

# COUNTY OF NORTHAMPTON, VIRGINIA



## ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED JUNE 30, 2011

*INTRODUCTORY SECTION*

**COUNTY OF NORTHAMPTON, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2011**

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**COUNTY OF NORTHAMPTON, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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# COUNTY OF NORTHAMPTON, VIRGINIA

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## **Board of Supervisors**

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Willie C. Randall, Chairperson  
Samuel J. Long, Jr., Vice-Chairperson

Oliver H. Bennett  
Laurence J. Trala

H. Spencer Murray  
Richard B. Tankard

## **County School Board**

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Kristin H. Webb, Chairperson

Richard B. Bland  
Calvin Brickhouse

Dr. Richard Drury  
Patrick Hand  
Ann Terry

Delores Lindsey  
Mickey Merritt

## **Board of Social Services**

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Dora Sullivan, Chairperson

Sarah Bedsworth

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

Katherine H. Nunez  
Traci W. Johnson  
Bruce D. Jones, Jr.  
Anne Sayers  
Cindy Bradford  
John P. Robbins  
Dr. Walter R. Clemons  
Richard Sterrett  
Vacant

*FINANCIAL SECTION*

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Northampton, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County of Northampton, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2012, on our consideration of the County of Northampton, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules of pension and OPEB funding progress 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 schedules of funding progress 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 schedules of funding progress 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Northampton, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Northampton, Virginia. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Richmond, Virginia  
February 15, 2012

*BASIC FINANCIAL STATEMENTS*

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

Statement of Net Assets  
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,195,388	\$ -	\$ 9,195,388	\$ 1,105,019
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,966,870	-	1,966,870	-
Accounts receivable	165,812	-	165,812	72,157
Due from other governmental units	754,350	-	754,350	1,438,314
Prepaid expenses	624,228	-	624,228	35,168
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	2,279,410	-	2,279,410	-
Other assets:				
Unamortized bond issue costs	346,423	-	346,423	-
Capital assets (net of accumulated depreciation):				
Land	2,303,174	-	2,303,174	130,505
Buildings and system	45,984,934	-	45,984,934	194,102
Improvements other than buildings	807,894	-	807,894	604,023
Machinery and equipment	1,573,957	7,136	1,581,093	1,613,562
Construction in progress	3,322,130	-	3,322,130	-
Total assets	<u>\$ 69,324,570</u>	<u>\$ 7,136</u>	<u>\$ 69,331,706</u>	<u>\$ 5,192,850</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,056,704	\$ 19,118	\$ 1,075,822	\$ 315,228
Accrued liabilities	544,852	2,917	547,769	1,620,044
Accrued interest payable	345,610	-	345,610	-
Unearned revenue	143,915	6,323	150,238	16,161
Reconciled overdraft payable	-	103,022	103,022	-
Long-term liabilities:				
Due within one year	2,595,476	-	2,595,476	401,955
Due in more than one year	43,711,382	-	43,711,382	1,443,614
Total liabilities	<u>\$ 48,397,939</u>	<u>\$ 131,380</u>	<u>\$ 48,529,319</u>	<u>\$ 3,797,002</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 11,716,567	\$ 7,136	\$ 11,723,703	\$ 1,533,351
Restricted for:				
Debt service and bond covenants	2,279,410	-	2,279,410	-
Unrestricted (deficit)	6,930,654	(131,380)	6,799,274	(137,503)
Total net assets	<u>\$ 20,926,631</u>	<u>\$ (124,244)</u>	<u>\$ 20,802,387</u>	<u>\$ 1,395,848</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, 2011

<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	\$ 1,880,236	\$ -	\$ 217,991	\$ 150,000
Judicial administration	755,107	246,548	417,825	-
Public safety	7,220,089	180,166	3,456,338	-
Public works	3,046,144	397,766	26,304	-
Health and welfare	3,352,694	-	2,419,496	-
Education	8,807,476	-	-	-
Parks, recreation, and cultural	352,034	43,447	-	-
Community development	1,849,353	372	1,004,907	-
Interest on long-term debt	1,630,403	-	-	-
Total governmental activities	<u>\$ 28,893,536</u>	<u>\$ 868,299</u>	<u>\$ 7,542,861</u>	<u>\$ 150,000</u>
Business-type activities:				
Public utilities	\$ 171,219	\$ 54,241	\$ -	\$ -
Total business-type activities	<u>\$ 171,219</u>	<u>\$ 54,241</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 29,064,755</u>	<u>\$ 922,540</u>	<u>\$ 7,542,861</u>	<u>\$ 150,000</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 19,865,211	\$ 315,464	\$ 11,951,301	\$ -
Total component units	<u>\$ 19,865,211</u>	<u>\$ 315,464</u>	<u>\$ 11,951,301</u>	<u>\$ -</u>

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

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

Exhibit 2

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>School Board</b>
\$ (1,512,245)	\$ -	\$ (1,512,245)	\$ -
(90,734)	-	(90,734)	-
(3,583,585)	-	(3,583,585)	-
(2,622,074)	-	(2,622,074)	-
(933,198)	-	(933,198)	-
(8,807,476)	-	(8,807,476)	-
(308,587)	-	(308,587)	-
(844,074)	-	(844,074)	-
(1,630,403)	-	(1,630,403)	-
<u>\$ (20,332,376)</u>	<u>\$ -</u>	<u>\$ (20,332,376)</u>	<u>\$ -</u>
\$ -	\$ (116,978)	\$ (116,978)	\$ -
\$ -	\$ (116,978)	\$ (116,978)	\$ -
<u>\$ (20,332,376)</u>	<u>\$ (116,978)</u>	<u>\$ (20,449,354)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (7,598,446)
\$ -	\$ -	\$ -	\$ (7,598,446)
\$ 15,457,110	\$ -	\$ 15,457,110	\$ -
1,064,382	-	1,064,382	-
316,147	-	316,147	-
44,943	-	44,943	-
258,405	-	258,405	-
682,452	-	682,452	-
79,445	-	79,445	-
76,049	-	76,049	476,716
1,794,768	-	1,794,768	-
-	-	-	7,605,274
436,301	-	436,301	-
<u>\$ 20,210,002</u>	<u>\$ -</u>	<u>\$ 20,210,002</u>	<u>\$ 8,081,990</u>
\$ (122,374)	\$ (116,978)	\$ (239,352)	\$ 483,544
21,049,005	(7,266)	21,041,739	912,304
<u>\$ 20,926,631</u>	<u>\$ (124,244)</u>	<u>\$ 20,802,387</u>	<u>\$ 1,395,848</u>

*FUND FINANCIAL STATEMENTS*

Balance Sheet  
 Governmental Funds  
 June 30, 2011

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,085,664	\$ 195,294	\$ 650	\$ 4,963,014	\$ 156,146	\$ 9,400,768
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,966,870	-	-	-	-	1,966,870
Accounts receivable	157,602	189	-	-	-	157,791
Due from other funds	8,021	-	-	-	-	8,021
Due from other governmental units	425,380	201,617	-	-	127,353	754,350
Prepaid items	-	-	624,228	-	-	624,228
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	1,334,815	-	944,595	-	-	2,279,410
Total assets	<u>\$ 7,978,352</u>	<u>\$ 397,100</u>	<u>\$ 1,569,473</u>	<u>\$ 4,963,014</u>	<u>\$ 283,499</u>	<u>\$ 15,191,438</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 322,211	\$ 103,548	\$ 650	\$ 552,926	\$ 77,369	\$ 1,056,704
Accrued liabilities	314,864	137,853	-	-	92,135	544,852
Reconciled overdraft payable	-	-	-	-	205,380	205,380
Deferred revenue	1,815,051	61,624	-	-	-	1,876,675
Total liabilities	<u>\$ 2,452,126</u>	<u>\$ 303,025</u>	<u>\$ 650</u>	<u>\$ 552,926</u>	<u>\$ 374,884</u>	<u>\$ 3,683,611</u>
Fund balances:						
Nonspendable	\$ -	\$ -	\$ 624,228	\$ -	\$ -	\$ 624,228
Restricted	1,334,815	94,075	944,595	-	84,903	2,458,388
Committed	-	-	-	4,410,088	-	4,410,088
Unassigned	4,191,411	-	-	-	(176,288)	4,015,123
Total fund balances	<u>\$ 5,526,226</u>	<u>\$ 94,075</u>	<u>\$ 1,568,823</u>	<u>\$ 4,410,088</u>	<u>\$ (91,385)</u>	<u>\$ 11,507,827</u>
Total liabilities and fund balances	<u>\$ 7,978,352</u>	<u>\$ 397,100</u>	<u>\$ 1,569,473</u>	<u>\$ 4,963,014</u>	<u>\$ 283,499</u>	<u>\$ 15,191,438</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	11,507,827
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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	\$	67,640,225	
Less: accumulated depreciation		<u>(13,648,136)</u>	53,992,089

