<u>\$ (2,778,409)</u>	<u>\$ (107,742)</u>	<u>\$ (23,764,285)</u>
Total capital assets being depreciated, net	<u>\$ 47,180,960</u>	<u>\$ (2,558,760)</u>	<u>\$ -</u>	<u>\$ 44,622,200</u>
Governmental activities capital assets, net	<u><u>\$ 49,596,999</u></u>	<u><u>\$ (2,313,931)</u></u>	<u><u>\$ 108,171</u></u>	<u><u>\$ 47,174,897</u></u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

Component Unit - School Board

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 130,505	\$ 108,171	\$ -	\$ 238,676
Construction in progress	-	68,219	-	68,219
Total capital assets not subject to depreciation	\$ 130,505	\$ 176,390	\$ -	\$ 306,895
Capital assets subject to depreciation:				
Buildings and improvements	\$ 2,251,758	\$ -	\$ -	\$ 2,251,758
Improvements other than buildings	973,170	508,118	-	1,481,288
Machinery and equipment	5,528,096	406,295	149,335	5,785,056
Total capital assets subject to depreciation	\$ 8,753,024	\$ 914,413	\$ 149,335	\$ 9,518,102
Accumulated depreciation:				
Buildings and improvements	\$ (2,104,702)	\$ (14,487)	\$ -	\$ (2,119,189)
Improvements other than buildings	(356,530)	(77,050)	-	(433,580)
Machinery and equipment	(3,112,371)	(602,986)	(149,335)	(3,566,022)
Total accumulated depreciation	\$ (5,573,603)	\$ (694,523)	\$ (149,335)	\$ (6,118,791)
Total capital assets being depreciated, net	\$ 3,179,421	\$ 219,890	\$ -	\$ 3,399,311
Governmental activities capital assets, net	\$ 3,309,926	\$ 396,280	\$ -	\$ 3,706,206

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (CONTINUED)

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NOTE 5—CAPITAL ASSETS: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	812,303
Judicial administration		175,114
Public safety		953,479
Public works		231,449
Health and welfare		51,841
Education		534,000
Parks, recreation and cultural		19,578
Community development		<u>645</u>
Total Governmental activities	\$	<u><u>2,778,409</u></u>
Component Unit School Board	\$	<u><u>694,523</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, 2015, is that school financed assets in the amount of \$7,431,936 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (CONTINUED)

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NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 11,769	\$ 5,061,539
Eastern Shore Regional Jail	1,466,300	-
Debt Service	2,471,740	-
Capital Projects	1,438,246	660,606
Other Governmental Funds	345,859	11,769
Total Governmental Funds	<u>\$ 5,733,914</u>	<u>\$ 5,733,914</u>
Total-All Funds	<u>\$ 5,733,914</u>	<u>\$ 5,733,914</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.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2015 is as follows:

	Restated Balance at July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Lease revenue bonds	\$ 25,175,000	\$ -	\$ 1,620,000	\$ 23,555,000	\$ 1,680,000
Add deferred amounts:					
For issuance premium	4,617,751	-	243,040	4,374,711	-
Capital leases	262,111	-	169,052	93,059	93,059
Landfill post-closure liability	3,042,124	34	286,654	2,755,504	-
Compensated absences	726,275	72,550	72,627	726,198	72,620
Net pension liability	3,253,133	2,749,719	4,863,274	1,139,578	-
Net OPEB obligation	324,000	78,000	33,000	369,000	-
Total incurred by County	<u>\$ 37,400,394</u>	<u>\$ 2,900,303</u>	<u>\$ 7,287,647</u>	<u>\$ 33,013,050</u>	<u>\$ 1,845,679</u>
Incurred by School Board:					
State literary fund loans	\$ 97,044	\$ -	\$ 12,130	\$ 84,914	\$ 12,130
General obligation bonds	6,015,655	-	60,000	5,955,655	484,060
Add deferred amounts:					
For issuance premium	117,646	-	8,404	109,242	-
Total incurred by School Board	<u>\$ 6,230,345</u>	<u>\$ -</u>	<u>\$ 80,534</u>	<u>\$ 6,149,811</u>	<u>\$ 496,190</u>
Total Governmental Activities	<u><u>\$ 43,630,739</u></u>	<u><u>\$ 2,900,303</u></u>	<u><u>\$ 7,368,181</u></u>	<u><u>\$ 39,162,861</u></u>	<u><u>\$ 2,341,869</u></u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (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
2016	\$ 93,059	\$ 1,226	\$ 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>93,059</u>	\$ <u>1,226</u>	\$ <u>23,555,000</u>	\$ <u>7,277,453</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (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
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>84,914</u>	\$ <u>10,191</u>	\$ <u>5,955,655</u>	\$ <u>299,405</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

<u>General Long-Term Obligations:</u>	<u>Amount Outstanding</u>
<u>Lease Revenue Bonds:</u>	
\$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, \$23,555,000 plus unamortized issuance premium of \$4,374,711.	\$ <u>27,929,711</u>
Total Lease Revenue bonds	\$ <u>27,929,711</u>
<u>Capital Leases:</u>	
\$154,466 equipment lease purchase agreement (payable from the General Fund) issued June 28, 2013, due in bi-annual installments of \$20,572 through 2016. Interest payable semi-annually at a rate of 3.10%.	\$ 40,658
\$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>52,401</u>
Total Capital Leases	\$ <u>93,059</u>
Landfill post-closure liability	\$ 2,755,504
Compensated absences (payable from the General Fund)	726,198
Net pension liability (payable from the General Fund)	1,139,578
Net OPEB obligation (payable from the General Fund)	<u>369,000</u>
Total Long-Term Obligations Incurred by County	\$ <u><u>33,013,050</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	<u>Amount Outstanding</u>
<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, \$1,180,000 plus unamortized issuance premium of \$109,242.	\$ 1,289,242
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>6,064,897</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>84,914</u>
Total State Literary Fund Loans	\$ <u>84,914</u>
Total School Board Long-Term Debt Issued, payable from the General Fund	\$ <u>6,149,811</u>
Total Governmental Activities Obligations	\$ <u><u>39,162,861</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (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
3 School buses	-	292,770
Less: Accumulated depreciation	<u>(117,971)</u>	<u>(871,820)</u>
	<u>\$ 245,648</u>	<u>\$ 1,174,022</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (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, 2015, were as follows:

Year Ending June 30,	Governmental Activities	Component Unit- School Board
2015		
2016	\$ 94,285	\$ 338,381
2017	-	263,918
2018	-	181,866
2019	-	61,260
Total minimum lease payments	\$ 94,285	\$ 845,425
Less: amount representing interest	(1,226)	(23,210)
Present value of minimum lease payments	<u>\$ 93,059</u>	<u>\$ 822,215</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, 2015:

	Restated Balance at July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015	Amounts Due Within OneYear
Compensated absences (payable from the School Fund)	\$ 638,521	\$ 74,750	\$ 63,852	\$ 649,419	\$ 64,942
Capital leases	938,199	294,150	410,134	822,215	325,955
Net pension liability	17,985,711	1,424,434	4,161,565	15,248,580	-
Net OPEB obligation	130,000	155,000	178,000	107,000	-
Total	<u>\$ 19,692,431</u>	<u>\$ 1,948,334</u>	<u>\$ 4,813,551</u>	<u>\$ 16,827,214</u>	<u>\$ 390,897</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>Capital Leases:</u>	
\$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%.	\$ 160,164
\$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%.	352,811
\$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%.	73,209
\$294,150 school equipment lease purchase agreement (payable from the School Fund) issued September 24, 2014, due in bi-annual installments of \$30,630 through 2019. Interest payable annually at a rate of 1.68%.	<u>236,031</u>
Total Capital Leases	\$ <u>822,215</u>
Compensated absences (payable from the School Fund)	649,419
Net pension liability (payable from the School Fund)	15,248,580
Net OPEB obligation (payable from the School Fund)	<u>107,000</u>
Total Long-Term Obligations Incurred by School Board	\$ <u><u>16,827,214</u></u>

Year Ending June 30	Component Unit Obligation	
	Capital Leases	
	Principal	Interest
2016	\$ 325,955	\$ 12,426
2017	256,963	6,955
2018	178,800	3,066
2019	60,497	763
Total	\$ 822,215	\$ 23,210

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (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 expenditures and liabilities 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, 2015, 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 \$2,755,504 reported as a long-term liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$1,755,504 is based on what it would cost to perform all postclosure care in fiscal year 2015 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 \$1,315,818 and unearned revenue of \$131,319 at June 30, 2015 which is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,201,441 at June 30, 2015.

Deferred/Unavailable Prepaid Property Taxes: Property taxes due subsequent to June 30, 2015, but paid in advance by the tax payers totaled \$114,377 at June 30, 2015.

Unearned Revenue: Unearned revenue representing unspent jail telephone commission funds not available for funding of current expenditures totaled \$131,319 at June 30, 2015.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (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, 2015, 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, 2015

**Note 13—PENSION PLAN:**

*Plan Description*

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b>                      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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b>                      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 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.</p>	<p><b>About the Hybrid Retirement Plan</b>                      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 Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> </ul>

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1 (Cont.)</b></p>	<p><b>About Plan 2 (Cont.)</b></p>	<p><b>About the Hybrid Retirement Plan (Cont.)</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> 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.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in 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.</p> <p><b>Hybrid Opt-In Election</b> Eligible 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.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• Members in Plan 1 or 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.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Hybrid Opt-In Election (Cont.)</b>                      Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b>                      Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b>                      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 Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b>                      Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but 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.</p>	<p><b>Retirement Contributions</b>                      Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b>                      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.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Creditable Service</b>                      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.</p>	<p><b>Creditable Service</b>                      Same as Plan 1.</p>	<p><b>Creditable Service</b>  <b><u>Defined Benefit Component:</u></b>                      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.</p> <p><b><u>Defined Contributions Component:</u></b>                      Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Vesting</b>                      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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>                      Same as Plan 1.</p>	<p><b>Vesting</b>  <b><u>Defined Benefit Component:</u></b>                      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. Plan 1 or 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.</p> <p><b><u>Defined Contributions Component:</u></b>                      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.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting (Cont.)</b></p>	<p><b>Vesting (Cont.)</b></p>	<p><b>Vesting (Cont.)</b>  <b><u>Defined Contributions Component: (Cont.)</u></b>                      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.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>                      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.</p>	<p><b>Calculating the Benefit</b>                      See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <b><u>Defined Benefit Component:</u></b>                      See definition under Plan 1</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Calculating the Benefit (Cont.)</b>                      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.</p>	<p><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b>  <u><b>Defined Contribution Component:</b></u>                      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.</p>
<p><b>Average Final Compensation</b>                      A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> 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 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <u><b>Defined Benefit Component:</b></u>  <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b>                      Not applicable.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Normal Retirement Age</b>  <b>VRS:</b> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b>  <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b>  <b><u>Defined Benefit Component:</u></b>  <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b><u>Defined Benefit Component:</u></b>  <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b><u>Defined Benefit Component:</u></b>  <b>VRS:</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>                      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%.</p> <p><b><u>Eligibility:</u></b>                      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.</p> <p>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.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>                      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%.</p> <p><b><u>Eligibility:</u></b>                      Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <b><u>Defined Benefit Component:</u></b>                      Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b>                      Not applicable.</p> <p><b><u>Eligibility:</u></b>                      Same as Plan 1 and Plan 2.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>                      The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul> <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>                      Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>                      Same as Plan 1 and Plan 2.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Disability Coverage</b>                      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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b>                      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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b>                      Employees of political subdivisions and School divisions (including Plan 1 and 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.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b>                      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.</p>	<p><b>Purchase of Prior Service</b>                      Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <b><u>Defined Benefit Component:</u></b>                      Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b>                      Not applicable.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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/2014-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Employees Covered by Benefit Terms*

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	65	26
Inactive members:		
Vested inactive members	13	5
Non-vested inactive members	45	13
Inactive members active elsewhere in VRS	59	8
Total inactive members	117	26
Active members	189	23
Total covered employees	<u>371</u>	<u>75</u>

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been 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 5.00% member contribution. This could be phased in over a period of 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.

The County’s contractually required contribution rate for the year ended June 30, 2015 was 9.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

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**NOTE 13—PENSION PLAN: (CONTINUED)**

*Contributions (Continued)*

Contributions to the pension plan from the County were \$778,827 and \$811,390 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 10.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$106,603 and \$115,044 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

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**NOTE 13—PENSION PLAN: (CONTINUED)**

*Actuarial Assumptions - General Employees (Continued)*

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

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**NOTE 13—PENSION PLAN: (CONTINUED)**

*Actuarial Assumptions - Public Safety Employees (Continued)*

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 26,282,911	\$ 23,029,778	\$ 3,253,133
Changes for the year:			
Service cost	\$ 925,228	\$ -	\$ 925,228
Interest	1,805,167	-	1,805,167
Contributions - employer	-	811,390	(811,390)
Contributions - employee	-	397,922	(397,922)
Net investment income	-	3,653,770	(3,653,770)
Benefit payments, including refunds of employee contributions	(989,616)	(989,616)	-
Administrative expenses	-	(19,324)	19,324
Other changes	-	192	(192)
Net changes	\$ 1,740,779	\$ 3,854,334	\$ (2,113,555)
Balances at June 30, 2014	\$ 28,023,690	\$ 26,884,112	\$ 1,139,578

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Changes in Net Pension Liability*

	<b>Component School Board (nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2013	\$ 3,430,344	\$ 2,872,633	\$ 557,711
Changes for the year:			
Service cost	\$ 61,828	\$ -	\$ 61,828
Interest	231,160	-	231,160
Contributions - employer	-	115,410	(115,410)
Contributions - employee	-	52,929	(52,929)
Net investment income	-	443,203	(443,203)
Benefit payments, including refunds of employee contributions	(256,107)	(256,107)	-
Administrative expenses	-	(2,446)	2,446
Other changes	-	23	(23)
Net changes	<u>\$ 36,881</u>	<u>\$ 353,012</u>	<u>\$ (316,131)</u>
Balances at June 30, 2014	<u>\$ 3,467,225</u>	<u>\$ 3,225,645</u>	<u>\$ 241,580</u>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>Rate</b>		
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
County			
Net Pension Liability (Asset)	\$ 4,896,101	\$ 1,139,578	\$ (1,972,910)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	627,132	241,580	(83,752)

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$325,568 and \$(4,500) respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investment	\$ -	\$ 1,627,733	\$ -	\$ 196,221
Employer contributions subsequent to the measurement date	<u>778,827</u>	<u>-</u>	<u>106,603</u>	<u>-</u>
Total	<u>\$ 778,827</u>	<u>\$ 1,627,733</u>	<u>\$ 106,603</u>	<u>\$ 196,221</u>

\$778,827 and \$106,603 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2016	\$ (406,933)	\$ (49,055)
2017	(406,933)	(49,055)
2018	(406,933)	(46,055)
2019	(406,934)	(49,056)
Thereafter	-	-

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

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**NOTE 13—PENSION PLAN: (CONTINUED)**

**Component Unit School Board (professional)**

*Plan Description*

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been 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 5.00% member contribution. This could be phased in over a period of 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.