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

Deferred revenue	\$	1,732,760	
Unamortized bond issue costs		<u>346,423</u>	2,079,183

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	\$	(41,747,232)	
Interest payable		(345,610)	
Other post employment benefits obligation		(152,000)	
Capital lease obligations		(528,290)	
Landfill post-closure liability		(3,231,367)	
Compensated absences		<u>(647,969)</u>	<u>(46,652,468)</u>

Net assets of governmental activities	\$	<u><u>20,926,631</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2011

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>REVENUES</b>						
General property taxes	\$ 15,420,768	\$ -	\$ -	\$ -	\$ -	\$ 15,420,768
Other local taxes	2,366,329	-	-	-	-	2,366,329
Permits, privilege fees, and regulatory licenses	125,374	-	-	-	-	125,374
Fines and forfeitures	117,466	-	-	-	-	117,466
Revenue from the use of money and property	73,364	-	35,294	2,631	-	111,289
Charges for services	585,364	40,095	-	-	-	625,459
Miscellaneous	49,730	198	-	300	25,821	76,049
Recovered costs	182,535	2,419	161,139	-	-	346,093
Intergovernmental revenues:						
Local government	-	-	-	436,301	-	436,301
Commonwealth	3,681,146	2,180,224	-	-	882,634	6,744,004
Federal	147,549	-	-	150,000	2,446,076	2,743,625
Total revenues	\$ 22,749,625	\$ 2,222,936	\$ 196,433	\$ 589,232	\$ 3,354,531	\$ 29,112,757
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 1,714,692	\$ -	\$ -	\$ -	\$ -	\$ 1,714,692
Judicial administration	592,779	-	-	-	-	592,779
Public safety	3,376,931	3,217,849	-	-	-	6,594,780
Public works	1,777,069	-	-	-	-	1,777,069
Health and welfare	550,294	-	-	-	2,762,186	3,312,480
Education	7,625,997	-	-	-	-	7,625,997
Parks, recreation, and cultural	258,761	-	-	-	-	258,761
Community development	916,443	-	-	-	933,529	1,849,972
Capital projects	-	-	-	3,697,810	151,605	3,849,415
Debt service:						
Principal retirement	223,087	-	2,300,868	-	-	2,523,955
Interest and other fiscal charges	12,527	-	1,772,013	-	-	1,784,540
Total expenditures	\$ 17,048,580	\$ 3,217,849	\$ 4,072,881	\$ 3,697,810	\$ 3,847,320	\$ 31,884,440
Excess (deficiency) of revenues over (under) expenditures	\$ 5,701,045	\$ (994,913)	\$ (3,876,448)	\$ (3,108,578)	\$ (492,789)	\$ (2,771,683)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 130,923	\$ 1,088,988	\$ 3,428,414	\$ 925,883	\$ 515,444	\$ 6,089,652
Transfers out	(4,994,659)	-	-	(925,883)	(169,110)	(6,089,652)
Issuance of capital lease	106,219	-	-	-	-	106,219
Total other financing sources (uses)	\$ (4,757,517)	\$ 1,088,988	\$ 3,428,414	\$ -	\$ 346,334	\$ 106,219
Net change in fund balances	\$ 943,528	\$ 94,075	\$ (448,034)	\$ (3,108,578)	\$ (146,455)	\$ (2,665,464)
Fund balances - beginning	4,582,698	-	2,016,857	7,518,666	55,070	14,173,291
Fund balances - ending	\$ 5,526,226	\$ 94,075	\$ 1,568,823	\$ 4,410,088	\$ (91,385)	\$ 11,507,827

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

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2011

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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 \$ (2,665,464)

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	\$ 3,690,388	
Depreciation expense	<u>(2,496,090)</u>	1,194,298

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

Increase (decrease) in property taxes receivable	\$ 36,342	
Increase (decrease) in interest receivable	<u>(31,844)</u>	4,498

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

Issuance of long-term debt	\$ (106,219)	
Principal payments	2,523,955	
Increase in landfill post-closure liability	(1,026,459)	
Bond issuance cost amortization	(32,879)	
Premium amortization	<u>(13,076)</u>	1,345,322

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in accrued leave	\$ 21,019	
(Increase) decrease in other post employment benefit payable	(61,000)	
(increase) decrease in interest payable	<u>38,953</u>	<u>(1,028)</u>

Change in net assets of governmental activities \$ (122,374)

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

Statement of Net Assets  
 Proprietary Fund  
 June 30, 2011

	Enterprise Fund Public Utilities Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Total current assets	\$ -
Noncurrent assets:	
Capital assets:	
Machinery and equipment	\$ 13,702
Less accumulated depreciation	(6,566)
Total capital assets	\$ 7,136
Total noncurrent assets	\$ 7,136
Total assets	\$ 7,136
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 19,118
Accrued liabilities	2,917
Deferred revenue	6,323
Reconciled overdraft payable	103,022
Total current liabilities	\$ 131,380
Total liabilities	\$ 131,380
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 7,136
Unrestricted	(131,380)
Total net assets	\$ (124,244)

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Fund  
 For the Year Ended June 30, 2011

	<u>Enterprise Fund Public Utilities Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 10,849
Wastewater revenues	43,392
Total operating revenues	<u>\$ 54,241</u>
<b>OPERATING EXPENSES</b>	
Personal services	\$ 37,875
Fringe benefits	12,303
Contractual services	35,253
Other charges	84,075
Depreciation	1,713
Total operating expenses	<u>\$ 171,219</u>
Operating income (loss)	<u>\$ (116,978)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Income before contributions and transfers	\$ (116,978)
Transfers in	-
Change in net assets	<u>\$ (116,978)</u>
Total net assets - beginning	(7,266)
Total net assets - ending	<u><u>\$ (124,244)</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, 2011

	<u>Enterprise Fund Public Utilities Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 54,241
Payments to suppliers	(101,528)
Payments to employees	<u>(50,305)</u>
Net cash provided (used) by operating activities	<u>\$ (97,592)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>\$ (7,143)</u>
Net cash provided (used) by noncapital financing activities	<u>\$ (7,143)</u>
Net increase (decrease) in cash and cash equivalents	\$ (104,735)
Cash and cash equivalents - beginning	1,713
Cash and cash equivalents - ending	<u><u>\$ (103,022)</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (116,978)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 1,713
Increase (decrease) in accounts payable and accrued liabilities	<u>17,673</u>
Total adjustments	<u>\$ 19,386</u>
Net cash provided (used) by operating activities	<u><u>\$ (97,592)</u></u>

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

Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2011

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 293,698
Accounts receivables	107,714
Total assets	\$ <u>401,412</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 24,822
Accrued liabilities	33,860
Due to other funds	8,021
Amounts held for social services clients	76,622
Amounts held for others	271,843
Due to external parties	(13,756)
Total liabilities	\$ <u>401,412</u>

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

*NOTES TO THE FINANCIAL STATEMENTS*

# COUNTY OF NORTHAMPTON, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

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

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

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

#### Financial Statement Presentation

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

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is not 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

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

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

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

#### **A. Financial Reporting Entity**

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

#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units to be included for the fiscal year ended June 30, 2011.