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,146,297 and \$1,060,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$15,007,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .12418% as compared to .12651% at June 30, 2013.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2015, the school division recognized pension expense of \$1,129,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,227,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	263,000
Employer contributions subsequent to the measurement date	<u>1,146,297</u>	<u>-</u>
Total	<u>\$ 1,146,297</u>	<u>\$ 2,490,000</u>

\$1,146,297 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (615,000)
2017	(615,000)
2018	(615,000)
2019	(615,000)
Thereafter	(30,000)

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

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**NOTE 13—PENSION PLAN: (CONTINUED)**

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

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)**

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

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	22,036,000	\$ 15,007,000	\$ 9,219,000

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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, 2015 (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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**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 \$78,000 for fiscal year 2015. The annual estimated employer contributions for fiscal year 2015 were \$33,000.

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

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

	<u>Primary Government</u>
Annual required contribution	\$ 78,000
Interest on net OPEB obligation	13,000
Adjustment to annual required contribution	(13,000)
Annual OPEB cost (expense)	\$ 78,000
Contributions made	(33,000)
Increase in net OPEB obligation	45,000
Net OPEB obligation-beginning of year	324,000
Net OPEB obligation-end of year	\$ <u><u>369,000</u></u>

**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 2015 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:			
6/30/2013	\$ 78,000	29.49%	\$ 269,000
6/30/2014	74,000	25.68%	324,000
6/30/2015	78,000	42.31%	369,000

**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.

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

Post-retirement Medical Plan for Employee (Continued)

E. Actuarial Methods and Assumptions: (Continued)

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.

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.

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 \$155,000 for fiscal year 2015. The annual employer contributions for fiscal year 2015 were \$178,000.

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

	Component Unit <u>School Board</u>
Annual required contribution	\$ 155,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	(5,000)
Annual OPEB cost (expense)	<u>\$ 155,000</u>
Contributions made	<u>(178,000)</u>
Increase in net OPEB obligation	(23,000)
Net OPEB obligation-beginning of year	130,000
Net OPEB obligation-end of year	<u><u>\$ 107,000</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 2015 and the two preceding years were as follows:

Fiscal Year Ended	<u>Three Year Trend Information for School Board</u>		
	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2013	\$ 186,000	83.87%	\$ 131,000
6/30/2014	153,000	100.65%	130,000
6/30/2015	155,000	114.84%	107,000

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.

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

Post-retirement Medical Plan for Employee (Continued)

E. Actuarial Methods and Assumptions:

*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%.

Health Insurance Credit Program Through Virginia Retirement System

Professional Employees - Discretely Presented Component Unit School Board

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, 2015, June 30, 2014, and June 30, 2013 was \$95,840, \$100,845 and \$100,661, 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.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

**NOTE 16 - RESTATEMENT OF NET POSITION:**

The following adjustments were made to beginning net position:

	Primary Government- Governmental Activities	Component Unit- School Board
	<u>                    </u>	<u>                    </u>
Net position as previously reported at June 30, 2014	\$ 25,492,841	\$ 2,560,452
Implementation of GASB 68:		
Deferred outflows of resources	811,390	1,175,410
Net pension liability	<u>(3,253,133)</u>	<u>(17,985,711)</u>
Net position as restated at July 1, 2014	<u>\$ 23,051,098</u>	<u>\$ (14,249,849)</u>

**NOTE 17-UPCOMING PRONOUNCEMENTS:**

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also

NOTE 17-UPCOMING PRONOUNCEMENTS: (Continued)

includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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*REQUIRED SUPPLEMENTARY INFORMATION*

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 16,975,836	\$ 16,975,836	\$ 16,682,266	\$ (293,570)
Other local taxes	2,703,280	2,574,458	2,506,479	(67,979)
Permits, privilege fees, and regulatory licenses	126,070	126,070	109,011	(17,059)
Fines and forfeitures	470,891	470,891	510,887	39,996
Revenue from the use of money and property	13,100	13,100	12,161	(939)
Charges for services	923,200	923,200	945,306	22,106
Miscellaneous	3,000	58,115	110,664	52,549
Recovered costs	122,402	122,402	45,940	(76,462)
Intergovernmental:				
Commonwealth	3,725,915	3,714,503	3,673,411	(41,092)
Federal	26,000	30,150	81,347	51,197
Total revenues	<u>\$ 25,089,694</u>	<u>\$ 25,008,725</u>	<u>\$ 24,677,472</u>	<u>\$ (331,253)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,262,463	\$ 2,132,434	\$ 1,961,308	\$ 171,126
Judicial administration	649,861	659,933	648,852	11,081
Public safety	4,501,803	4,689,919	4,508,551	181,368
Public works	2,151,727	2,161,502	2,120,556	40,946
Health and welfare	526,513	596,513	596,513	-
Education	8,148,489	8,148,489	8,148,489	-
Parks, recreation, and cultural	504,082	503,822	338,095	165,727
Community development	1,023,425	1,283,048	1,175,343	107,705
Debt service:				
Principal retirement	179,989	161,989	169,052	(7,063)
Interest and other fiscal charges	15,356	12,356	4,444	7,912
Total expenditures	<u>\$ 19,963,708</u>	<u>\$ 20,350,005</u>	<u>\$ 19,671,203</u>	<u>\$ 678,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,125,986</u>	<u>\$ 4,658,720</u>	<u>\$ 5,006,269</u>	<u>\$ 347,549</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 69,664	\$ 81,433	\$ 11,769	\$ (69,664)
Transfers out	(5,277,700)	(5,281,675)	(5,061,539)	220,136
Issuance of capital lease	52,050	-	-	-
Total other financing sources (uses)	<u>\$ (5,155,986)</u>	<u>\$ (5,200,242)</u>	<u>\$ (5,049,770)</u>	<u>\$ 150,472</u>
Net change in fund balances	\$ (30,000)	\$ (541,522)	\$ (43,501)	\$ 498,021
Fund balances - beginning	30,000	541,522	8,038,716	7,497,194
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,995,215</u>	<u>\$ 7,995,215</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 15,500	\$ 17,335	\$ 19,205	\$ 1,870
Recovered costs	1,750	1,750	6,671	4,921
Intergovernmental:				
Commonwealth	2,068,190	2,006,810	2,117,834	111,024
Total revenues	<u>\$ 2,085,440</u>	<u>\$ 2,025,895</u>	<u>\$ 2,143,710</u>	<u>\$ 117,815</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 3,625,760	\$ 3,549,941	\$ 3,610,010	\$ (60,069)
Total expenditures	<u>\$ 3,625,760</u>	<u>\$ 3,549,941</u>	<u>\$ 3,610,010</u>	<u>\$ (60,069)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,540,320)</u>	<u>\$ (1,524,046)</u>	<u>\$ (1,466,300)</u>	<u>\$ 57,746</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,540,320	\$ 1,544,694	\$ 1,466,300	\$ (78,394)
Total other financing sources (uses)	<u>1,540,320</u>	<u>1,544,694</u>	<u>1,466,300</u>	<u>(78,394)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 20,648</u>	<u>\$ -</u>	<u>\$ (20,648)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 20,648</u>	<u>\$ -</u>	<u>\$ (20,648)</u>

Schedule of OPEB Funding Progress  
For the Year Ended June 30, 2015

Primary Government:  
County Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
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:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
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%

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Primary Government  
 For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 925,228
Interest	1,805,167
Benefit payments, including refunds of employee contributions	(989,616)
Net change in total pension liability	\$ 1,740,779
Total pension liability - beginning	26,282,911
Total pension liability - ending (a)	\$ 28,023,690
Plan fiduciary net position	
Contributions - employer	\$ 811,390
Contributions - employee	397,922
Net investment income	3,653,770
Benefit payments, including refunds of employee contributions	(989,616)
Administrative expense	(19,324)
Other	192
Net change in plan fiduciary net position	\$ 3,854,334
Plan fiduciary net position - beginning	23,029,778
Plan fiduciary net position - ending (b)	\$ 26,884,112
County's net pension liability - ending (a) - (b)	\$ 1,139,578
Plan fiduciary net position as a percentage of the total pension liability	95.93%
Covered-employee payroll	\$ 7,965,906
County's net pension liability as a percentage of covered-employee payroll	14.31%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 61,828
Interest	231,160
Benefit payments, including refunds of employee contributions	<u>(256,107)</u>
Net change in total pension liability	\$ 36,881
Total pension liability - beginning	3,430,344
Total pension liability - ending (a)	<u><u>\$ 3,467,225</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 115,410
Contributions - employee	52,929
Net investment income	443,203
Benefit payments, including refunds of employee contributions	(256,107)
Administrative expense	(2,446)
Other	23
Net change in plan fiduciary net position	\$ 353,012
Plan fiduciary net position - beginning	2,872,633
Plan fiduciary net position - ending (b)	<u><u>\$ 3,225,645</u></u>
School Division's net pension liability - ending (a) - (b)	\$ 241,580
Plan fiduciary net position as a percentage of the total pension liability	93.03%
Covered-employee payroll	\$ 946,087
School Division's net pension liability as a percentage of covered-employee payroll	25.53%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 For the Year Ended June 30, 2015\*

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	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.12418%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,007,000
Employer's Covered-Employee Payroll	9,085,112
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	165.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions  
 For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2015	\$ 778,827	\$ 778,827	\$ -	\$ 8,079,121	9.64%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 106,603	\$ 106,603	\$ -	\$ 986,149	10.81%
<b>Component Unit School Board (professional)</b>					
2015	\$ 1,146,297	\$ 1,146,297	\$ -	\$ 7,905,499	14.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

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Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 65,630	\$ 65,630
Recovered costs	161,000	161,000	161,139	139
Total revenues	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 226,769</u>	<u>\$ 65,769</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 1,938,668	\$ 1,938,668	\$ 1,692,130	\$ 246,538
Interest and other fiscal charges	1,188,754	1,188,754	1,187,312	1,442
Total expenditures	<u>\$ 3,127,422</u>	<u>\$ 3,127,422</u>	<u>\$ 2,879,442</u>	<u>\$ 247,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,966,422)</u>	<u>\$ (2,966,422)</u>	<u>\$ (2,652,673)</u>	<u>\$ 313,749</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,471,740	\$ 2,471,740	\$ 2,471,740	\$ -
Total other financing sources (uses)	<u>\$ 2,471,740</u>	<u>\$ 2,471,740</u>	<u>\$ 2,471,740</u>	<u>\$ -</u>
Net change in fund balances	\$ (494,682)	\$ (494,682)	\$ (180,933)	\$ 313,749
Fund balances - beginning	494,682	494,682	3,800,632	3,305,950
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,619,699</u>	<u>\$ 3,619,699</u>

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2015

	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	-	-	394,521	394,521
Commonwealth	-	242,064	-	(242,064)
Total revenues	<u>\$ -</u>	<u>\$ 969,714</u>	<u>\$ 394,521</u>	<u>\$ (575,193)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ 28,401	\$ 28,401	\$ -
Capital projects	777,640	4,612,859	812,998	3,799,861
Debt service:				
Interest and other fiscal charges	-	2	-	2
Total expenditures	<u>\$ 777,640</u>	<u>\$ 4,641,262</u>	<u>\$ 841,399</u>	<u>\$ 3,799,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (777,640)</u>	<u>\$ (3,671,548)</u>	<u>\$ (446,878)</u>	<u>\$ 3,224,670</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 777,640	\$ 1,537,126	1,438,246	\$ (98,880)
Transfers out	-	(660,606)	(660,606)	-
Issuance of capital lease	-	300	-	(300)
Total other financing sources (uses)	<u>\$ 777,640</u>	<u>\$ 876,820</u>	<u>\$ 777,640</u>	<u>\$ (99,180)</u>
Net change in fund balances	\$ -	\$ (2,794,728)	\$ 330,762	\$ 3,125,490
Fund balances - beginning	-	8,730,696	3,504,101	(5,226,595)
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,935,968</u>	<u>\$ 3,834,863</u>	<u>\$ (2,101,105)</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2015

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 31,899	\$ 90,576	\$ 11,446
Receivables (net of allowance for uncollectibles):			
Accounts receivable	5	-	-
Due from other governmental units	76,358	560	-
Total assets	<u>\$ 108,262</u>	<u>\$ 91,136</u>	<u>\$ 11,446</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 51,821	\$ -	\$ -
Accrued liabilities	56,441	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 108,262</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ -	\$ 91,136	\$ 11,446
Unassigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 91,136</u>	<u>\$ 11,446</u>
Total liabilities and fund balances	<u>\$ 108,262</u>	<u>\$ 91,136</u>	<u>\$ 11,446</u>

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ 142,356	\$ -	\$ -	\$ 276,277
-	-	-	5
-	-	59,725	136,643
<u>\$ 142,356</u>	<u>\$ -</u>	<u>\$ 59,725</u>	<u>\$ 412,925</u>
\$ -	\$ -	\$ -	\$ 51,821
2,300	-	-	58,741
-	32,406	230,581	262,987
<u>\$ 2,300</u>	<u>\$ 32,406</u>	<u>\$ 230,581</u>	<u>\$ 373,549</u>
\$ 140,056	\$ -	\$ -	\$ 242,638
-	(32,406)	(170,856)	(203,262)
<u>\$ 140,056</u>	<u>\$ (32,406)</u>	<u>\$ (170,856)</u>	<u>\$ 39,376</u>
<u>\$ 142,356</u>	<u>\$ -</u>	<u>\$ 59,725</u>	<u>\$ 412,925</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2015

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
<b>REVENUES</b>			
Miscellaneous	\$ 11,206	\$ -	\$ -
Intergovernmental:			
Commonwealth	576,045	15,648	-
Federal	1,363,533	12,520	-
Total revenues	<u>\$ 1,950,784</u>	<u>\$ 28,168</u>	<u>\$ -</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	\$ 2,296,643	\$ -	\$ -
Community development	-	-	-
Total expenditures	<u>\$ 2,296,643</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (345,859)</u>	<u>\$ 28,168</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 345,859	\$ -	\$ -
Transfers out	-	(11,769)	-
Total other financing sources (uses)	<u>\$ 345,859</u>	<u>\$ (11,769)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 16,399	\$ -
Fund balances - beginning	-	74,737	11,446
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 91,136</u></u>	<u><u>\$ 11,446</u></u>