*Discretely Presented Component Units.* The Eight School Board members are appointed by the County's Board of Supervisors. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2011.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

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

None

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

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

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

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

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

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

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

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

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

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

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

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

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

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

Special Revenue Funds – account for the proceeds of special revenue sources 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 major Special Revenue Fund.

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 of the governments.

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

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

The County reports the following non-major governmental funds:

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

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

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

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

#### **E. Cash and Cash Equivalents:**

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

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

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

#### **F. Investments**

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**G. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$442,875 at June 30, 2011 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

**H. Capital Assets**

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

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

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**H. Capital Assets (Continued)**

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

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

**I. Compensated Absences**

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

**J. Retirement Plan**

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

**K. Use of Estimates**

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

**L. Net Assets**

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

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

#### **M. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **N. 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 non-spendable fund balance.

#### **O. Restricted Assets**

Restricted assets of \$1,560,087 represent amounts set aside in a sinking fund for debt service at June 30, 2011. In addition, restricted assets of \$719,323 are held at U.S. Bank to fund a required debt service reserve fund. Total restricted assets at June 30, 2011 are \$2,279,410.

#### **P. Fund Equity**

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**P. Fund Equity (Continued)**

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates 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). Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts by the Board of Supervisors.

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, Social Services Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers).

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

	General Fund	Eastern Shore Regional Jail Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Prepaid items	\$ -	\$ -	\$ 624,228	\$ -	\$ -	\$ 624,228
Total Nonspendable Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,228</u>
Restricted for:						
Debt service reserve	\$ 1,334,815	\$ -	\$ 944,595	\$ -	\$ -	\$ 2,279,410
Jail operations	-	94,075	-	-	-	94,075
Public assistance	-	-	-	-	37,961	37,961
Forfeited asset sharing	-	-	-	-	13,287	13,287
HMGP home elevation project	-	-	-	-	4,614	4,614
Purchase of development rights	-	-	-	-	29,041	29,041
Total Restricted Fund Balance	<u>\$ 1,334,815</u>	<u>\$ 94,075</u>	<u>\$ 944,595</u>	<u>\$ -</u>	<u>\$ 84,903</u>	<u>\$ 2,458,388</u>
Committed to:						
Capital projects	\$ -	\$ -	\$ -	\$ 4,410,088	\$ -	\$ 4,410,088
Total Committed Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,410,088</u>	<u>\$ -</u>	<u>\$ 4,410,088</u>
Unassigned Fund Balance	\$ 4,191,411	\$ -	\$ -	\$ -	\$ (176,288)	\$ 4,015,123
Total Fund Balances	<u>\$ 5,526,226</u>	<u>\$ 94,075</u>	<u>\$ 1,568,823</u>	<u>\$ 4,410,088</u>	<u>\$ (91,385)</u>	<u>\$ 11,507,827</u>

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

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#### **NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:**

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

1. During the month of April, the County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation totals for each fund can only be revised by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds and Debt Service Fund of the Primary Government. The Discretely Presented Component Unit is integrated only at the level of legal adoption.
6. All budgets of the County are adopted on a modified accrual basis. Annual budgets are adopted for all governmental funds. The budgets of the Discretely Presented Component Unit are adopted on a cash basis but differences between cash and accrual/modified accrual basis budgets are not considered to be material.
7. Appropriations lapse on June 30, for all County units.

#### **Expenditures and Appropriations**

Expenditures exceeded appropriations in the School Operating Fund and School Cafeteria Fund at June 30, 2011.

#### **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).

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Custodial Credit Risk (Investments)**

The County's investment policy requires that all securities purchased for the County be held by the County or by the County's designated custodian. The County's investments at June 30, 2011 were held by the County or in the County's name by the County's custodial banks.

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County and its discretely presented component unit have no investment policies that would further limit their investment choices.

<b><u>Locality's Rated Debt Investments' Values</u></b>	
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 981,421
Money Market Funds	<u>4,657,427</u>
Total	<u>\$ 5,638,848</u>

**Interest Rate Risk**

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

<b><u>Investment Maturities (in years)</u></b>		
<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Less Than 1 Year</u></b>
U.S. Treasury obligations	\$ 719,323	\$ 719,323
U.S. Treasury money market funds	<u>4,657,427</u>	<u>4,657,427</u>
Total	<u>\$ 5,376,750</u>	<u>\$ 5,376,750</u>

**External Investment Pool**

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011 (CONTINUED)

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

At June 30, 2011, the County has receivables from and amounts due to other governments as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Commonwealth of Virginia:		
Local sales tax	\$ 199,355	\$ -
Local communication sales tax	80,577	-
Recordation tax	10,768	-
VPA funds	16,942	-
State sales tax	-	286,208
Constitutional officer reimbursements	323,571	-
Fire program funds	3,125	-
MVC Rolling stock tax	1,736	-
Federal Government:		
School fund grants	-	1,152,106
Housing and Urban Development grant	59,725	-
VPA funds	50,686	-
Other federal grants	7,865	-
Total due from other governments	<u>\$ 754,350</u>	<u>\$ 1,438,314</u>

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

**NOTE 5—INTERFUND OBLIGATIONS:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2011, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 8,021	\$ -
<b>Fiduciary:</b>		
Special Welfare	-	8,021
Total Governmental Funds	<u>\$ 8,021</u>	<u>\$ 8,021</u>

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

**NOTE 6—CAPITAL ASSETS:**

The following is a summary of changes in general government capital assets for the fiscal year ending June 30, 2011:

**Primary Government:**

**Primary Government:**

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 2,060,403	\$ 108,171	\$ -	\$ 2,168,574
Construction in progress	677,152	3,097,956	452,978	3,322,130
Jointly owned land	134,600	-	-	134,600
	<u>\$ 2,872,155</u>	<u>\$ 3,206,127</u>	<u>\$ 452,978</u>	<u>\$ 5,625,304</u>
Total capital assets not subject to depreciation				
Capital assets subject to depreciation:				
Buildings	\$ 42,486,880	\$ 452,978	\$ -	\$ 42,939,858
Improvements other than buildings	1,000,587	-	-	1,000,587
Equipment	3,612,410	480,484	102,839	3,990,055
Jointly owned assets	14,080,644	3,777	-	14,084,421
	<u>\$ 61,180,521</u>	<u>\$ 937,239</u>	<u>\$ 102,839</u>	<u>\$ 62,014,921</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings	\$ (4,444,577)	\$ (1,582,089)	\$ -	\$ (6,026,666)
Improvements other than buildings	(167,603)	(25,090)	-	(192,693)
Equipment	(2,142,911)	(376,026)	(102,839)	(2,416,098)
Jointly owned assets	(4,499,794)	(512,885)	-	(5,012,679)
	<u>\$ (11,254,885)</u>	<u>\$ (2,496,090)</u>	<u>\$ (102,839)</u>	<u>\$ (13,648,136)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>\$ 49,925,636</u>	<u>\$ (1,558,851)</u>	<u>\$ -</u>	<u>\$ 48,366,785</u>
Governmental capital assets, net	<u>\$ 52,797,791</u>	<u>\$ 1,647,276</u>	<u>\$ 452,978</u>	<u>\$ 53,992,089</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