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ 6,174	\$ 2,120	\$ -	\$ 19,500
-	21,114	-	612,807
209,706	79,178	-	1,664,937
<u>\$ 215,880</u>	<u>\$ 102,412</u>	<u>\$ -</u>	<u>\$ 2,297,244</u>
\$ -	\$ -	\$ -	\$ 2,296,643
132,390	122,764	-	255,154
<u>\$ 132,390</u>	<u>\$ 122,764</u>	<u>\$ -</u>	<u>\$ 2,551,797</u>
\$ 83,490	\$ (20,352)	\$ -	\$ (254,553)
\$ -	\$ -	\$ -	\$ 345,859
-	-	-	(11,769)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,090</u>
\$ 83,490	\$ (20,352)	\$ -	\$ 79,537
56,566	(12,054)	(170,856)	(40,161)
<u>\$ 140,056</u>	<u>\$ (32,406)</u>	<u>\$ (170,856)</u>	<u>\$ 39,376</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, 2015

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 1,807	\$ 11,206	\$ 9,399
Intergovernmental:				
Commonwealth	797,906	798,834	576,045	(222,789)
Federal	1,196,454	1,199,236	1,363,533	164,297
Total revenues	<u>\$ 1,994,360</u>	<u>\$ 1,999,877</u>	<u>\$ 1,950,784</u>	<u>\$ (49,093)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,412,696	\$ 2,387,814	\$ 2,296,643	\$ 91,171
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,412,696</u>	<u>\$ 2,387,814</u>	<u>\$ 2,296,643</u>	<u>\$ 91,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (418,336)</u>	<u>\$ (387,937)</u>	<u>\$ (345,859)</u>	<u>\$ 42,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 418,336	\$ 387,937	\$ 345,859	\$ (42,078)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 418,336</u>	<u>\$ 387,937</u>	<u>\$ 345,859</u>	<u>\$ (42,078)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	15,648	15,648	-	-	-	-
-	-	12,520	12,520	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,168</u>	<u>\$ 28,168</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>
\$ -	\$ -	\$ 28,168	\$ 28,168	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(11,769)	(11,769)	-	-	-	-	-
<u>\$ -</u>	<u>\$ (11,769)</u>	<u>\$ (11,769)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (11,769)	\$ 16,399	\$ 28,168	\$ -	\$ -	\$ -	\$ -
-	11,769	74,737	62,968	-	-	11,446	11,446
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,136</u>	<u>\$ 91,136</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, 2015

	CDBG Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 40,000	\$ 6,174	\$ (33,826)
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	458,736	209,706	(249,030)
Total revenues	\$ -	\$ 498,736	\$ 215,880	\$ (282,856)
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	557,249	132,390	424,859
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ 557,249	\$ 132,390	\$ 424,859
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (58,513)	\$ 83,490	\$ 142,003
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (58,513)	\$ 83,490	\$ 142,003
Fund balances - beginning	-	58,513	56,566	(1,947)
Fund balances - ending	\$ -	\$ -	\$ 140,056	\$ 140,056

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	\$ 2,120	\$ (36,103)	\$ -	\$ -	\$ -	\$ -
-	87,662	21,114	(66,548)	-	-	-	-
-	443,786	79,178	(364,608)	-	187,777	-	(187,777)
<u>\$ -</u>	<u>\$ 569,671</u>	<u>\$ 102,412</u>	<u>\$ (467,259)</u>	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	617,761	122,764	494,997	-	-	-	-
-	-	-	-	-	35,053	-	35,053
<u>\$ -</u>	<u>\$ 617,761</u>	<u>\$ 122,764</u>	<u>\$ 494,997</u>	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ -</u>	<u>\$ 35,053</u>
\$ -	\$ (48,090)	\$ (20,352)	\$ 27,738	\$ -	\$ 152,724	\$ -	\$ (152,724)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (48,090)	\$ (20,352)	\$ 27,738	\$ -	\$ 152,724	\$ -	\$ (152,724)
-	66,458	(12,054)	(78,512)	-	-	(170,856)	(170,856)
<u>\$ -</u>	<u>\$ 18,368</u>	<u>\$ (32,406)</u>	<u>\$ (50,774)</u>	<u>\$ -</u>	<u>\$ 152,724</u>	<u>\$ (170,856)</u>	<u>\$ (323,580)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund	NC Tourism Commission Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,085	\$ -	\$ 155,814	\$ 56,341
Accounts receivable	-	84,971	-	-
Total assets	<u>\$ 53,085</u>	<u>\$ 84,971</u>	<u>\$ 155,814</u>	<u>\$ 56,341</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	9,500	\$ -	\$ -
Accrued liabilities	-	12,563	-	-
Reconciled overdraft payable	-	70,588	-	-
Amounts held for social services clients	-	-	155,814	-
Amounts held for others	53,085	(7,680)	-	56,341
Total liabilities	<u>\$ 53,085</u>	<u>\$ 84,971</u>	<u>\$ 155,814</u>	<u>\$ 56,341</u>

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911 Local Fund	911 Wireline Fund	ES Tourism Commission Fund	Building Inspection Fees Fund	Total
\$ 6,026	\$ 90,126	\$ 138,565	\$ 1,719	\$ 501,676
-	75,650	-	-	160,621
<u>\$ 6,026</u>	<u>\$ 165,776</u>	<u>\$ 138,565</u>	<u>\$ 1,719</u>	<u>\$ 662,297</u>
\$ 29,656	\$ 34,540	\$ 10,828	\$ -	\$ 84,524
-	23,758	5,565	1,629	43,515
-	-	-	-	70,588
-	-	-	-	155,814
(23,630)	107,478	122,172	90	307,856
<u>\$ 6,026</u>	<u>\$ 165,776</u>	<u>\$ 138,565</u>	<u>\$ 1,719</u>	<u>\$ 662,297</u>

Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>IDA Operating Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 34,628	\$ 18,457	\$ -	\$ 53,085
Accounts receivable	276	-	276	-
Total assets	<u>\$ 34,904</u>	<u>\$ 18,457</u>	<u>\$ 276</u>	<u>\$ 53,085</u>
Liabilities:				
Amounts held for others	<u>\$ 34,904</u>	<u>\$ 18,457</u>	<u>\$ 276</u>	<u>\$ 53,085</u>
<b>Virginia Broadband Authority Fund:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 376,949	\$ 376,949	\$ -
Accounts receivable	53,170	84,971	53,170	84,971
Total assets	<u>\$ 53,170</u>	<u>\$ 461,920</u>	<u>\$ 430,119</u>	<u>\$ 84,971</u>
Liabilities:				
Accounts payable	\$ 13,633	9,500	13,633	\$ 9,500
Accrued liabilities	9,909	12,563	9,909	12,563
Amounts held for others	-	369,269	376,949	(7,680)
Reconciled overdraft payable	29,628	70,588	29,628	70,588
Total liabilities	<u>\$ 53,170</u>	<u>\$ 461,920</u>	<u>\$ 430,119</u>	<u>\$ 84,971</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 205,714	\$ 206,582	\$ 256,482	\$ 155,814
Total assets	<u>\$ 205,714</u>	<u>\$ 206,582</u>	<u>\$ 256,482</u>	<u>\$ 155,814</u>
Liabilities:				
Accrued liabilities	\$ 8,020	-	\$ 8,020	-
Amounts held for social services clients	197,694	206,582	248,462	155,814
Total liabilities	<u>\$ 205,714</u>	<u>\$ 206,582</u>	<u>\$ 256,482</u>	<u>\$ 155,814</u>
<b>NC Tourism Commission Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 56,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,341</u>
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	\$ 100,820	\$ 334,980	\$ 429,774	\$ 6,026
Accounts receivable	24,948	-	24,948	-
Total assets	<u>\$ 125,768</u>	<u>\$ 334,980</u>	<u>\$ 454,722</u>	<u>\$ 6,026</u>
Liabilities:				
Accounts payable	\$ 25,478	\$ 29,656	\$ 25,478	\$ 29,656
Amounts held for others	100,290	305,324	429,244	(23,630)
Total liabilities	<u>\$ 125,768</u>	<u>\$ 334,980</u>	<u>\$ 454,722</u>	<u>\$ 6,026</u>

Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>911 Wireline Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 68,798	938,512	917,184	\$ 90,126
Accounts receivable	85,570	75,650	85,570	75,650
Total assets	<u>\$ 154,368</u>	<u>\$ 1,014,162</u>	<u>\$ 1,002,754</u>	<u>\$ 165,776</u>
Liabilities:				
Accounts payable	\$ 37,578	34,540	37,578	\$ 34,540
Accrued liabilities	17,618	23,758	17,618	23,758
Amounts held for others	99,172	955,864	947,558	107,478
Total liabilities	<u>\$ 154,368</u>	<u>\$ 1,014,162</u>	<u>\$ 1,002,754</u>	<u>\$ 165,776</u>
<b>Local Sales Tax Fund:</b>				
Liabilities:				
Amounts held for others	\$ (51,999)	\$ 51,999	\$	\$ -
Reconciled overdraft payable	51,999	-	51,999	-
Total liabilities	<u>\$ -</u>	<u>\$ 51,999</u>	<u>\$ 51,999</u>	<u>\$ -</u>
<b>ES Tourism Commission Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 49,174	\$ 263,146	\$ 173,755	\$ 138,565
Total assets	<u>\$ 49,174</u>	<u>\$ 263,146</u>	<u>\$ 173,755</u>	<u>\$ 138,565</u>
Liabilities:				
Accounts payable	\$ -	\$ 10,828	\$ -	\$ 10,828
Accrued liabilities	-	5,565	-	5,565
Amounts held for others	49,174	246,753	173,755	122,172
Total liabilities	<u>\$ 49,174</u>	<u>\$ 263,146</u>	<u>\$ 173,755</u>	<u>\$ 138,565</u>
<b>Building Inspection Fees Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 1,750	-	31	\$ 1,719
Liabilities:				
Accrued liabilities	\$ 1,660	-	31	\$ 1,629
Amounts held for others	90	-	-	90
Total liabilities	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 1,719</u>
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 517,225	\$ 2,138,626	\$ 2,154,175	\$ 501,676
Accounts receivable	163,964	160,621	163,964	160,621
Total assets	<u>\$ 681,189</u>	<u>\$ 2,299,247</u>	<u>\$ 2,318,139</u>	<u>\$ 662,297</u>
Liabilities:				
Accounts payable	\$ 76,689	\$ 84,524	\$ 76,689	\$ 84,524
Accrued liabilities	37,207	41,886	35,578	43,515
Reconciled overdraft payable	81,627	70,588	81,627	70,588
Amounts held for others	287,972	1,947,666	1,927,782	307,856
Amounts held for social services clients	197,694	206,582	248,462	155,814
Total liabilities	<u>\$ 681,189</u>	<u>\$ 2,351,246</u>	<u>\$ 2,370,138</u>	<u>\$ 662,297</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, 2015

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,853,572	\$ -	\$ 339,998	\$ 2,193,570
Receivables (net of allowance for uncollectibles):				
Accounts receivable	180,366	-	3,898	184,264
Due from other governmental units	288,494	405,833	119,854	814,181
Total assets	<u>\$ 2,322,432</u>	<u>\$ 405,833</u>	<u>\$ 463,750</u>	<u>\$ 3,192,015</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 331,376	\$ 52,847	\$ -	\$ 384,223
Accrued liabilities	1,409,129	138,537	57,747	1,605,413
Reconciled overdraft payable	-	88,444	-	88,444
Unearned revenue	13,650	-	14,700	28,350
Total liabilities	<u>\$ 1,754,155</u>	<u>\$ 279,828</u>	<u>\$ 72,447</u>	<u>\$ 2,106,430</u>
<b>Fund balances:</b>				
Committed	\$ 568,277	\$ 126,005	\$ 391,303	\$ 1,085,585
Total fund balances	<u>\$ 568,277</u>	<u>\$ 126,005</u>	<u>\$ 391,303</u>	<u>\$ 1,085,585</u>
Total liabilities and fund balances	<u>\$ 2,322,432</u>	<u>\$ 405,833</u>	<u>\$ 463,750</u>	<u>\$ 3,192,015</u>

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

Total fund balances per above	\$ 1,085,585
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, cost	\$ 9,824,997
Accumulated depreciation	<u>(6,118,791)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Items related to measurement of net pension liability	(2,686,221)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and therefore, are not reported in the funds.	1,252,900
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>(16,827,214)</u>
Net position of governmental activities	<u>\$ (13,468,744)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2015

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 322,593	\$ 322,593
Miscellaneous	329,725	-	-	329,725
Intergovernmental:				
Local government	8,045,167	-	-	8,045,167
Commonwealth	8,912,870	-	14,268	8,927,138
Federal	-	1,915,760	759,624	2,675,384
Total revenues	<u>\$ 17,287,762</u>	<u>\$ 1,915,760</u>	<u>\$ 1,096,485</u>	<u>\$ 20,300,007</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 17,094,991	\$ 1,914,390	\$ 1,029,437	\$ 20,038,818
Debt service:				
Principal retirement	410,134	-	-	410,134
Interest and other fiscal charges	16,866	-	-	16,866
Total expenditures	<u>\$ 17,521,991</u>	<u>\$ 1,914,390</u>	<u>\$ 1,029,437</u>	<u>\$ 20,465,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (234,229)</u>	<u>\$ 1,370</u>	<u>\$ 67,048</u>	<u>\$ (165,811)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ 294,150	\$ -	\$ -	\$ 294,150
Total other financing sources (uses)	<u>\$ 294,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,150</u>
Net change in fund balances	\$ 59,921	\$ 1,370	\$ 67,048	\$ 128,339
Fund balances - beginning	508,356	124,635	324,255	957,246
Fund balances - ending	<u>\$ 568,277</u>	<u>\$ 126,005</u>	<u>\$ 391,303</u>	<u>\$ 1,085,585</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 \$ 128,339

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

Capital asset additions	\$ 982,632	
Depreciation expense	(694,523)	288,109

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 108,171

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

Change in deferred inflows related to the measurement of the net pension liability (2,686,221)

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	\$ (10,898)	
Issuance of capital lease	(294,150)	
Principal payments	410,134	
Change in net pension liability	2,737,131	
Change in deferred outflows related to pension payments made subsequent to the measurement date	77,490	
(Increase) decrease in Net OPEB obligation	23,000	2,942,707

Change in net position of governmental activities \$ 781,105

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COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2015

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 432,652	\$ 441,380	\$ 329,725	\$ (111,655)
Intergovernmental:				
Local government	8,016,766	8,045,167	8,045,167	-
Commonwealth	8,759,543	8,913,196	8,912,870	(326)
Federal	-	-	-	-
Total revenues	<u>\$ 17,208,961</u>	<u>\$ 17,399,743</u>	<u>\$ 17,287,762</u>	<u>\$ (111,981)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 17,160,927	\$ 17,529,231	\$ 17,094,991	\$ 434,240
Debt service:				
Principal retirement	410,134	410,134	410,134	-
Interest and other fiscal charges	16,866	16,866	16,866	-
Total expenditures	<u>\$ 17,587,927</u>	<u>\$ 17,956,231</u>	<u>\$ 17,521,991</u>	<u>\$ 434,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (378,966)</u>	<u>\$ (556,488)</u>	<u>\$ (234,229)</u>	<u>\$ 322,259</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ 378,966	\$ 378,966	\$ 294,150	\$ (84,816)
Total other financing sources (uses)	<u>\$ 378,966</u>	<u>\$ 378,966</u>	<u>\$ 294,150</u>	<u>\$ (84,816)</u>
Net change in fund balances	\$ -	\$ (177,522)	\$ 59,921	\$ 237,443
Fund balances - beginning		177,522	508,356	330,834
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,277</u>	<u>\$ 568,277</u>

School Grants Fund				
Budgeted Amounts				Variance with Final Budget Positive (Negative)
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
1,557,216	2,653,516	1,915,760	(737,756)	(737,756)
<u>\$ 1,557,216</u>	<u>\$ 2,653,516</u>	<u>\$ 1,915,760</u>	<u>\$ (737,756)</u>	<u>\$ (737,756)</u>
\$ 1,557,216	\$ 2,653,516	\$ 1,914,390	\$ 739,126	739,126
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,557,216</u>	<u>\$ 2,653,516</u>	<u>\$ 1,914,390</u>	<u>\$ 739,126</u>	<u>\$ 739,126</u>
\$ -	\$ -	\$ 1,370	\$ 1,370	1,370
-	-	-	-	-
-	-	-	-	-
-	-	1,370	1,370	1,370
-	-	124,635	124,635	124,635
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,005</u>	<u>\$ 126,005</u>	<u>\$ 126,005</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds  
 Discretely Presented Component Unit - School Board  
 June 30, 2015

	School Cafeteria Fund	School Retiree Health Insurance Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 303,141	\$ 36,857	\$ 339,998
Receivables (net of allowance for uncollectibles):			
Accounts receivable	3,658	240	3,898
Due from other governmental units	119,854	-	119,854
Total assets	<u>\$ 426,653</u>	<u>\$ 37,097</u>	<u>\$ 463,750</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	\$ 57,747	\$ -	\$ 57,747
Unearned revenue	14,700	-	14,700
Total liabilities	<u>\$ 72,447</u>	<u>\$ -</u>	<u>\$ 72,447</u>
Fund balances:			
Committed	\$ 354,206	\$ 37,097	\$ 391,303
Total fund balances	<u>\$ 354,206</u>	<u>\$ 37,097</u>	<u>\$ 391,303</u>
Total liabilities and fund balances	<u>\$ 426,653</u>	<u>\$ 37,097</u>	<u>\$ 463,750</u>

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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, 2015

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 163,028	\$ 163,028	\$ 129,536	\$ (33,492)
Intergovernmental:				
Commonwealth	10,270	10,270	14,268	3,998
Federal	733,877	733,905	759,624	25,719
Total revenues	<u>\$ 907,175</u>	<u>\$ 907,203</u>	<u>\$ 903,428</u>	<u>\$ (3,775)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 907,175	\$ 907,203	\$ 844,146	\$ 63,057
Total expenditures	<u>\$ 907,175</u>	<u>\$ 907,203</u>	<u>\$ 844,146</u>	<u>\$ 63,057</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 59,282	\$ 59,282
Net change in fund balances	\$ -	\$ -	\$ 59,282	\$ 59,282
Fund balances - beginning	-	-	294,924	294,924
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,206</u>	<u>\$ 354,206</u>

School Retiree Health Insurance Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ 193,057	\$	193,057
-	-	-		-
-	-	-		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,057</u>	<u>\$</u>	<u>193,057</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,291</u>	<u>\$</u>	<u>(185,291)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,291</u>	<u>\$</u>	<u>(185,291)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,766</u>	<u>\$</u>	<u>7,766</u>
-	-	7,766	\$	7,766
-	-	29,331		29,331
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,097</u>	<u>\$</u>	<u>37,097</u>

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 June 30, 2015

	<u>Private Purpose Trust Funds</u>				
	<u>GW Young Scholarship Fund</u>	<u>D Lewis Scholarship Fund</u>	<u>BF Kellam Scholarship Fund</u>	<u>SD Goldstein Scholarship Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,682	\$ 19	\$ 5,373	\$ 4,273	\$ 26,347
Total assets	<u>\$ 16,682</u>	<u>\$ 19</u>	<u>\$ 5,373</u>	<u>\$ 4,273</u>	<u>\$ 26,347</u>
<b>NET POSITION</b>					
Held in trust for scholarships	\$ 16,682	\$ 19	\$ 5,373	\$ 4,273	\$ 26,347
Total net position	<u>\$ 16,682</u>	<u>\$ 19</u>	<u>\$ 5,373</u>	<u>\$ 4,273</u>	<u>\$ 26,347</u>

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2015

	Private Purpose Trust Funds				Total
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	
<b>ADDITIONS</b>					
Contributions:					
Miscellaneous	\$ 725	\$ -	\$ -	\$ -	\$ 725
Total contributions	<u>\$ 725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 725</u>
Investment earnings:					
Interest	\$ 27	\$ 8	\$ 10	\$ 10	\$ 55
Total additions	<u>\$ 752</u>	<u>\$ 8</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 780</u>
<b>DEDUCTIONS</b>					
Scholarships	\$ 600	\$ -	\$ -	\$ 400	\$ 1,000
Total deductions	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 1,000</u>
Change in net position	\$ 152	\$ 8	\$ 10	\$ (390)	\$ (220)
Net position - beginning	16,530	11	5,363	4,663	26,567
Net position - ending	<u>\$ 16,682</u>	<u>\$ 19</u>	<u>\$ 5,373</u>	<u>\$ 4,273</u>	<u>\$ 26,347</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, 2015