**NOTE 6—CAPITAL ASSETS: (Continued)**

A summary of proprietary fund property, plant and equipment at June 30, 2011 follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Enterprise activities:</b>				
<b>Enterprise Fund:</b>				
Capital assets subject to depreciation:				
Equipment	\$ 13,702	\$ -	\$ -	\$ 13,702
Total capital assets being depreciated	\$ 13,702	\$ -	\$ -	\$ 13,702
Less accumulated depreciation for:				
Equipment	\$ (4,853)	\$ (1,713)	\$ -	\$ (6,566)
Total accumulated depreciation	\$ (4,853)	\$ (1,713)	\$ -	\$ (6,566)
Total capital assets being depreciated, net	\$ 8,849	\$ (1,713)	\$ -	\$ 7,136
Enterprise capital assets, net	\$ <u>8,849</u>	\$ <u>(1,713)</u>	\$ <u>-</u>	\$ <u>7,136</u>

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

Governmental activities:

General government administration	\$ 458,896
Judicial administration	175,114
Public safety	998,045
Public works	232,272
Health and welfare	41,099
Education	512,885
Parks, recreation and cultural	63,579
Community development	14,200

    Total Governmental activities \$ 2,496,090

Enterprise activities:

    Public utilities \$ 1,713

Component Unit School Board \$ 389,695

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, 2011, is that school financed assets in the amount of \$9,206,342 are reported in the Primary Government for financial reporting purposes.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

**NOTE 6—CAPITAL ASSETS: (Continued)**

A summary of changes in capital assets for the component unit at June 30, 2011 follows:

**Component Unit - School Board:**

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 130,505	\$ -	\$ -	\$ 130,505
Total capital assets not subject to depreciation	\$ 130,505	\$ -	\$ -	\$ 130,505
Capital assets subject to depreciation:				
Buildings	\$ 2,251,758	\$ -	\$ -	\$ 2,251,758
Improvements other than buildings	439,044	351,140	-	790,184
Equipment	3,182,250	665,400	120,271	3,727,379
Total capital assets being depreciated	\$ 5,873,052	\$ 1,016,540	\$ 120,271	\$ 6,769,321
Less accumulated depreciation for:				
Buildings	\$ (2,041,140)	\$ (16,516)	\$ -	\$ (2,057,656)
Improvements other than buildings	(142,412)	(43,749)	-	(186,161)
Equipment	(1,904,658)	(329,430)	(120,271)	(2,113,817)
Total accumulated depreciation	\$ (4,088,210)	\$ (389,695)	\$ (120,271)	\$ (4,357,634)
Total capital assets being depreciated, net	\$ 1,784,842	\$ 626,845	\$ -	\$ 2,411,687
Governmental capital assets, net	\$ 1,915,347	\$ 626,845	\$ -	\$ 2,542,192

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**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

**NOTE 7—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 130,923	\$ 4,994,659
Eastern Shore Regional Jail	1,088,988	-
Debt Service	3,428,414	-
Capital Projects	925,883	925,883
Other Governmental Funds	<u>515,444</u>	<u>169,110</u>
Total Governmental Funds	<u>\$ 6,089,652</u>	<u>\$ 6,089,652</u>
Total-All Funds	<u>\$ 6,089,652</u>	<u>\$ 6,089,652</u>

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

**NOTE 8—LONG-TERM OBLIGATIONS:**

**Details of Long-Term Indebtedness:**

**Primary Government:**

A summary of long-term obligation transactions for the year ended June 30, 2011 is as follows:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County					
Lease revenue bonds payable	\$ 35,620,471	\$ -	\$ 1,396,819	\$ 34,223,652	\$ 1,482,036
Unamortized bond discount	(176,510)	-	(13,076)	(163,434)	-
Capital lease obligations	784,845	106,219	362,774	528,290	260,319
Landfill post-closure liability	2,204,908	1,026,459	-	3,231,367	-
Compensated absences payable	668,988	45,880	66,899	647,969	64,797
OPEB liability	<u>91,000</u>	<u>73,000</u>	<u>12,000</u>	<u>152,000</u>	<u>-</u>
Total incurred by County	<u>\$ 39,193,702</u>	<u>\$ 1,251,558</u>	<u>\$ 1,825,416</u>	<u>\$ 38,619,844</u>	<u>\$ 1,807,152</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 145,568	\$ -	\$ 12,131	\$ 133,437	\$ 12,130
General obligation bonds payable	6,915,808	-	752,231	6,163,577	776,194
Revenue notes payable	<u>1,390,000</u>	<u>-</u>	<u>-</u>	<u>1,390,000</u>	<u>-</u>
Total incurred by School Board	<u>\$ 8,451,376</u>	<u>\$ -</u>	<u>\$ 764,362</u>	<u>\$ 7,687,014</u>	<u>\$ 788,324</u>
Total Governmental Obligations	<u>\$ 47,645,078</u>	<u>\$ 1,251,558</u>	<u>\$ 2,589,778</u>	<u>\$ 46,306,858</u>	<u>\$ 2,595,476</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

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

Year Ending June 30,	County Obligations			
	Capital Leases		Lease Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2012	\$ 260,319	\$ 12,079	\$ 1,482,036	\$ 1,475,925
2013	203,355	5,040	1,766,921	1,416,128
2014	64,616	542	1,837,506	1,343,420
2015	-	-	1,910,820	1,267,796
2016	-	-	1,968,896	1,188,719
2017	-	-	2,039,767	1,106,738
2018	-	-	2,124,469	1,021,399
2019	-	-	2,203,038	932,125
2020	-	-	2,291,512	839,322
2021	-	-	2,384,930	740,748
2022	-	-	2,243,335	638,048
2023	-	-	2,328,770	541,105
2024	-	-	2,284,280	440,465
2025	-	-	2,373,912	342,683
2026	-	-	1,039,716	241,082
2027	-	-	1,093,744	193,055
2028	-	-	420,000	142,500
2029	-	-	440,000	121,500
2030	-	-	460,000	99,500
2031	-	-	485,000	76,500
2032	-	-	510,000	52,250
2033	-	-	535,000	26,750
Total	\$ <u>528,290</u>	\$ <u>17,661</u>	\$ <u>34,223,652</u>	\$ <u>14,247,758</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

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

Year Ending June 30,	School Obligations					
	State Literary Fund Loans		Revenue Note Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 12,130	\$ 4,003	\$ -	\$ 42,117	\$ 776,194	\$ 57,932
2013	12,130	3,639	1,390,000	42,117	611,728	19,422
2014	12,130	3,275	-	-	-	-
2015	12,130	2,911	-	-	-	-
2016	12,131	2,547	-	-	419,060	-
2017	12,131	2,184	-	-	-	-
2018	12,131	1,820	-	-	-	-
2019	12,131	1,456	-	-	2,142,167	-
2020	12,131	1,092	-	-	-	-
2021	12,131	728	-	-	-	-
2022	12,131	364	-	-	-	-
2023	-	-	-	-	2,214,428	-
Total	\$ <u>133,437</u>	\$ <u>24,019</u>	\$ <u>1,390,000</u>	\$ <u>84,234</u>	\$ <u>6,163,577</u>	\$ <u>77,354</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

Details of long-term indebtedness are as follows:

	<b><u>Amount Outstanding</u></b>
<b><u>General Long-Term Debt:</u></b>	
<b><u>Lease Revenue Bonds Payable:</u></b>	
\$11,475,000 2002 Series Joint IDA Lease Revenue Bonds issued September 17, 2002, maturing annually February 1, 2004-2033, in varying amounts. Interest payable annually at various interest rates from 1.7% to 5.00%. Carrying value on bonds is net of discount of \$164,434.	\$ 8,661,566
\$10,000,000 2005 Series Joint IDA Lease Revenue Bonds issued October 14, 2005, maturing annually June 1, 2006-2025, in varying amounts. Interest payable semi-annually at a fixed rate of 3.84%	8,330,000
\$10,000,000 2006 Series Joint IDA Lease Revenue Bonds issued January 27, 2006, maturing annually June 1, 2007-2025, in varying amounts. Interest payable semi-annually at a fixed rate of 4.24%	8,932,000
\$9,131,000 2007 Series Joint IDA Lease Revenue Bonds issued May 18, 2007, maturing annually June 1, 2009-2027, in varying amounts. Interest payable semi-annually at a fixed rate of 4.4%	<u>8,136,652</u>
Total Lease Revenue bonds payable	\$ <u>34,060,218</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