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	\$ 14,043,221	\$ 14,043,221	\$ 13,892,193	\$ (151,028)
Real and personal public service corporation taxes	320,514	320,514	330,655	10,141
Personal property taxes	2,237,615	2,237,615	2,111,389	(126,226)
Mobile home taxes	24,486	24,486	20,371	(4,115)
Penalties	150,000	150,000	163,893	13,893
Interest	200,000	200,000	163,765	(36,235)
Total general property taxes	<u>\$ 16,975,836</u>	<u>\$ 16,975,836</u>	<u>\$ 16,682,266</u>	<u>\$ (293,570)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,242,730	\$ 1,120,119	\$ 1,091,493	\$ (28,626)
Consumers' utility taxes	323,900	323,900	322,591	(1,309)
Business license taxes	40,000	40,000	38,132	(1,868)
Motor vehicle licenses	340,000	340,000	341,593	1,593
Bank stock taxes	10,650	10,650	13,732	3,082
Taxes on recordation and wills	176,000	169,789	145,428	(24,361)
Hotel and motel room taxes	270,000	270,000	258,783	(11,217)
Restaurant food taxes	300,000	300,000	294,727	(5,273)
Total other local taxes	<u>\$ 2,703,280</u>	<u>\$ 2,574,458</u>	<u>\$ 2,506,479</u>	<u>\$ (67,979)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,500	\$ 3,500	\$ 3,874	\$ 374
Permits and other licenses	122,570	122,570	105,137	(17,433)
Total permits, privilege fees, and regulatory licenses	<u>\$ 126,070</u>	<u>\$ 126,070</u>	<u>\$ 109,011</u>	<u>\$ (17,059)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 470,891	\$ 470,891	\$ 510,887	\$ 39,996
Total fines and forfeitures	<u>\$ 470,891</u>	<u>\$ 470,891</u>	<u>\$ 510,887</u>	<u>\$ 39,996</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 5,000	\$ 5,000	\$ 3,211	\$ (1,789)
Revenue from use of property	8,100	8,100	8,950	850
Total revenue from use of money and property	<u>\$ 13,100</u>	<u>\$ 13,100</u>	<u>\$ 12,161</u>	<u>\$ (939)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (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	\$ 33,000	\$ 33,000	\$ 36,454	\$ 3,454
Charges for courthouse security	150,000	150,000	171,750	21,750
Charges for Commonwealth's Attorney	1,700	1,700	3,503	1,803
Charges for ambulance fees	205,000	205,000	139,243	(65,757)
Charges for sanitation and waste removal	500,000	500,000	535,686	35,686
Charges for parks and recreation	33,500	33,500	58,630	25,130
Charges for sale of publications and commemorative material	-	-	40	40
Total charges for services	<u>\$ 923,200</u>	<u>\$ 923,200</u>	<u>\$ 945,306</u>	<u>\$ 22,106</u>
Miscellaneous revenue:				
Miscellaneous	\$ 3,000	\$ 58,115	\$ 110,664	\$ 52,549
Total miscellaneous revenue	<u>\$ 3,000</u>	<u>\$ 58,115</u>	<u>\$ 110,664</u>	<u>\$ 52,549</u>
Recovered costs:				
General recovered costs	\$ 50,000	\$ 50,000	\$ 37,183	\$ (12,817)
Code enforcement	-	-	3,300	3,300
Treasurer recovered costs	72,402	72,402	5,457	(66,945)
Total recovered costs	<u>\$ 122,402</u>	<u>\$ 122,402</u>	<u>\$ 45,940</u>	<u>\$ (76,462)</u>
Total revenue from local sources	<u>\$ 21,337,779</u>	<u>\$ 21,264,072</u>	<u>\$ 20,922,714</u>	<u>\$ (341,358)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,900	\$ 1,900	-	\$ (1,900)
Mobile home titling tax	12,000	12,000	13,077	1,077
Motor vehicle rental tax	3,000	3,000	4,470	1,470
Communications tax	519,000	519,000	506,442	(12,558)
State recordation tax	54,563	54,563	39,237	(15,326)
Reduction in state aid to local governments	-	(97,728)	-	97,728
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 2,012,430</u>	<u>\$ 1,914,702</u>	<u>\$ 1,985,193</u>	<u>\$ 70,491</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 222,626	\$ 228,510	\$ 227,420	\$ (1,090)
Sheriff	961,806	974,262	911,328	(62,934)
Commissioner of revenue	83,155	91,574	91,246	(328)
Treasurer	75,771	76,714	76,204	(510)
Registrar/electoral board	30,414	29,302	37,728	8,426
Clerk of the Circuit Court	186,172	197,755	197,755	-
Total shared expenses	<u>\$ 1,559,944</u>	<u>\$ 1,598,117</u>	<u>\$ 1,541,681</u>	<u>\$ (56,436)</u>
Other categorical aid:				
Virginia Port Authority grant	\$ 90,000	\$ 90,000	\$ 37,850	\$ (52,150)
Four for Life	11,492	11,492	11,410	(82)
Litter control grant	9,550	9,550	9,534	(16)
Emergency services grant	-	25,000	30,391	5,391
DMV grant	-	22,542	-	(22,542)
Victim-witness grant	20,026	20,627	28,323	7,696
Other state funds	1,713	1,713	1,691	(22)
Fire programs	20,760	20,760	27,338	6,578
Total other categorical aid	<u>\$ 153,541</u>	<u>\$ 201,684</u>	<u>\$ 146,537</u>	<u>\$ (55,147)</u>
Total categorical aid	<u>\$ 1,713,485</u>	<u>\$ 1,799,801</u>	<u>\$ 1,688,218</u>	<u>\$ (111,583)</u>
Total revenue from the Commonwealth	<u>\$ 3,725,915</u>	<u>\$ 3,714,503</u>	<u>\$ 3,673,411</u>	<u>\$ (41,092)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 27,782</u>	<u>\$ 1,782</u>
Categorical aid:				
Highway safety grant	\$ -	\$ -	\$ 25,632	\$ 25,632
Byrne Justice assistance grant	-	4,150	4,150	-
Emergency management	-	-	23,783	23,783
Total categorical aid	<u>\$ -</u>	<u>\$ 4,150</u>	<u>\$ 53,565</u>	<u>\$ 49,415</u>
Total revenue from the federal government	<u>\$ 26,000</u>	<u>\$ 30,150</u>	<u>\$ 81,347</u>	<u>\$ 51,197</u>
Total General Fund	<u>\$ 25,089,694</u>	<u>\$ 25,008,725</u>	<u>\$ 24,677,472</u>	<u>\$ (331,253)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (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	\$ 17,335	\$ 19,205	\$ 1,870
Total charges for services	<u>\$ 15,500</u>	<u>\$ 17,335</u>	<u>\$ 19,205</u>	<u>\$ 1,870</u>
Recovered costs:				
Extradition costs	\$ 1,750	\$ 1,750	\$ 6,671	\$ 4,921
Total recovered costs	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ 6,671</u>	<u>\$ 4,921</u>
Total revenue from local sources	<u>\$ 17,250</u>	<u>\$ 19,085</u>	<u>\$ 25,876</u>	<u>\$ 6,791</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,847,908	\$ 1,777,502	\$ 1,834,829	\$ 57,327
Other categorical aid:				
Local jails	\$ 220,282	\$ 229,308	\$ 283,005	\$ 53,697
Total categorical aid	<u>\$ 2,068,190</u>	<u>\$ 2,006,810</u>	<u>\$ 2,117,834</u>	<u>\$ 111,024</u>
Total revenue from the Commonwealth	<u>\$ 2,068,190</u>	<u>\$ 2,006,810</u>	<u>\$ 2,117,834</u>	<u>\$ 111,024</u>
Total Eastern Shore Regional Jail Fund	<u><u>\$ 2,085,440</u></u>	<u><u>\$ 2,025,895</u></u>	<u><u>\$ 2,143,710</u></u>	<u><u>\$ 117,815</u></u>
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 1,807	\$ 11,206	\$ 9,399
Total revenue from local sources	<u>\$ -</u>	<u>\$ 1,807</u>	<u>\$ 11,206</u>	<u>\$ 9,399</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 797,906	\$ 798,834	\$ 576,045	\$ (222,789)
Total categorical aid	<u>\$ 797,906</u>	<u>\$ 798,834</u>	<u>\$ 576,045</u>	<u>\$ (222,789)</u>
Total revenue from the Commonwealth	<u>\$ 797,906</u>	<u>\$ 798,834</u>	<u>\$ 576,045</u>	<u>\$ (222,789)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,196,454	\$ 1,199,236	\$ 1,363,533	\$ 164,297
Total categorical aid	<u>\$ 1,196,454</u>	<u>\$ 1,199,236</u>	<u>\$ 1,363,533</u>	<u>\$ 164,297</u>
Total revenue from the federal government	<u>\$ 1,196,454</u>	<u>\$ 1,199,236</u>	<u>\$ 1,363,533</u>	<u>\$ 164,297</u>
Total Virginia Public Assistance Fund	<u><u>\$ 1,994,360</u></u>	<u><u>\$ 1,999,877</u></u>	<u><u>\$ 1,950,784</u></u>	<u><u>\$ (49,093)</u></u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (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	\$ -	\$ -	\$ 15,648	\$ 15,648
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,648</u>	<u>\$ 15,648</u>
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 12,520	\$ 12,520
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,520</u>	<u>\$ 12,520</u>
Total Forfeited Asset Sharing Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,168</u></u>	<u><u>\$ 28,168</u></u>
<b>CDBG Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 35,800	\$ -	\$ (35,800)
Program income	-	4,200	6,174	1,974
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 6,174</u>	<u>\$ (33,826)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 6,174</u>	<u>\$ (33,826)</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 458,736	\$ 209,706	\$ (249,030)
Total categorical aid	<u>\$ -</u>	<u>\$ 458,736</u>	<u>\$ 209,706</u>	<u>\$ (249,030)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 458,736</u>	<u>\$ 209,706</u>	<u>\$ (249,030)</u>
Total CDBG Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 498,736</u></u>	<u><u>\$ 215,880</u></u>	<u><u>\$ (282,856)</u></u>
<b>HMGP Home Elevation Project Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 38,223	\$ 2,120	\$ (36,103)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 38,223</u>	<u>\$ 2,120</u>	<u>\$ (36,103)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 38,223</u>	<u>\$ 2,120</u>	<u>\$ (36,103)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDEM Hazard Mitigation grant	\$ -	\$ 87,662	\$ 21,114	\$ (66,548)
Revenue from the federal government:				
Categorical aid:				
FEMA Hazard Mitigation grant	\$ -	\$ 443,786	\$ 79,178	\$ (364,608)
Total HMGP Home Elevation Project Fund	<u>\$ -</u>	<u>\$ 569,671</u>	<u>\$ 102,412</u>	<u>\$ (467,259)</u>
Parks and Recreation Project Fund:				
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>
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 65,630	\$ 65,630
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,630</u>	<u>\$ 65,630</u>
Recovered costs:				
Other recovered costs	\$ 161,000	\$ 161,000	\$ 161,139	\$ 139
Total revenue from local sources	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 226,769</u>	<u>\$ 65,769</u>
Total Debt Service Fund	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 226,769</u>	<u>\$ 65,769</u>
Capital Projects Funds:				
Capital Improvements Fund:				
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	\$ -	\$ -	\$ 394,521	\$ 394,521
Total revenues from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,521</u>	<u>\$ 394,521</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 727,650</u>	<u>\$ 394,521</u>	<u>\$ (333,129)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Department of Mines, Minerals and Energy	\$ -	\$ 150,000	\$ -	\$ (150,000)
Department of Emergency Management	-	92,064	-	(92,064)
Total categorical aid	<u>\$ -</u>	<u>\$ 242,064</u>	<u>\$ -</u>	<u>\$ (242,064)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 242,064</u>	<u>\$ -</u>	<u>\$ (242,064)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Capital Improvements Fund: (Continued)				
Total County Capital Improvements Fund	\$ -	\$ 969,714	\$ 394,521	\$ (575,193)
Total Primary Government	\$ 29,330,494	\$ 31,421,395	\$ 29,739,716	\$ (1,681,679)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 432,652	\$ 441,380	\$ 329,725	\$ (111,655)
Total revenue from local sources	\$ 432,652	\$ 441,380	\$ 329,725	\$ (111,655)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 8,016,766	\$ 8,045,167	\$ 8,045,167	\$ -
Total revenues from local governments	\$ 8,016,766	\$ 8,045,167	\$ 8,045,167	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,625,680	\$ 1,633,885	\$ 1,639,042	\$ 5,157
Basic school aid	3,903,876	3,952,328	3,952,554	226
ISAEF	7,859	7,859	7,859	-
Adult education	2,638	-	-	-
Regular foster care	4,878	4,878	3,878	(1,000)
Special education foster care	-	(30)	970	1,000
Gifted and talented	36,877	37,291	37,291	-
Remedial education	269,911	272,935	272,935	-
Project graduation	-	8,235	8,235	-
English as a second language	84,994	85,818	85,818	-
Special education	484,113	489,538	489,538	-
Textbook payment	75,497	76,343	76,343	-
Virginia preschool initiative	247,776	241,488	241,488	-
Social security fringe benefits	235,387	238,025	238,025	-
Retirement fringe benefits	483,328	484,778	484,778	-
Group life insurance fringe benefits	16,477	15,075	15,075	-
SOL algebra	30,201	28,553	28,553	-
Early reading intervention	21,277	26,177	26,177	-
GED pass-thru grant	-	51,435	44,450	(6,985)
Homebound special education	8,447	7,602	7,602	-
National Board Certification incentive awards	-	10,000	10,000	-
Vocational educational	137,818	140,508	139,015	(1,493)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education regional payments	\$ 9,718	\$ 9,718	\$ 25,803	\$ 16,085
At risk payments	363,279	367,280	367,280	-
Special education - Jails	203	203	-	(203)
Primary class size	394,524	372,218	372,218	-
Technology	230,000	231,200	218,087	(13,113)
Alternative education	84,785	84,577	84,577	-
Jobs for Virginia graduates	-	21,000	21,000	-
Other state funds	-	9,213	9,213	-
Mentor teacher programs	-	5,066	5,066	-
Total categorical aid	<u>\$ 8,759,543</u>	<u>\$ 8,913,196</u>	<u>\$ 8,912,870</u>	<u>\$ (326)</u>
Total revenue from the Commonwealth	<u>\$ 8,759,543</u>	<u>\$ 8,913,196</u>	<u>\$ 8,912,870</u>	<u>\$ (326)</u>
Total School Operating Fund	<u>\$ 17,208,961</u>	<u>\$ 17,399,743</u>	<u>\$ 17,287,762</u>	<u>\$ (111,981)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 163,028	\$ 163,028	\$ 129,536	\$ (33,492)
Total charges for services	<u>\$ 163,028</u>	<u>\$ 163,028</u>	<u>\$ 129,536</u>	<u>\$ (33,492)</u>
Total revenue from local sources	<u>\$ 163,028</u>	<u>\$ 163,028</u>	<u>\$ 129,536</u>	<u>\$ (33,492)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,270	\$ 10,270	\$ 14,268	\$ 3,998
Total categorical aid	<u>\$ 10,270</u>	<u>\$ 10,270</u>	<u>\$ 14,268</u>	<u>\$ 3,998</u>
Total revenue from the Commonwealth	<u>\$ 10,270</u>	<u>\$ 10,270</u>	<u>\$ 14,268</u>	<u>\$ 3,998</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 733,877	\$ 733,905	\$ 681,698	\$ (52,207)
Summer food program grant	-	-	20,053	20,053
USDA commodities	-	-	57,873	57,873
Total categorical aid	<u>\$ 733,877</u>	<u>\$ 733,905</u>	<u>\$ 759,624</u>	<u>\$ 25,719</u>
Total revenue from the federal government	<u>\$ 733,877</u>	<u>\$ 733,905</u>	<u>\$ 759,624</u>	<u>\$ 25,719</u>
Total School Cafeteria Fund	<u>\$ 907,175</u>	<u>\$ 907,203</u>	<u>\$ 903,428</u>	<u>\$ (3,775)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Grants Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 770,238	\$ 1,160,243	\$ 855,736	\$ (304,507)
Title I Part C (Migrant)	163,780	444,966	166,024	(278,942)
Other federal grants	-	-	1,722	1,722
Title II Part A	143,363	219,626	140,820	(78,806)
Title II A	-	-	38,577	38,577
Title II Part D	5,645	-	-	-
Title III Part A	19,585	50,887	23,406	(27,481)
Title VI-B Special education	366,731	448,008	427,390	(20,618)
Title VI-B preschool	14,558	42,964	28,192	(14,772)
Title VI-B rural and low income schools	30,464	70,347	21,953	(48,394)
1003 G school improvement grant	-	158,549	158,548	(1)
CTE/Perkins grant	42,852	40,929	42,160	1,231
Consortium incentive grants	-	16,997	11,232	(5,765)
Total categorical aid	<u>\$ 1,557,216</u>	<u>\$ 2,653,516</u>	<u>\$ 1,915,760</u>	<u>\$ (737,756)</u>
Total revenue from the federal government	<u>\$ 1,557,216</u>	<u>\$ 2,653,516</u>	<u>\$ 1,915,760</u>	<u>\$ (737,756)</u>
Total School Grants Fund	<u>\$ 1,557,216</u>	<u>\$ 2,653,516</u>	<u>\$ 1,915,760</u>	<u>\$ (737,756)</u>
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 193,057	\$ 193,057
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,057</u>	<u>\$ 193,057</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,057</u>	<u>\$ 193,057</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,673,352</u>	<u>\$ 20,960,462</u>	<u>\$ 20,300,007</u>	<u>\$ (660,455)</u>

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Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
<b>General government administration:</b>				
<b>Legislative:</b>				
Board of supervisors	\$ 45,124	\$ 45,121	\$ 33,727	\$ 11,394
<b>General and financial administration:</b>				
County administrator	\$ 376,994	\$ 409,095	\$ 341,234	\$ 67,861
County attorney	82,861	75,782	74,966	816
Commissioner of revenue	212,957	212,840	196,877	15,963
General reassessment	148,988	148,236	131,992	16,244
Treasurer	295,538	301,415	285,170	16,245
Finance	336,954	327,081	317,812	9,269
Department of information technology	259,500	271,529	271,529	-
Contingency	146,468	16,403	14,846	1,557
Other general and financial administration	175,575	175,600	166,739	8,861
Total general and financial administration	<u>\$ 2,035,835</u>	<u>\$ 1,937,981</u>	<u>\$ 1,801,165</u>	<u>\$ 136,816</u>
<b>Board of elections:</b>				
Electoral board and officials	\$ 181,504	\$ 149,332	\$ 126,416	\$ 22,916
Total board of elections	<u>\$ 181,504</u>	<u>\$ 149,332</u>	<u>\$ 126,416</u>	<u>\$ 22,916</u>
Total general government administration	<u>\$ 2,262,463</u>	<u>\$ 2,132,434</u>	<u>\$ 1,961,308</u>	<u>\$ 171,126</u>
<b>Judicial administration:</b>				
<b>Courts:</b>				
Circuit court	\$ 32,507	\$ 31,417	\$ 25,911	\$ 5,506
General district court	5,460	5,567	5,567	-
Magistrate	3,725	3,725	734	2,991
Juvenile and domestic relations district court	5,260	5,260	4,824	436
Clerk of the circuit court	288,125	297,153	295,043	2,110
Victim and witness assistance	20,024	20,623	20,585	38
Total courts	<u>\$ 355,101</u>	<u>\$ 363,745</u>	<u>\$ 352,664</u>	<u>\$ 11,081</u>
<b>Commonwealth's attorney:</b>				
Commonwealth's attorney	\$ 294,760	\$ 296,188	\$ 296,188	\$ -
Total commonwealth's attorney	<u>\$ 294,760</u>	<u>\$ 296,188</u>	<u>\$ 296,188</u>	<u>\$ -</u>
Total judicial administration	<u>\$ 649,861</u>	<u>\$ 659,933</u>	<u>\$ 648,852</u>	<u>\$ 11,081</u>
<b>Public safety:</b>				
<b>Law enforcement and traffic control:</b>				
Sheriff	\$ 2,251,660	\$ 2,355,320	\$ 2,305,393	\$ 49,927
Total law enforcement and traffic control	<u>\$ 2,251,660</u>	<u>\$ 2,355,320</u>	<u>\$ 2,305,393</u>	<u>\$ 49,927</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 11,707	\$ 11,707	\$ 10,328	\$ 1,379
Fire prevention	194,622	194,622	184,627	9,995
Emergency medical services	1,407,395	1,408,503	1,346,650	61,853
Total fire and rescue services	<u>\$ 1,613,724</u>	<u>\$ 1,614,832</u>	<u>\$ 1,541,605</u>	<u>\$ 73,227</u>
Correction and detention:				
Judicial court services	\$ 42,247	\$ 42,247	\$ 38,019	\$ 4,228
Total correction and detention	<u>\$ 42,247</u>	<u>\$ 42,247</u>	<u>\$ 38,019</u>	<u>\$ 4,228</u>
Inspections:				
Building	\$ 198,950	\$ 198,793	\$ 174,135	24,658
Total inspections	<u>\$ 198,950</u>	<u>\$ 198,793</u>	<u>\$ 174,135</u>	<u>\$ 24,658</u>
Other protection:				
Animal control	\$ 99,015	\$ 98,947	\$ 89,897	\$ 9,050
Other emergency services	263,069	346,642	338,365	8,277
Contribution to animal control facility	33,138	33,138	21,137	12,001
Total other protection	<u>\$ 395,222</u>	<u>\$ 478,727</u>	<u>\$ 449,399</u>	<u>\$ 29,328</u>
Total public safety	<u>\$ 4,501,803</u>	<u>\$ 4,689,919</u>	<u>\$ 4,508,551</u>	<u>\$ 181,368</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,424,064	\$ 1,422,576	\$ 1,420,433	\$ 2,143
Administration	85,054	85,176	85,175	1
Total sanitation and waste removal	<u>\$ 1,509,118</u>	<u>\$ 1,507,752</u>	<u>\$ 1,505,608</u>	<u>\$ 2,144</u>
Maintenance of general buildings and grounds:				
General properties	\$ 642,609	\$ 653,750	\$ 614,948	\$ 38,802
Total maintenance of general buildings and grounds	<u>\$ 642,609</u>	<u>\$ 653,750</u>	<u>\$ 614,948</u>	<u>\$ 38,802</u>
Total public works	<u>\$ 2,151,727</u>	<u>\$ 2,161,502</u>	<u>\$ 2,120,556</u>	<u>\$ 40,946</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, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 61,538	\$ 61,538	\$ 61,538	\$ -
Total mental health and mental retardation	<u>\$ 61,538</u>	<u>\$ 61,538</u>	<u>\$ 61,538</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	104,000	174,000	174,000	-
Total welfare	<u>\$ 105,800</u>	<u>\$ 175,800</u>	<u>\$ 175,800</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 526,513</u>	<u>\$ 596,513</u>	<u>\$ 596,513</u>	<u>\$ -</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 131,723	\$ 131,723	\$ 131,723	\$ -
Contribution to County School Board	8,016,766	8,016,766	8,016,766	-
Total education	<u>\$ 8,148,489</u>	<u>\$ 8,148,489</u>	<u>\$ 8,148,489</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 185,438	\$ 185,190	\$ 160,687	\$ 24,503
Harbors and boat ramps	173,752	173,740	32,516	141,224
Total parks and recreation	<u>\$ 359,190</u>	<u>\$ 358,930</u>	<u>\$ 193,203</u>	<u>\$ 165,727</u>
Library:				
Contribution to regional library	\$ 124,892	\$ 124,892	\$ 124,892	\$ -
Contribution to local library	20,000	20,000	20,000	-
Total library	<u>\$ 144,892</u>	<u>\$ 144,892</u>	<u>\$ 144,892</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 504,082</u>	<u>\$ 503,822</u>	<u>\$ 338,095</u>	<u>\$ 165,727</u>
Community development:				
Planning and community development:				
Community development	\$ 67,340	\$ 67,340	\$ 67,340	\$ -
Planning and zoning	335,330	337,067	320,025	17,042
Code compliance	123,748	388,649	336,772	51,877
Economic development	159,872	152,867	143,790	9,077
Wetlands board	2,102	2,102	700	1,402
Planning commission	5,474	5,474	5,081	393
Other economic development	225,806	225,806	210,805	15,001
Total planning and community development	<u>\$ 919,672</u>	<u>\$ 1,179,305</u>	<u>\$ 1,084,513</u>	<u>\$ 94,792</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	\$ 74,970	\$ 74,960	\$ 62,047	12,913
Total cooperative extension program	<u>\$ 74,970</u>	<u>\$ 74,960</u>	<u>\$ 62,047</u>	<u>\$ 12,913</u>
Total community development	<u>\$ 1,023,425</u>	<u>\$ 1,283,048</u>	<u>\$ 1,175,343</u>	<u>\$ 107,705</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
<b>Debt service:</b>				
Principal retirement	\$ 179,989	\$ 161,989	\$ 169,052	\$ (7,063)
Interest and other fiscal charges	15,356	12,356	4,444	7,912
Total debt service	<u>\$ 195,345</u>	<u>\$ 174,345</u>	<u>\$ 173,496</u>	<u>\$ 849</u>
Total General Fund	<u>\$ 19,963,708</u>	<u>\$ 20,350,005</u>	<u>\$ 19,671,203</u>	<u>\$ 678,802</u>
<b>Special Revenue Funds:</b>				
<b>Eastern Shore Regional Jail Fund:</b>				
<b>Public safety:</b>				
<b>Correction and detention:</b>				
Eastern Shore Regional Jail	\$ 3,625,760	\$ 3,549,941	\$ 3,610,010	\$ (60,069)
Total correction and detention	<u>\$ 3,625,760</u>	<u>\$ 3,549,941</u>	<u>\$ 3,610,010</u>	<u>\$ (60,069)</u>
Total Eastern Shore Regional Jail Fund	<u>\$ 3,625,760</u>	<u>\$ 3,549,941</u>	<u>\$ 3,610,010</u>	<u>\$ (60,069)</u>
<b>Virginia Public Assistance Fund:</b>				
<b>Health and welfare:</b>				
<b>Welfare and social services:</b>				
Welfare administration	\$ 2,095,152	\$ 2,070,270	\$ 2,031,329	\$ 38,941
Public assistance	217,561	217,561	207,042	10,519
Other welfare services	99,983	99,983	58,272	41,711
Total welfare and social services	<u>\$ 2,412,696</u>	<u>\$ 2,387,814</u>	<u>\$ 2,296,643</u>	<u>\$ 91,171</u>
Total health and welfare	<u>\$ 2,412,696</u>	<u>\$ 2,387,814</u>	<u>\$ 2,296,643</u>	<u>\$ 91,171</u>
Total Virginia Public Assistance Fund	<u>\$ 2,412,696</u>	<u>\$ 2,387,814</u>	<u>\$ 2,296,643</u>	<u>\$ 91,171</u>
<b>CDBG Projects Fund:</b>				
<b>Community development:</b>				
<b>Planning and community development:</b>				
East Fairview CDBG project	\$ -	\$ 7,197	\$ -	\$ 7,197
West Fairview CDBG project	-	243,481	-	243,481
CDBG Regional broadband project	-	415	-	415
Wastewater project	-	71,801	17,801	54,000
Culls Community CDBG project	-	234,355	114,589	119,766
Total community development	<u>\$ -</u>	<u>\$ 557,249</u>	<u>\$ 132,390</u>	<u>\$ 424,859</u>
Total CDBG Projects Fund	<u>\$ -</u>	<u>\$ 557,249</u>	<u>\$ 132,390</u>	<u>\$ 424,859</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (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	-	183,569	122,764	60,805
Total community development	<u>\$ -</u>	<u>\$ 617,761</u>	<u>\$ 122,764</u>	<u>\$ 494,997</u>
Total HMGP Home Elevation Project Fund	<u>\$ -</u>	<u>\$ 617,761</u>	<u>\$ 122,764</u>	<u>\$ 494,997</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	\$ 1,938,668	\$ 1,938,668	\$ 1,692,130	\$ 246,538
Interest and other fiscal charges	1,188,754	1,188,754	1,187,312	1,442
Total Debt Service Fund	<u>\$ 3,127,422</u>	<u>\$ 3,127,422</u>	<u>\$ 2,879,442</u>	<u>\$ 247,980</u>
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ 28,401	\$ 28,401	\$ -
Total education	<u>\$ -</u>	<u>\$ 28,401</u>	<u>\$ 28,401</u>	<u>\$ -</u>
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 1,219,601	\$ 44,727	\$ 1,174,874
County administrator	-	124,328	-	124,328
Emergency services equipment	-	86,071	-	86,071
School capital assets	-	1,927,024	768,271	1,158,753
Judicial court services	-	4	-	4
Contingencies	777,640	880,642	-	880,642
Facilities management	-	329	-	329
Solid waste transfer station and other construction	-	346,321	-	346,321
Other construction and improvements	-	28,539	-	28,539
Total capital projects	<u>\$ 777,640</u>	<u>\$ 4,612,859</u>	<u>\$ 812,998</u>	<u>\$ 3,799,861</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>\$ 4,641,262</u>	<u>\$ 841,399</u>	<u>\$ 3,799,863</u>
Total Primary Government	<u>\$ 29,907,226</u>	<u>\$ 35,266,507</u>	<u>\$ 29,553,851</u>	<u>\$ 5,712,656</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (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>				
<b>Education:</b>				
<b>Administration of schools:</b>				
Administration, attendance and health services	\$ 1,955,901	\$ 1,967,519	\$ 1,924,510	\$ 43,009
Total administration of schools	<u>\$ 1,955,901</u>	<u>\$ 1,967,519</u>	<u>\$ 1,924,510</u>	<u>\$ 43,009</u>
<b>Instruction costs:</b>				
Elementary and secondary schools	\$ 11,502,566	\$ 11,797,682	\$ 11,368,572	\$ 429,110
Total instruction costs	<u>\$ 11,502,566</u>	<u>\$ 11,797,682</u>	<u>\$ 11,368,572</u>	<u>\$ 429,110</u>
<b>Operating costs:</b>				
Pupil transportation	\$ 1,560,482	\$ 1,576,420	\$ 1,344,695	\$ 231,725
Operation and maintenance of school plant	2,141,978	2,187,610	2,062,693	124,917
Total operating costs	<u>\$ 3,702,460</u>	<u>\$ 3,764,030</u>	<u>\$ 3,407,388</u>	<u>\$ 356,642</u>
Contribution to County Capital Projects Fund	\$ -	\$ -	\$ 394,521	\$ (394,521)
Total education	<u>\$ 17,160,927</u>	<u>\$ 17,529,231</u>	<u>\$ 17,094,991</u>	<u>\$ 434,240</u>
<b>Debt service:</b>				
Principal retirement	\$ 410,134	\$ 410,134	\$ 410,134	\$ -
Interest and other fiscal charges	16,866	16,866	16,866	-
Total debt service	<u>\$ 427,000</u>	<u>\$ 427,000</u>	<u>\$ 427,000</u>	<u>\$ -</u>
Total School Operating Fund	<u><u>\$ 17,587,927</u></u>	<u><u>\$ 17,956,231</u></u>	<u><u>\$ 17,521,991</u></u>	<u><u>\$ 434,240</u></u>
<b>School Cafeteria Fund:</b>				
<b>Education:</b>				
<b>School food services:</b>				
Administration of school food program	\$ 907,175	\$ 907,203	\$ 786,273	\$ 120,930
USDA commodities	-	-	57,873	(57,873)
Total school food services	<u>\$ 907,175</u>	<u>\$ 907,203</u>	<u>\$ 844,146</u>	<u>\$ 63,057</u>
Total education	<u>\$ 907,175</u>	<u>\$ 907,203</u>	<u>\$ 844,146</u>	<u>\$ 63,057</u>
Total School Cafeteria Fund	<u><u>\$ 907,175</u></u>	<u><u>\$ 907,203</u></u>	<u><u>\$ 844,146</u></u>	<u><u>\$ 63,057</u></u>
<b>School Grants Fund:</b>				
<b>Education:</b>				
Instruction	\$ 1,557,216	\$ 2,653,516	\$ 1,914,390	\$ 739,126
Total School Grants Fund	<u>\$ 1,557,216</u>	<u>\$ 2,653,516</u>	<u>\$ 1,914,390</u>	<u>\$ 739,126</u>
<b>School Retiree Health Insurance Fund:</b>				
<b>Education:</b>				
Instruction	\$ -	\$ -	\$ 185,291	\$ (185,291)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,291</u>	<u>\$ (185,291)</u>
Total School Retiree Health Insurance Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 185,291</u></u>	<u><u>\$ (185,291)</u></u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 20,052,318</u></u>	<u><u>\$ 21,516,950</u></u>	<u><u>\$ 20,465,818</u></u>	<u><u>\$ 1,051,132</u></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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt \$	13,002,316	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629
Restricted	3,005,354	2,593,299	2,299,456	2,690,446
Unrestricted	7,678,896	9,587,750	9,115,224	8,399,606
Total governmental activities net position	<u>\$ 23,686,566</u>	<u>\$ 25,492,841</u>	<u>\$ 24,613,443</u>	<u>\$ 24,903,681</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt \$	-	-	-	-
Unrestricted	9,561	2,702	2,702	(27,136)
Total business-type activities net position	<u>\$ 9,561</u>	<u>\$ 2,702</u>	<u>\$ 2,702</u>	<u>\$ (27,136)</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt \$	13,002,316	\$ 13,311,792	\$ 13,198,763	\$ 13,813,629
Restricted	3,005,354	2,593,299	2,299,456	2,690,446
Unrestricted	7,688,457	9,590,452	9,117,926	8,372,470
Total primary government net position	<u>\$ 23,696,127</u>	<u>\$ 25,495,543</u>	<u>\$ 24,616,145</u>	<u>\$ 24,876,545</u>

Table 1

	2011	2010	2009	2008	2007	2006
\$	11,716,567	\$ 8,893,564	\$ 12,200,548	\$ 3,337,644	\$ 5,878,385	\$ 4,007,409
	2,279,410	2,016,857	1,027,524	753,414	474,573	349,601
	6,930,654	10,914,539	734,791	2,784,343	3,102,846	1,396,523
\$	<u>20,926,631</u>	<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>
\$	7,136	\$ 8,849	\$ 10,562	\$ 12,275	\$ -	\$ -
	(131,380)	(16,115)	(17,828)	(19,541)	-	-
\$	<u>(124,244)</u>	<u>(7,266)</u>	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ -</u>	<u>\$ -</u>
\$	11,723,703	\$ 8,902,413	\$ 12,211,110	\$ 3,349,919	\$ 5,878,385	\$ 4,007,409
	2,279,410	2,016,857	1,027,524	753,414	474,573	349,601
	6,799,274	10,898,424	716,963	2,764,802	3,102,846	1,396,523
\$	<u>20,802,387</u>	<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>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2015	2014	2013	2012
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government administration	\$ 2,654,848	\$ 2,573,634	\$ 2,580,737	\$ 2,421,964
Judicial administration	808,280	810,083	776,261	791,212
Public safety	8,723,916	8,767,356	9,453,598	3,875,834
Public works	2,006,016	2,061,988	2,173,368	2,171,427
Health and welfare	2,885,030	2,879,167	2,878,538	3,182,812
Education	9,587,332	9,069,634	8,731,218	8,009,717
Parks, recreation, culture	356,931	376,031	320,558	343,025
Community development	1,153,095	1,932,522	1,299,259	1,414,090
Interest on long-term debt	765,128	817,257	2,480,390	1,598,507
<b>Total governmental activities expenses</b>	<b>\$ 28,940,576</b>	<b>\$ 29,287,672</b>	<b>\$ 30,693,927</b>	<b>\$ 23,808,588</b>
<b>Business-type activities:</b>				
Public utilities	\$ 165,348	\$ 172,225	\$ 163,782	\$ 95,162
<b>Total business-type activities expenses</b>	<b>\$ 165,348</b>	<b>\$ 172,225</b>	<b>\$ 163,782</b>	<b>\$ 95,162</b>
<b>Total Primary government expenses</b>	<b>\$ 29,105,924</b>	<b>\$ 29,459,897</b>	<b>\$ 30,857,709</b>	<b>\$ 23,903,750</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	722,594	748,040	562,536	309,943
Public safety	267,459	302,044	348,892	182,244
Public works	535,686	506,268	451,294	448,334
Parks, recreation, culture	58,630	58,479	46,528	71,060
Community development	40	20	188	108
Operating grants and contributions	6,137,361	5,815,182	5,604,379	6,586,173
Capital grants and contributions	-	741,305	1,482,705	139,418
<b>Total governmental activities program revenues</b>	<b>\$ 7,721,770</b>	<b>\$ 8,171,338</b>	<b>\$ 8,496,522</b>	<b>\$ 7,737,280</b>
<b>Business-type activities:</b>				
Charges for services	\$ 165,486	\$ 160,946	\$ 174,910	\$ -
<b>Total business-type activities program revenues</b>	<b>\$ 165,486</b>	<b>\$ 160,946</b>	<b>\$ 174,910</b>	<b>\$ -</b>
<b>Total primary government program revenue</b>	<b>\$ 7,887,256</b>	<b>\$ 8,332,284</b>	<b>\$ 8,671,432</b>	<b>\$ 7,737,280</b>
<b>Net(Expense)/Revenue</b>				
Governmental activities	\$ (21,218,806)	\$ (21,116,334)	\$ (22,197,405)	\$ (16,071,308)
Business-type activities	138	(11,279)	11,128	(95,162)
<b>Total primary government net expense</b>	<b>\$ (21,218,668)</b>	<b>\$ (21,127,613)</b>	<b>\$ (22,186,277)</b>	<b>\$ (16,166,470)</b>