	<b><u>Amount Outstanding</u></b>
<u>Capital Lease Obligations:</u>	
\$209,800 equipment lease purchase agreement (payable from the General Fund) issued June 22, 2007, due in quarterly installments of \$11,623 through 2012. Interest payable quarterly at a rate of 2.76%.	\$ 45,356
\$106,219 equipment lease purchase agreement (payable from the General Fund) issued December 10, 2010, due in quarterly installments of \$9,171 through 2014. Interest payable quarterly at a rate of 3.10%.	97,890
\$116,554 equipment lease purchase agreement (payable from the General Fund) issued May 5, 2008, due in quarterly installments through 2011. Interest payable quarterly at a rate of 2.26%.	10,016
\$79,232 equipment lease purchase agreement (payable from the General Fund) issued October 7, 2009, due in quarterly installments of \$6,996 through 2013. Interest payable semi-annually at a rate of 3.34%.	47,177
\$703,446 equipment lease purchase agreement (payable from the General Fund) issued August 22, 2008, due in quarterly installments through 2013. Interest payable quarterly at a rate of 2.6%.	<u>327,851</u>
Total Capital Lease Obligations	\$ <u>528,290</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

	<b>Amount Outstanding</b>
Landfill post-closure liability	\$ 3,231,367
Compensated absences (payable from the General Fund)	647,969
OPEB liability (payable from the General Fund)	<u>152,000</u>
Total Debt Incurred by County	<u>\$ 38,619,844</u>

**School Bonds Payable:**

\$9,077,246 School Bonds issued July 15, 1992, maturing annually July 15, 1996-2012, in varying amounts. Interest payable semi-annually at various interest rates from 4.9% through 6.35%.	\$ 1,197,922
\$2,100,000 1999 Series Qualified Loan Academy Bonds issued October 16, 1999, due in annual installments of \$175,000 through 2012.	175,000
2001 Series Qualified Zone Academy Bonds issued December 31, 2001, with entire principal maturing on December 21, 2015.	419,060
\$2,142,167 2003 Series Qualified Zone Academy Bonds issued December 29, 2003, with entire principal maturing on December 29, 2018.	2,142,167

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

	<b><u>Amount Outstanding</u></b>
<u>School Bonds Payable: (Continued)</u>	
\$2,214,428 2006 Series Qualified Zone Academy Bonds issued December 28, 2006, with entire principal maturing on December 29, 2022.	\$ 2,214,428
\$400,000 School Bonds issued January 3, 1994, payable in various annual installments each December 15 through 2011. Interest payable semi-annually at various interest rates from 5.5% through 7.5%.	<u>15,000</u>
Total school bonds payable	\$ <u>6,163,577</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>133,437</u>
Total State Literary Fund Loans	\$ <u>133,437</u>
<u>Revenue Notes Payable:</u>	
\$1,390,000, issued November 18, 2009, interest payable in semi-annual installments of each January 1, and July 1 through 2013, interest payable annually at 3.03%	\$ <u>1,390,000</u>
Total Revenue Notes Payable	\$ <u>1,390,000</u>
Total School Board Long-Term Debts Issued, payable from the General Fund	\$ <u><u>7,687,014</u></u>
Total Governmental Obligations	\$ <u><u>46,306,858</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
Asset:		
2 Modular Classroom buildings	\$ 703,446	\$ -
Sheriff's vehicles	116,554	-
New World System financial softward	307,710	-
Bulldozer	209,800	-
Four sheriff's vehicles	106,084	-
Three sheriff's vehicles	79,232	-
6 School buses	-	456,014
6 School buses	-	396,032
4 School buses	-	351,057
Less: Accumulated depreciation	<u>(451,038)</u>	<u>(408,153)</u>
	<u>\$ 1,071,788</u>	<u>\$ 794,950</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

Capital Leases: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
2012	\$ 272,398	\$ 358,548
2013	208,395	358,548
2014	65,158	269,438
2015	-	89,973
Total minimum lease payments	\$ 545,951	\$ 1,076,507
Less: amount representing interest	(17,661)	(67,666)
Present value of minimum lease payments	<u>\$ 528,290</u>	<u>\$ 1,008,841</u>

**Component Unit—School Board:**

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within OneYear</u>
Compensated absences payable (payable from the School Fund)	\$ 908,324	\$ -	\$ 137,596	\$ 770,728	\$ 77,073
Capital leases payable	900,265	426,964	318,388	1,008,841	324,882
OPEB liability	35,000	179,000	148,000	66,000	-
Total	<u>\$ 1,843,589</u>	<u>\$ 605,964</u>	<u>\$ 603,984</u>	<u>\$ 1,845,569</u>	<u>\$ 401,955</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**Details of Long-Term Indebtedness: (Continued)**

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

	<u>Amount Outstanding</u>
<b><u>Details of Long-term Indebtedness:</u></b>	
<u>Capital Lease Obligations:</u>	
\$396,032 school equipment lease purchase agreement (payable from the School Fund) issued September 20, 2007, due in annual installments of \$89,110 through 2012. Interest payable annually at a rate of 4.06%.	\$ 167,924
\$356,882 school equipment lease purchase agreement (payable from the School Fund) issued October 7, 2009, due in annual installments of \$76,532 through 2013. Interest payable annually at a rate of 3.4946.	214,438
\$456,014 school equipment lease purchase agreement (payable from the School Fund) issued July 18, 2008, due in annual installments through 2013. Interest payable annually at a rate of 4.1739%.	284,712
\$426,964 school equipment lease purchase agreement (payable from the School Fund) issued November 15, 2010, due in bi-annual installments through 2015. Interest payable annually at a rate of 3.2354%.	<u>341,767</u>
Total Capital Lease Obligations	\$ <u>1,008,841</u>
Compensated absences (payable from the School Fund)	770,728
OPEB liability (payable from the School Fund)	<u>66,000</u>
Total Debt Incurred by School Board	\$ <u><u>1,845,569</u></u>

<u>Year Ending June 30</u>	<u>Component Unit Obligation</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 324,882	\$ 33,666
2013	336,367	22,181
2014	259,164	10,274
2015	<u>88,428</u>	<u>1,545</u>
Total	<u>\$ 1,008,841</u>	<u>\$ 67,666</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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**NOTE 9—LANDFILL POST CLOSURE COSTS:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Under the modified accrual basis of accounting, general fund expenditure and liability are to be recognized only to the extent that such costs are expected to be paid from available, expendable resources. Since the County does not expect to pay any portion of the postclosure care or corrective action costs from available, expendable resources as of June 30, 2011, the fund financial statements do not include any fund expenditure or liability relating to postclosure care or corrective action costs of its landfill site. The \$3,231,367 reported as a long-term liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of 2,231,367 is based on what it would cost to perform all postclosure care in fiscal year 2011 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.

**NOTE 10—DEFERRED REVENUE:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,876,675 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,732,760 at June 30, 2011.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2011, but paid in advance by the tax payers totaled \$82,291 at June 30, 2011.

Other Deferred Revenue: Deferred revenue representing unspent jail telephone commission funds not available for funding of current expenditures totaled \$61,624 at June 30, 2011.