	2011	2010	2009	2008	2007	2006
\$	1,880,236	\$ 1,609,696	\$ 2,062,347	\$ 2,750,816	\$ 1,836,811	\$ 1,625,617
	755,107	700,167	1,118,587	1,223,208	1,081,364	966,440
	7,220,089	7,006,458	7,067,742	6,753,142	4,571,938	3,489,595
	3,046,144	1,345,320	2,771,451	1,461,183	1,575,481	1,653,659
	3,352,694	4,192,321	3,855,439	3,934,795	3,733,684	3,391,314
	8,807,476	8,307,555	9,710,756	8,410,381	7,707,296	7,578,332
	352,034	300,973	293,853	370,596	325,906	350,309
	1,849,353	900,746	1,368,325	1,732,461	1,604,728	1,626,484
	1,630,403	1,657,839	2,176,369	2,326,326	2,054,896	1,696,123
\$	<u>28,893,536</u>	<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>
\$	171,219	\$ 83,596	\$ 86,402	\$ 25,566	\$ -	\$ -
\$	<u>171,219</u>	<u>\$ 83,596</u>	<u>\$ 86,402</u>	<u>\$ 25,566</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>29,064,755</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>
\$	-	\$ -	\$ 117,117	\$ 139,233	\$ 108,788	\$ 62,593
	246,548	236,585	1,532	4,573	67,234	2,379
	180,166	294,899	369,089	373,412	296,998	284,759
	397,766	330,862	303,654	58,655	78,759	63,672
	43,447	49,180	18,662	15,440	14,820	14,156
	372	-	283,323	348,133	364,856	374,874
	7,542,861	6,591,543	6,792,581	7,169,684	5,567,059	4,927,797
	150,000	6,269,953	9,518,123	151,205	4,060,879	469,055
\$	<u>8,561,160</u>	<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>
\$	54,241	\$ 57,489	\$ 26,663	\$ 18,300	\$ -	\$ -
\$	<u>54,241</u>	<u>\$ 57,489</u>	<u>\$ 26,663</u>	<u>\$ 18,300</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>8,615,401</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>
\$	(20,332,376)	\$ (12,248,053)	\$ (13,020,788)	\$ (20,702,573)	\$ (13,932,711)	\$ (16,178,588)
	(116,978)	(26,107)	(59,739)	(7,266)	-	-
\$	<u>(20,449,354)</u>	<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>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2015	2014	2013	2012
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental activities:</b>				
Taxes:				
General property taxes	\$ 16,695,685	\$ 16,646,517	\$ 16,777,134	\$ 15,640,011
Local sales and use tax	1,091,493	1,089,704	1,080,525	1,177,340
Communication sales tax	-	-	-	-
Consumer utility tax	322,591	320,126	316,666	313,641
Business license taxes	38,132	41,232	39,679	40,968
Franchise taxes	-	-	-	-
Hotel and meals taxes	553,510	527,093	520,300	265,688
E-911 taxes	-	-	-	-
Other local taxes	500,753	527,676	586,363	695,252
Unrestricted revenues from use of money and property	77,791	71,502		
Miscellaneous	166,823	170,401	62,378	128,069
Grants and contributions not restricted to specific programs	2,012,975	2,022,633	246,097	190,464
Gain(loss) on disposal of capital assets		-	1,844,798	1,796,331
Transfers	394,521	578,848	747,803	(199,406)
<b>Total governmental activities</b>	<b>\$ 21,854,274</b>	<b>\$ 21,995,732</b>	<b>\$ 22,221,743</b>	<b>\$ 20,048,358</b>
<b>Business-type activities:</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ (7,136)
Transfers	-	18,000	18,710	199,406
<b>Total business-type activities</b>	<b>\$ -</b>	<b>\$ 18,000</b>	<b>\$ 18,710</b>	<b>\$ 192,270</b>
<b>Total primary government</b>	<b>\$ 21,854,274</b>	<b>\$ 22,013,732</b>	<b>\$ 22,240,453</b>	<b>\$ 20,240,628</b>
<b>Change in Net Position</b>				
Governmental activities	\$ 635,468	\$ 879,398	\$ 24,338	\$ 3,977,050
Business-type activities	138	6,721	29,838	97,108
<b>Total primary government</b>	<b>\$ 635,606</b>	<b>\$ 886,119</b>	<b>\$ 54,176</b>	<b>\$ 4,074,158</b>

	2011	2010	2009	2008	2007	2006
\$	15,457,110	\$ 15,591,694	\$ 15,323,293	\$ 12,226,724	\$ 12,122,410	\$ 11,229,030
	1,064,382	1,041,256	1,086,465	1,279,051	1,346,943	1,311,705
	-	316,850	507,013	558,021	239,287	-
	316,147	512,946	320,085	305,629	405,185	639,003
	44,943	42,978	16,355	20,424	13,725	15,174
	-	-	-	-	12,037	5,879
	258,405	483,995	530,968	552,122	358,832	438,483
	-	-	-	-	-	156,632
	682,452	494,685	445,393	483,882	558,807	588,299
		86,717	208,654	767,134	796,109	795,440
	79,445	87,554	303,303	390,500	210,872	242,363
	76,049	1,349,942	1,307,051	1,526,036	1,565,029	1,724,185
	1,794,768	-	119,409	12,647	-	-
	436,301	(26,107)	(59,739)	-	-	-
\$	<u>20,210,002</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>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	26,107	59,739	-	-	-
\$	<u>-</u>	<u>\$ 26,107</u>	<u>\$ 59,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>20,210,002</u>	<u>\$ 20,008,617</u>	<u>\$ 20,167,989</u>	<u>\$ 18,122,170</u>	<u>\$ 17,629,236</u>	<u>\$ 17,146,193</u>
\$	(122,374)	\$ 7,734,457	\$ 7,087,462	\$ (2,580,403)	\$ 3,696,525	\$ 967,605
	(116,978)	-	-	(7,266)	-	-
\$	<u>(239,352)</u>	<u>\$ 7,734,457</u>	<u>\$ 7,087,462</u>	<u>\$ (2,587,669)</u>	<u>\$ 3,696,525</u>	<u>\$ 967,605</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	874	874	674	-
Restricted	-	-	-	-
Committed	190,175	-	-	-
Assigned	-	139,168	-	-
Unassigned	7,804,166	7,898,674	8,058,543	6,598,339
Total General Fund	<u>\$ 7,995,215</u>	<u>\$ 8,038,716</u>	<u>\$ 8,059,217</u>	<u>\$ 6,598,339</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	3,005,354	2,593,299	2,299,456	2,690,446
Committed	4,691,846	4,854,183	4,600,157	4,378,522
Unassigned	(203,262)	(182,910)	(170,856)	(168,211)
Total all other governmental funds	<u>\$ 7,493,938</u>	<u>\$ 7,264,572</u>	<u>\$ 6,728,757</u>	<u>\$ 6,900,757</u>

Note: The County implemented GASB Statement number 54, 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 Statement number 54 is not available, but will be accumulated over time.

Table 3

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	-	\$ -	\$ 87,818	\$ 75,584	\$ 175,776	\$ 42,385
	-	4,582,698	3,783,923	4,399,830	5,370,220	5,863,933
	-	-	-	-	-	-
	1,334,815	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,191,411	-	-	-	-	-
\$	<u>5,526,226</u>	<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>
\$		\$ 2,016,857	\$ 1,722,914	\$ 1,581,003	\$ 1,319,773	\$ 1,194,801
	-	55,070	65,165	43,601	53,883	73,584
	-	-	440,816	1,161,023	415,849	456,825
	-	7,518,666	10,300,626	12,573,719	15,749,848	11,114,139
	624,228	-	-	-	-	-
	1,123,573	-	-	-	-	-
	4,410,088	-	-	-	-	-
	(176,288)	-	-	-	-	-
\$	<u>5,981,601</u>	<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>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2014	2013	2012
<b>REVENUES</b>				
General property taxes	\$ 16,682,266	\$ 16,717,264	\$ 17,199,372	\$ 15,691,764
Other local taxes	2,506,479	2,505,831	2,543,533	2,492,889
Permits, privilege fees, and regulatory licenses	109,011	115,874	128,550	134,793
Fines and forfeitures	510,887	537,765	378,652	162,917
Revenue from the use of money and property	77,791	71,502	62,378	128,069
Charges for services	964,511	961,212	902,236	713,979
Miscellaneous	130,164	138,158	264,511	109,602
Recovered costs	213,750	272,875	255,303	3,719,863
Intergovernmental revenues	8,544,857	9,175,968	9,698,395	8,994,551
Total revenues	<u>\$ 29,739,716</u>	<u>\$ 30,496,449</u>	<u>\$ 31,432,930</u>	<u>\$ 32,148,427</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,961,308	\$ 2,038,882	\$ 1,968,506	\$ 1,934,342
Judicial administration	648,852	623,134	607,948	584,726
Public safety	8,118,561	8,019,032	7,214,604	6,546,031
Public works	2,120,556	2,142,149	2,001,046	1,847,921
Health and welfare	2,893,156	2,835,881	2,800,420	3,124,653
Education	8,176,890	8,306,488	7,984,224	7,675,452
Parks, recreation, and cultural	338,095	353,402	298,448	281,966
Community development	1,430,497	1,770,565	1,297,764	1,370,772
Capital projects	812,998	755,337	1,647,734	2,654,844
Debt service:				
Principal retirement	1,861,182	1,856,774	36,705,041	2,530,680
Interest and other fiscal charges	1,191,756	1,256,768	2,461,003	1,589,911
Total expenditures	<u>\$ 29,553,851</u>	<u>\$ 29,958,412</u>	<u>\$ 64,986,738</u>	<u>\$ 30,141,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 185,865</u>	<u>\$ 538,037</u>	<u>(33,553,808)</u>	<u>\$ 2,007,129</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,733,914	\$ 5,947,535	\$ 6,159,676	\$ 5,659,288
Transfers out	(5,733,914)	(6,115,535)	(6,178,386)	(5,858,694)
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
Sale of industrial park property	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (22,723)</u>	<u>\$ 34,842,596</u>	<u>\$ (15,800)</u>
Net change in fund balances	\$ 185,865	\$ 515,314	\$ 1,288,788	\$ 1,991,329
Fund balances - beginning	15,303,288	14,787,974	13,499,156	11,507,827
Fund balances - ending	<u>\$ 15,489,153</u>	<u>\$ 15,303,288</u>	<u>\$ 14,787,944</u>	<u>\$ 13,499,156</u>
Debt Service as a percentage of noncapital expenditures	<u>10.50%</u>	<u>10.70%</u>	<u>60.59%</u>	<u>15.07%</u>

N/A - This information was unavailable.

Table 4

	2011	2010	2009	2008	2007	2006
\$	15,420,768	\$ 15,077,656	\$ 14,963,530	\$ 12,170,249	\$ 11,798,754	\$ 11,031,798
	2,366,329	2,892,710	2,906,279	3,199,129	2,934,816	3,155,175
	125,374	192,564	238,126	293,445	322,274	336,333
	117,466	114,132	114,630	136,138	107,828	61,393
	111,289	78,806	213,130	786,364	832,703	804,699
	625,459	604,829	560,304	273,121	239,436	146,333
	76,049	87,554	17,302	122,907	132,274	187,918
	346,093	428,125	180,390	176,043	61,292	94,276
	9,923,930	8,258,638	17,892,885	9,150,652	7,665,511	7,322,733
\$	<u>29,112,757</u>	<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>
\$	1,714,692	\$ 1,770,821	\$ 1,961,150	\$ 2,665,789	\$ 1,908,408	\$ 1,759,304
	592,779	584,458	940,492	1,054,686	913,982	964,096
	6,594,780	6,119,994	6,135,182	6,007,989	4,547,495	3,587,210
	1,777,069	1,725,082	1,983,356	1,368,205	1,884,483	1,128,292
	3,312,480	4,104,825	3,776,353	3,891,270	3,695,260	3,353,479
	7,625,997	7,656,078	9,903,796	8,361,729	7,363,024	7,218,237
	258,761	313,905	273,887	396,876	308,779	336,579
	1,849,972	1,003,195	1,347,828	1,670,771	1,620,683	1,604,750
	3,849,415	2,492,436	2,339,000	2,277,295	5,730,156	20,383,413
	2,523,955	3,825,226	12,188,497	1,639,477	1,519,387	1,370,202
	1,784,540	1,810,090	2,072,831	4,071,173	2,003,577	1,649,882
\$	<u>31,884,440</u>	<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>(2,771,683)</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>
\$	6,089,652	\$ 6,449,976	\$ 5,054,754	\$ 6,954,429	\$ 3,239,820	\$ 3,460,757
	(6,089,652)	(6,476,083)	(5,114,493)	(6,954,429)	(3,239,820)	(3,460,757)
	-	-	263,687	12,647	-	-
	-	1,390,000	1,378,350	-	11,345,428	20,000,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	106,219	79,232	820,000	502,116	394,600	307,170
	-	-	-	3,331,860	-	-
\$	<u>106,219</u>	<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>
\$	(2,665,464)	(2,227,971)	(3,433,498)	(3,250,589)	4,339,682	92,384
	14,173,291	16,401,262	19,834,760	23,085,349	18,745,667	18,653,283
\$	<u>11,507,827</u>	<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>15.28%</u>	<u>23.62%</u>	<u>36.04%</u>	<u>18.80%</u>	<u>14.30%</u>	<u>13.40%</u>