## COUNTY OF NORTHAMPTON, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

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#### **NOTE 11—COMMITMENTS AND CONTINGENCIES:**

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

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

At June 30, 2011 the County had a construction contract with Armada Hoffer Construction Company of Virginia, Inc. for renovations to the Administrative Building. The total contract was \$2,710,750 with \$1,175,773 outstanding at June 30, 2011.

#### **NOTE 12—LITIGATION:**

At June 30, 2011, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

#### **NOTE 13—RISK MANAGEMENT:**

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

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

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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**NOTE 14—DEFINED BENEFIT PENSION PLAN:**

**A. Plan Description**

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

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

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the members plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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### **NOTE 14—DEFINED BENEFIT PENSION PLAN (Continued):**

#### **A. Plan Description (Continued)**

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1, of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Website at: <http://varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was 7.86% of annual covered payroll.

The School Board's professional employees contributed \$380,946, \$630,049 and \$917,574 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009 respectively and these contributions represented 3.93%, 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, and 8.81%, respectively, of current covered payroll. The School Board's professional employees contribution rate for the fiscal year ended June 30, 2011 was 8.93% of covered payroll.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

**NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)**

**C. Annual Pension Cost**

For fiscal year 2011, the County's annual pension cost of \$837,694 (which includes the portion of the employee share assumed by the employer which was \$325,698) was equal to the County's required and actual contributions.

For fiscal year 2011, the School Board's annual pension cost of \$73,969 (which includes the portion of the employee share assumed by the employer which was \$30,692) was equal to the School Board's required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2011	\$ 511,996	100%	\$ -
June 30, 2010	498,789	100%	-
June 30, 2009	508,120	100%	-
School Board:			
Non-Professional:			
June 30, 2011	\$ 43,277	100%	\$ -
June 30, 2010	42,078	100%	-
June 30, 2009	51,794	100%	-

(1) Employer portion only

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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**NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)**

**D. Funded Status and Funding Progress**

As of June 30, 2010, the most recent actuarial valuation date, the plan was 85.75% funded. The actuarial accrued liability for benefits was \$22,564,574, and the actuarial value of assets was \$19,348,364, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,216,210. The covered payroll (annual payroll of active employees covered by the plan) was \$6,547,235, and ratio of the UAAL to the covered payroll was 49.12%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board Non-Professional plan was 88.93% funded. The actuarial accrued liability for benefits was \$3,335,960, and the actuarial value of assets was \$2,966,864, resulting in an unfunded actuarial accrued liability (UAAL) of \$369,276. The covered payroll (annual payroll of active employees covered by the plan) was \$711,419 and ratio of the UAAL to the covered payroll was 51.91%.

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

**NOTE 15—SURETY BONDS:**

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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**NOTE 16--POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

**PRIMARY GOVERNMENT**

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$73,000 for fiscal year 2011. The annual estimated employer contributions for fiscal year 2011 were \$12,000.

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

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

		<b><u>Primary Government</u></b>
Annual required contribution	\$	73,000
Interest on net OPEB obligation		4,000
Adjustment to annual required contribution		<u>(4,000)</u>
Annual OPEB cost (expense)	\$	73,000
Estimated Contributions made		<u>(12,000)</u>
Increase in net OPEB obligation		61,000
Net OPEB obligation-beginning of year		<u>91,000</u>
Net OPEB obligation-end of year	\$	<u><u>152,000</u></u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

**PRIMARY GOVERNMENT (Continued)**

Trend Information:

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

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:				
6/30/2009	\$	67,000	35.80%	\$ 43,000
6/30/2010		72,000	33.33%	91,000
6/30/2011		73,000	16.44%	152,000

Funded Status and Funding Progress:

As of June 1, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$630,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$630,000. For the fiscal year ended June 30, 2011, the covered payroll (annual payroll of active employees covered by the plan) was \$6,492,000, and the ratio of the UAAL to the covered payroll was 9.70%

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

Actuarial Methods and Assumptions:

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

In the June 1, 2011 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 June 1, 2011 was 30 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

## COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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

#### **PRIMARY GOVERNMENT (Continued)**

##### Actuarial Methods and Assumptions: (Continued)

The following additional simplifying assumptions were made:

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

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 2010. This rate decreases 1% per year until an ultimate rate of 5.0% is reached.

#### **COMPONENT UNIT SCHOOL BOARD**

##### Plan Description

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

##### Funding Policy

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

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011 (CONTINUED)

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

**COMPONENT UNIT SCHOOL BOARD (Continued)**

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (PEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$179,000 for fiscal year 2011. The annual employer contributions for fiscal year 2011 were \$148,000.

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

	<b>Component Unit School Board</b>
Annual required contribution	\$ 179,000
Interest on net OPEB obligation	1,000
Adjustment to annual required contribution	(1,000)
Annual OPEB cost (expense)	<u>\$ 179,000</u>
Estimated Contributions made	<u>(148,000)</u>
Increase in net OPEB obligation	31,000
Net OPEB obligation-beginning of year	<u>35,000</u>
Net OPEB obligation-end of year	<u><u>\$ 66,000</u></u>

Trend Information:

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

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
Schools:			
6/30/2009	\$ 143,000	85.30%	\$ 21,000
6/30/2010	147,000	90.48%	35,000
6/30/2011	179,000	82.68%	66,000

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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**NOTE 16–POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)**

**COMPONENT UNIT SCHOOL BOARD (Continued)**

Funded Status and Funding Progress:

As of June 1, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$2,126,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,126,000. For the fiscal year ended June 30, 2011, the covered payroll (annual payroll of active employees covered by the plan) was \$10,091,000, and the ratio of the UAAL to the covered payroll was 21.07%.

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

Actuarial Methods and Assumptions

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

In the June 1, 2011 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 June 1, 2011 was 30 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

The following additional simplifying assumptions were made:

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

57% of actives currently enrolled in the County's health care plan, will continue in the plan upon retiring. 17.50% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

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

*Economic Assumptions* – Medical Per Capita costs, Average Costs and premiums are assumed to increase 10.00% for Pre-Medicare coverage and Medicare Supplement in 2010. This rate decreases 1% per year until an ultimate rate of 5.0% is reached.

**COUNTY OF NORTHAMPTON, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)

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**NOTE 17—OTHER POST-EMPLOYMENT BENEFITS (OPEB):**

**A. Plan Description**

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

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

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

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011 and June 30, 2010 was \$27,141 and \$56,497, respectively, and equaled the required contributions for the year.

**NOTE 18—ADJUSTMENT TO BEGINNING NET ASSETS:**

The following adjustment was made to beginning net assets:

	<u>Governmental Activities</u>
Net assets as previously reported, June 30, 2010	\$ 21,824,960
Adjustment to correct prior year for duplicate construction in progress	<u>(775,955)</u>
Net assets as adjusted, July 1, 2010	<u>\$ 21,049,005</u>

*REQUIRED SUPPLEMENTARY INFORMATION*

*NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:*

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

General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 15,302,158	\$ 15,302,158	\$ 15,420,768	\$ 118,610
Other local taxes	2,411,558	2,411,558	2,366,329	(45,229)
Permits, privilege fees, and regulatory licenses	222,050	222,050	125,374	(96,676)
Fines and forfeitures	105,000	105,000	117,466	12,466
Revenue from the use of money and property	34,500	72,734	73,364	630
Charges for services	562,732	562,732	585,364	22,632
Miscellaneous	1,000	27,612	49,730	22,118
Recovered costs	177,598	184,678	182,535	(2,143)
Intergovernmental revenues:				
Commonwealth	3,455,349	3,652,006	3,681,146	29,140
Federal	78,410	392,422	147,549	(244,873)
Total revenues	<u>\$ 22,350,355</u>	<u>\$ 22,932,950</u>	<u>\$ 22,749,625</u>	<u>\$ (183,325)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,856,099	\$ 1,865,385	\$ 1,714,692	\$ 150,693
Judicial administration	588,107	599,091	592,779	6,312
Public safety	3,211,949	3,475,145	3,376,931	98,214
Public works	1,796,481	1,803,532	1,777,069	26,463
Health and welfare	690,307	690,307	550,294	140,013
Education	7,328,716	7,625,997	7,625,997	-
Parks, recreation, and cultural	278,747	338,259	258,761	79,498
Community development	1,061,791	1,326,160	916,443	409,717
Debt service:				
Principal retirement	225,725	225,725	223,087	2,638
Interest and other fiscal charges	19,479	19,479	12,527	6,952
Total expenditures	<u>\$ 17,057,401</u>	<u>\$ 17,969,080</u>	<u>\$ 17,048,580</u>	<u>\$ 920,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,292,954</u>	<u>\$ 4,963,870</u>	<u>\$ 5,701,045</u>	<u>\$ 737,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 77,500	\$ 134,923	\$ 130,923	\$ (4,000)
Transfers out	(5,616,002)	(5,823,069)	(4,994,659)	828,410
Capital lease issuance	106,219	106,219	106,219	-
Total other financing sources and uses	<u>\$ (5,432,283)</u>	<u>\$ (5,581,927)</u>	<u>\$ (4,757,517)</u>	<u>\$ 824,410</u>
Net change in fund balances	\$ (139,329)	\$ (618,057)	\$ 943,528	\$ 1,561,585
Fund balances - beginning	139,329	618,057	4,582,698	3,964,641
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,526,226</u>	<u>\$ 5,526,226</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 102,300	\$ 102,300	\$ 40,095	\$ (62,205)
Miscellaneous	-	198	198	-
Recovered costs	1,500	2,275	2,419	144
Intergovernmental revenues:				
Commonwealth	2,310,757	2,310,757	2,180,224	(130,533)
Total revenues	<u>\$ 2,414,557</u>	<u>\$ 2,415,530</u>	<u>\$ 2,222,936</u>	<u>\$ (192,594)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 3,465,358	\$ 3,580,737	\$ 3,217,849	\$ 362,888
Total expenditures	<u>\$ 3,465,358</u>	<u>\$ 3,580,737</u>	<u>\$ 3,217,849</u>	<u>\$ 362,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,050,801)</u>	<u>\$ (1,165,207)</u>	<u>\$ (994,913)</u>	<u>\$ 170,294</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,050,801	\$ 1,165,207	\$ 1,088,988	\$ (76,219)
Total other financing sources and uses	<u>1,050,801</u>	<u>1,165,207</u>	<u>1,088,988</u>	<u>(76,219)</u>
Net change in fund balances	\$ -	\$ -	\$ 94,075	\$ 94,075
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,075</u>	<u>\$ 94,075</u>

Schedule of Pension Funding Progress  
For the Year Ended June 30, 2011

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

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2)/(3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4)/(6)</b>
6/30/2010	\$ 19,348,364	\$ 22,564,574	\$ 3,216,210	85.75%	\$ 6,547,235	\$ 49.12%
6/30/2009	18,716,520	20,112,262	1,395,742	93.06%	6,669,877	20.93%
6/30/2008	17,915,476	18,973,610	1,058,134	94.42%	6,925,859	15.28%
6/30/2007	15,954,510	16,485,147	530,637	96.78%	6,078,684	8.73%
6/30/2006	14,056,456	14,711,742	655,286	95.55%	5,199,477	12.60%
6/30/2005	13,095,343	14,101,363	1,006,020	92.87%	4,692,429	21.44%

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

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2)/(3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4)/(6)</b>
6/30/2010	\$ 2,966,684	\$ 3,335,960	\$ 369,276	88.93%	\$ 711,419	\$ 51.91%
6/30/2009	3,053,283	3,158,137	104,854	96.68%	720,752	14.55%
6/30/2008	3,191,242	3,205,059	13,817	99.57%	947,915	1.46%
6/30/2007	2,944,282	3,076,698	132,416	95.70%	971,806	13.63%
6/30/2006	2,638,972	2,620,369	(18,603)	100.71%	863,505	-2.15%
6/30/2005	2,523,111	2,707,044	183,933	93.21%	654,004	28.12%

Schedule of Funding Progress for Retiree Health Plan  
 For the Year Ended June 30, 2011

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

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Excess Funded) Actuarial Accrued Liability</u>	<u>Funded Ratio (2)/(3)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Payroll (4)/(6)</u>
7/1/2008	\$ -	\$ 524,000	\$ 524,000	0.00%	\$ 5,795,000	9.04%
6/1/2011	-	630,000	630,000	0.00%	6,492,000	9.70%

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

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Excess Funded) Actuarial Accrued Liability</u>	<u>Funded Ratio (2)/(3)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Payroll (4)/(6)</u>
7/1/2008	\$ -	\$ 1,820,000	\$ 1,820,000	0.00%	\$ 9,592,000	18.97%
6/1/2011	-	2,126,000	2,126,000	0.00%	10,091,000	21.07%

*OTHER SUPPLEMENTARY INFORMATION*

Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 35,294	\$ 35,294
Recovered costs	161,100	161,100	161,139	39
Total revenues	<u>\$ 161,100</u>	<u>\$ 161,100</u>	<u>\$ 196,433</u>	<u>\$ 35,333</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 2,547,406	\$ 2,547,406	\$ 2,300,868	\$ 246,538
Interest and other fiscal charges	1,711,929	1,762,796	1,772,013	(9,217)
Total expenditures	<u>\$ 4,259,335</u>	<u>\$ 4,310,202</u>	<u>\$ 4,072,881</u>	<u>\$ 237,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,098,235)</u>	<u>\$ (4,149,102)</u>	<u>\$ (3,876,448)</u>	<u>\$ 272,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 4,098,235	\$ 4,149,102	\$ 3,428,414	\$ (720,688)
Total other financing sources and uses	<u>\$ 4,098,235</u>	<u>\$ 4,149,102</u>	<u>\$ 3,428,414</u>	<u>\$ (720,688)</u>
Net change in fund balances	\$ -	\$ -	\$ (448,034)	\$ (448,034)
Fund balances - beginning	-	-	2,016,857	2,016,857
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,568,823</u>	<u>\$ 1,568,823</u>

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 700,123	\$ 2,631	\$ (697,492)
Miscellaneous	-	8,242	300	(7,942)
Intergovernmental revenues:				
Local government	-	436,301	436,301	-
Commonwealth	-	1,369,334	-	(1,369,334)
Federal	-	150,000	150,000	-
Total revenues	\$ -	\$ 2,664,000	\$ 589,232	\$ (2,074,768)
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 9,507,149	\$ 3,697,810	\$ 5,809,339
Debt service:				
Interest and other fiscal charges	-	31,002	-	31,002
Total expenditures	\$ -	\$ 9,538,151	\$ 3,697,810	\$ 5,840,341
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (6,874,151)	\$ (3,108,578)	\$ 3,765,573
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 925,883	\$ 925,883	\$ -
Transfers out	-	(925,883)	(925,883)	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (6,874,151)	\$ (3,108,578)	\$ 3,765,573
Fund balances - beginning	-	6,874,151	7,518,666	644,515
Fund balances - ending	\$ -	\$ -	\$ 4,410,088	\$ 4,410,088

**COUNTY OF NORTHAMPTON, VIRGINIA**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2011

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	<u>Virginia Public Assistance Fund</u>	<u>Forfeited Asset Sharing Fund</u>	<u>Purchase of Development Rights Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 86,572	\$ 13,287	\$ 29,041
Due from other governmental units	67,628	-	-
Total assets	<u>\$ 154,200</u>	<u>\$ 13,287</u>	<u>\$ 29,041</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 26,419	\$ -	\$ -
Accrued liabilities	89,820	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 116,239</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ 37,961	\$ 13,287	\$ 29,041
Unassigned	-	-	-
Total fund balances	<u>\$ 37,961</u>	<u>\$ 13,287</u>	<u>\$ 29,041</u>
Total liabilities and fund balances	<u>\$ 154,200</u>	<u>\$ 13,287</u>	<u>\$ 29,041</u>