Principal Property Tax Payers  
Current Year and Ten Years Ago

Taxpayer	December 31, 2014			December 31, 2004		
	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	\$ 40,042,756	1	1.75 %	\$		%
Daniel A. Hoffler	14,288,300	2	0.62	6,982,400	1	0.54
Bayshore Concrete Products Corporation	11,652,800	3	0.51	2,618,500	8	0.20
Ballard Brothers Fish Company	10,209,500	4	0.45	4,722,000	2	0.37
The Nature Conservancy	9,914,900	5	0.43			
Peacock Holdings Va LLC	9,910,100	6	0.43			
Cherrydale Holdings Va LLC	6,337,000	7	0.28			
THS Family Limited Partnership	5,745,300	8	0.25			
Baymark Construction Corporation	5,726,000	9	0.25			
Hungars Glebe LLC	5,660,500	10	0.25			
Virginia Realty				4,067,100	3	0.31
HCMF Partnership				3,926,900	4	0.30
Brown and Root, Inc				3,920,300	5	0.30
Hertage Acres, Ltd				2,693,300	6	0.21
Portunity, inc.				2,623,800	7	0.20
Perdue Farms, Inc				2,584,900	9	0.20
Shore Landverst, Inc.				2,518,300	10	0.19
	<u>\$ 119,487,156</u>		<u>5.22 %</u>	<u>\$ 36,657,500</u>		<u>2.83 %</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		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
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	(19,231)	13,834,511	12,998,714	93.83%	735,097	13,733,811	99.27%
2009	16,846,757	(168,103)	16,678,654	15,371,677	91.24%	1,183,214	16,554,891	99.26%
2010	15,107,275	(177,560)	14,929,715	13,833,403	91.57%	1,083,419	14,916,822	99.91%
2011	15,306,788	(124,457)	15,182,331	14,247,384	93.08%	873,479	15,120,863	99.60%
2012	15,537,407	# (152,306)	15,385,101	14,423,649	92.83%	855,892	15,279,541	99.31%
2013	16,645,168	# (128,482)	16,516,686	15,806,828	94.96%	527,405	16,334,233	98.90%
2014	16,681,616	(303,828)	16,377,788	15,517,549	93.02%	487,448	16,004,997	97.72%
2015	16,680,247	(119,546)	16,560,701	15,696,840	94.10%	-	15,696,840	94.78%

COUNTY OF NORTHAMPTON, VIRGINIA

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

Fiscal Year Ended	Real Property (1)				Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100
	Residential Property	Commercial Property	Raw Land	Public Service Property			
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
2015	1,645,468,057	159,026,800	476,301,901	52,285,130	0.6805	73,842,300	3.90

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)							
Public Service Property	Tax Rate per \$100	Machinery and Tools	Tax Rate per \$100	Merchant's Capital	Tax Rate per \$100	Total Taxable Assessed Value	Direct Tax Rate per \$100
\$ 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
12,074	3.90	4,621,400	2.00	-	0.00	2,411,557,662	0.681

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

Fiscal Year	Real Estate	Motor Vehicles and Tangibles	Machinery and Tools	Merchant's Capital	Total Direct Rate
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
2015	0.574	0.355	0.009	-	0.938

Source: Northampton County Commissioner of Revenue Department

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

Overlapping Rates

Fiscal Year	Town of Eastville		Town of Cape Charles		Town of Exmore		Town of Belle Haven
	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate
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
2015	0.0500	0.0500	0.2759	2.00	0.1200	0.4900	0.0400

Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds			Per Capita(a)	Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Less: Amounts Restricted to Repaying Principal	Total		
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	2,837.37	1.43%
2015	29,116,190	1,938,667	27,177,523	2,242.18	1.13%

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

(a) See Table 7 for property value data

(b) Population data can be found in Table 11

Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

<u>Governmental Activities</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2006	\$ 49,822,099	\$ 383,286	\$ 50,205,385	14.53%	\$ 3,706
2007	59,762,711	663,515	60,426,226	17.41%	4,440
2008	56,625,638	973,227	57,598,865	16.23%	4,298
2009	46,119,447	1,093,239	47,212,686	12.99%	3,519
2010	43,895,337	784,845	44,680,182	10.02%	3,320
2011	41,747,232	528,290	42,275,522	9.49%	3,416
2012	39,489,635	451,577	39,941,212	9.06%	3,267
2013	37,906,670	341,477	38,248,147	7.86%	3,154
2014	36,023,096	262,111	36,285,207	8.48%	2,993
2015	34,079,522	93,059	34,172,581	7.83%	2,819

Note: Debt refinanced in July 2013.

Demographic and Economic Statistics  
 Last Ten Available Calendar Years

Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (4)	Unemployment Rate (3)
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	427,879	35,289	42	1,586	7.70%
2014	12,121	436,198	35,987	47.2	1,565	7.40%

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	2015			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Riverside Regional Medical Center	500-999	1	10.76%	500-999	1	8.49%
Northampton County Schools	250-499	2	5.38%	500-999	2	8.49%
County of Northampton	100-249	3	2.15%	100-249	4	1.70%
Bayshore Concrete Products Company	100-249	4	1.08%	100-249	3	1.70%
Chesapeake Bay Bridge Tunnel	100-249	5	2.15%	250-499	5	1.70%
Heritage Hall	100-249	6	2.15%			
New Raveena Inc.	50-99	7	1.08%	100-249	8	1.70%
Food Lion	50-99	8	1.08%	100-249	9	1.70%
Tankards Nurseries	50-99	9	1.08%			
Ballard Fish & Oyster Company Inc	50-99	10	1.08%			
Lfc Agricultural Services Inc.				100-249	7	1.70%
Laurel Meadows				100-249	6	1.70%
Broadwater Academy				50-99	10	0.85%
<b>Total</b>	<b>1,350</b>		<b>27.98%</b>	<b>1,458</b>		<b>29.73%</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	19	19	19	22	20	19	19	19	18	17
Judicial	7	7	7	7	7	7	8	9	10	10
Public Safety	109	98	98	98	89	101	101	102	101	67
Public Works	10	5	5	5	5	9	10	11	11	11
Public Utilities	2	2	2	1	1	1	2	1	-	-
Health and Welfare	33	53	48	46	41	34	34	34	35	40
Parks, Recreation & Cultural	1	1	1	1	1	1	1	1	1	1
Community Development	9	10	11	10	11	12	13	13	12	13
<b>TOTAL</b>	<b>190</b>	<b>195</b>	<b>191</b>	<b>190</b>	<b>175</b>	<b>184</b>	<b>188</b>	<b>190</b>	<b>188</b>	<b>159</b>

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2015	2014	2013	2012
<b>General Administration</b>				
Treasurer				
Tax bills printed	38,833	46,131	46,125	46,100
Deposits	2,172	2,247	3,915	3,875
Finance				
Paychecks and direct deposit notices	8,112	8,371	7,948	7,665
Accounts payable checks	3,574	3,566	3,411	3,580
<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	2,842	2,759	2,758	2,760
Avg weekday response time in minutes	9	9	9	9
Avg night/week-end response time in minutes	10	11	11	12
Local prisoner days	40,155	38,125	53,025	55,000
Inmate transports	235	295	300	300
Out of state extraditions	11	13	9	15
Building inspections				
Plan reviews/Permits issued	332	331	367	189
Inspections	780	1,025	1,074	879
<b>Public Works</b>				
Solid waste services				
Tons received at landfill	17,075	15,737	14,088	18,665
Per capital waster generation (lbs/p/d)	6.31	6.05	6.23	5.72
Tipping fee per ton	\$ 65.00	\$ 65.00	\$ 65.00	\$ 63.00
<b>Community Development</b>				
Code compliance				
Abandoned vehicle/Inoperable vehicles	11	9	90	170
Overgrown grass	61	54	74	76
Dangerous structures	31	44	19	55
Assignment 911 addresses	39	51	N/A	N/A

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2011	2010	2009	2008	2007	2006
46,000	48,000	45,000	40,000	35,000	26,800
3,850	3,800	3,800	30,000	1,895	1,655
7,650	7,652	7,758	7,134	6,860	4,382
3,550	3,508	3,534	3,979	3,653	3,890
N/A	N/A	N/A	539	414	500
N/A	N/A	N/A	599	266	350
N/A	N/A	N/A	2,769	5,272	5,000
N/A	N/A	3,372	3,384	2,397	2,011
N/A	N/A	838	977	799	1,036
N/A	N/A	2,177	1,777	2,382	1,416
N/A	N/A	4,597	4,266	4,989	5,377
2,702	2,692	2,572	2,439	2,169	1,980
9	10	10	10	9	8
12	14	15	14	14	14
53,077	33,100	29,097	33,882	28,300	29,900
255	315	321	397	250	300
13	9	12	14	10	12
190	324	350	398	400	500
549	1,049	1,500	1,667	1,488	2,000
15,318	17,000	16,992	19,652	14,137	11,188
5.44	4.62	7.11	8.22	5.92	4.69
\$ 63.00	\$ 61.00	\$ 61.00	\$ 51.00	\$ 51.00	\$ 51.00
240	200	110	503	214	200
46	50	30	29	37	25
24	40	27	7	24	50
N/A	80	82	87	150	N/A

COUNTY OF NORTHAMPTON, VIRGINIA

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	2015	2014	2013	2012
<b>General Administration</b>				
County Administration				
Eastville historic buildings	1	1	1	1
Eastville Inn	1	1	1	1
Temporary Admin. Bldg-Old Middle School	-	-	-	-
Former Middle School	1	1	1	1
1899 Courthouse building	1	1	1	1
Old Jail Building	1	1	1	1
Judicial Administration				
1899 Courthouse building	-	-	-	-
2006 Courthouse	-	-	-	-
Public Safety				
Willow Oak sheriff administration building	-	-	-	-
Old jail building	-	-	-	-
Temporary housing unit	-	-	-	-
THU (Converted to Sheriff's Admin)	1	1	1	1
Eastern Shore Regional Jail	1	1	1	1
Sheriff's vehicles	46	45	45	40
Public Works				
Landfill	1	1	1	1
Transfer station	1	1	1	1
Convenience centers	6	6	5	4
Community Development				
Social services building (old)	1	1	1	1
Social services building (new)	1	1	1	1
Parks, Recreation and Cultural				
Parks	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1
Schools				
Attendance centers, Elementary	2	2	2	2
Attendance centers, Middle	1	-	-	-
Attendance centers, Secondary	1	1	1	1
Number of classrooms, Elementary	77	88	88	88
Number of classrooms, Middle	11	-	-	-
Number of classrooms, Secondary	51	51	51	51

Sources: Various departments in the County of Northampton.

Table 15

2011	2010	2009	2008	2007	2006
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	1	1
1	1	1	-	-	-
1	1	1	1	-	-
37	33	33	28	35	29
1	1	1	1	1	1
1	1	1	-	-	-
4	4	4	4	3	2
1	1	1	1	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	2
-	-	-	1	1	1
1	1	1	1	1	1
88	88	87	87	87	87
-	-	-	43	43	43
51	51	51	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 unit, each major fund, and the aggregate remaining fund information of County of Northampton Virginia, as of and for the year ended June 30, 2015, 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 8, 2015.

### 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.

Roberson, Tamm, Cox Accountants

Richmond, Virginia  
December 8, 2015

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015. 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, 2015.

## 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.

Roberson, Tam, Cox Accountants

Richmond, Virginia  
December 8, 2015

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

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	\$ 972
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	289,890
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	418
Low-Income Home Energy Assistance	93.568	0600409/0600410	33,295
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	42,980
Chafee Education and Training Vouchers Program	93.599	0760109/0760110	86
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	1,898
Foster Care - Title IV-E	93.658	1100109/1100110	152,604
Adoption Assistance	93.659	1100109/1100110	9,121
Social Services Block Grant	93.667	1000109/1000110	214,352
Chafee Foster Care Independence Program	93.674	9150108-9150110	3,137
Children's Health Insurance Program	93.767	0540109/0540110	8,909
Medical Assistance Program	93.778	1200109/1200110	<u>318,367</u>
Total Department of Health and Human Services			<u>\$ 1,076,029</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution--School (Child Nutrition Cluster)	10.555	Not available	\$ 57,451
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	506,239
Sub-total CFDA 10.555			<u>\$ 563,690</u>
Department of Agriculture:			
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	Not available	\$ 422
Direct Payments:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	20,053
Sub-total CFDA 10.559			<u>\$ 20,475</u>
Pass Through Payments:			
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 175,459

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015 (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>287,504</u>
Total Department of Agriculture			\$ <u>1,047,128</u>
Department of Justice:			
Direct payments:			
Forfeited Assets	16.xxx	N/A	\$ <u>6,576</u>
Pass-through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	3900100-81100	\$ <u>4,150</u>
Total Department of Justice			\$ <u>10,726</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster Grants Public Assistance	97.036	7760200-40249	\$ 23,783
Hazardous Mitigation Grant	97.039	7760200-11,132	<u>79,178</u>
Total Department of Homeland Security			\$ <u>102,961</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>209,706</u>
Total Department of Housing and Urban Development			\$ <u>209,706</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: State and Community Highway Safety	20.600	6050700-51279,51280	\$ <u>25,632</u>
Total Department of Transportation			\$ <u>25,632</u>
Department of Education: Pass Through Payments: Department of Education: Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 855,736
Migrant Education - State Grant Program	84.011	1790100-42910	166,024
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	42,160
Special Education Cluster: Special Education Grants to States	84.027	1790100-43071-61234	427,390
Special Education Preschool Grants	84.173	1790100-82521	28,192
Migrant Education - Coordination Program	84.144	1790100-61399	11,232
Advance Placement Program	84.330	1790100-60957	1,722
Rural Education	84.358	1790100-43481	21,953
English Language Acquisition Grants	84.365	1790100-60512	23,406
School Improvement Grants	84.377	1790100-43040	158,548
Improving Teacher Quality State Grants	84.367	1790100-61480	<u>179,397</u>
Total Department of Education			\$ <u>1,915,760</u>
Department of Treasury: Pass Through Payments: Attorney General Office, Commonwealth of Virginia: Forfeited Assets	21.xxx	Not available	\$ <u>5,944</u>
Total Department of Treasury			\$ <u>5,944</u>
Total Expenditures of Federal Awards			\$ <u><u>4,393,886</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, 2015

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, 2015. 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	\$	81,347
Special Revenue Funds:		
Virginia Public Assistance Fund		1,363,533
Forfeited Asset Sharing Fund		12,520
CDBG Projects Fund		209,706
HMGP Home Elevation Project Fund		79,178
Total primary government	\$	<u>1,746,284</u>
Component Unit School Board:		
School Cafeteria Fund	\$	759,624
School Grants Fund		1,915,760
Total component unit School Board	\$	<u>2,675,384</u>
Total federal expenditures per basic financial statements	\$	<u>4,421,668</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	4,393,886
Add: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards		<u>27,782</u>
	\$	<u><u>4,421,668</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

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   ✓   none reported

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   ✓   none reported

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
93.778	Medical Assistance Program
84.377	School Improvement Grants

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.