<b>CDBG Projects Fund</b>	<b>HMGP Home Elevation Project Fund</b>	<b>Parks and Recreation Project Fund</b>	<b>Total</b>
\$ 22,632	\$ 4,614	\$ -	\$ 156,146
-	-	59,725	127,353
<u>\$ 22,632</u>	<u>\$ 4,614</u>	<u>\$ 59,725</u>	<u>\$ 283,499</u>
\$ 45,000	\$ -	\$ 5,950	\$ 77,369
2,315	-	-	92,135
-	-	205,380	205,380
<u>\$ 47,315</u>	<u>\$ -</u>	<u>\$ 211,330</u>	<u>\$ 374,884</u>
\$ -	\$ 4,614	\$ -	\$ 84,903
(24,683)	-	(151,605)	(176,288)
<u>\$ (24,683)</u>	<u>\$ 4,614</u>	<u>\$ (151,605)</u>	<u>\$ (91,385)</u>
<u>\$ 22,632</u>	<u>\$ 4,614</u>	<u>\$ 59,725</u>	<u>\$ 283,499</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, 2011

	<u>Virginia Public Assistance Fund</u>	<u>Forfeited Asset Sharing Fund</u>	<u>Purchase of Development Rights Fund</u>
<b>REVENUES</b>			
Miscellaneous	\$ 13,367	\$ -	\$ -
Intergovernmental revenues:			
Commonwealth	825,257	3,910	33,467
Federal	1,553,546	-	-
Total revenues	<u>\$ 2,392,170</u>	<u>\$ 3,910</u>	<u>\$ 33,467</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	\$ 2,690,252	\$ -	\$ 71,934
Community development	-	-	-
Capital projects	-	-	-
Total expenditures	<u>\$ 2,690,252</u>	<u>\$ -</u>	<u>\$ 71,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (298,082)</u>	<u>\$ 3,910</u>	<u>\$ (38,467)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 466,966	\$ -	\$ 48,478
Transfers out	<u>(130,923)</u>	<u>(38,187)</u>	<u>-</u>
Total other financing sources and uses	<u>\$ 336,043</u>	<u>\$ (38,187)</u>	<u>\$ 48,478</u>
Net change in fund balances	\$ 37,961	\$ (34,277)	\$ 10,011
Fund balances - beginning	-	47,564	19,030
Fund balances - ending	<u>\$ 37,961</u>	<u>\$ 13,287</u>	<u>\$ 29,041</u>

<b>CDBG Projects Fund</b>	<b>HMGP Home Elevation Project Fund</b>	<b>Parks and Recreation Project Fund</b>	<b>Total</b>
\$ 7,738	\$ 4,716	\$ -	\$ 25,821
20,000	-	-	882,634
892,530	-	-	2,446,076
<u>\$ 920,268</u>	<u>\$ 4,716</u>	<u>\$ -</u>	<u>\$ 3,354,531</u>
\$ -	\$ -	\$ -	\$ 2,762,186
932,579	950	-	933,529
-	-	151,605	151,605
<u>\$ 932,579</u>	<u>\$ 950</u>	<u>\$ 151,605</u>	<u>\$ 3,847,320</u>
<u>\$ (12,311)</u>	<u>\$ 3,766</u>	<u>\$ (151,605)</u>	<u>\$ (492,789)</u>
\$ -	\$ -	\$ -	\$ 515,444
-	-	-	(169,110)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,334</u>
\$ (12,311)	\$ 3,766	\$ (151,605)	\$ (146,455)
(12,372)	848	-	55,070
<u>\$ (24,683)</u>	<u>\$ 4,614</u>	<u>\$ (151,605)</u>	<u>\$ (91,385)</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, 2011

	<b>Virginia Public Assistance Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 13,367	\$ 13,367
Intergovernmental revenues:				
Commonwealth	1,104,532	1,104,532	825,257	(279,275)
Federal	1,808,611	1,862,034	1,553,546	(308,488)
Total revenues	<u>\$ 2,913,143</u>	<u>\$ 2,966,566</u>	<u>\$ 2,392,170</u>	<u>\$ (574,396)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 3,302,609	\$ 3,302,609	\$ 2,690,252	\$ 612,357
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 3,302,609</u>	<u>\$ 3,302,609</u>	<u>\$ 2,690,252</u>	<u>\$ 612,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (389,466)</u>	<u>\$ (336,043)</u>	<u>\$ (298,082)</u>	<u>\$ 37,961</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 466,966	\$ 466,966	\$ 466,966	\$ -
Transfers out	(77,500)	(130,923)	(130,923)	-
Total other financing sources and uses	<u>\$ 389,466</u>	<u>\$ 336,043</u>	<u>\$ 336,043</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 37,961	\$ 37,961
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,961</u>	<u>\$ 37,961</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,910	3,910	-	43,731	33,467	(10,264)
<u>-</u>	<u>-</u>	<u>3,910</u>	<u>3,910</u>	<u>-</u>	<u>43,731</u>	<u>33,467</u>	<u>(10,264)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,209	\$ 71,934	\$ 20,275
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,209</u>	<u>71,934</u>	<u>20,275</u>
\$ -	\$ -	\$ 3,910	\$ 3,910	\$ -	\$ (48,478)	\$ (38,467)	\$ 10,011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,478	\$ 48,478	\$ -
-	(42,187)	(38,187)	4,000	-	-	-	-
<u>-</u>	<u>(42,187)</u>	<u>(38,187)</u>	<u>4,000</u>	<u>-</u>	<u>48,478</u>	<u>48,478</u>	<u>-</u>
\$ -	\$ (42,187)	\$ (34,277)	\$ 7,910	\$ -	\$ -	\$ 10,011	\$ 10,011
-	42,187	47,564	5,377	-	-	19,030	19,030
<u>-</u>	<u>-</u>	<u>13,287</u>	<u>13,287</u>	<u>-</u>	<u>-</u>	<u>29,041</u>	<u>29,041</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, 2011

	<b>CDBG Projects Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 65,607	\$ 7,738	\$ (57,869)
Intergovernmental revenues:				
Commonwealth	-	255,050	20,000	(235,050)
Federal	-	2,064,494	892,530	(1,171,964)
Total revenues	<u>\$ -</u>	<u>\$ 2,385,151</u>	<u>\$ 920,268</u>	<u>\$ (1,464,883)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ -	\$ -	\$ -	-
Community development	-	2,390,838	932,579	1,458,259
Capital projects	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 2,390,838</u>	<u>\$ 932,579</u>	<u>\$ 1,458,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (5,687)</u>	<u>\$ (12,311)</u>	<u>\$ (6,624)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (5,687)	\$ (12,311)	\$ (6,624)
Fund balances - beginning	-	5,687	(12,372)	(18,059)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,683)</u>	<u>\$ (24,683)</u>

HMGP Home Elevation Project Fund				Parks and Recreation Project Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ 42,939	\$ 4,716	\$ (38,223)	\$ -	\$ -	\$ -	\$ -
-	44,356	-	(44,356)	-	-	-	-
-	281,389	-	(281,389)	-	187,777	-	(187,777)
<u>\$ -</u>	<u>\$ 368,684</u>	<u>\$ 4,716</u>	<u>\$ (363,968)</u>	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	435,142	950	434,192	-	-	-	-
-	-	-	-	-	187,777	151,605	36,172
<u>\$ -</u>	<u>\$ 435,142</u>	<u>\$ 950</u>	<u>\$ 434,192</u>	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ 151,605</u>	<u>\$ 36,172</u>
\$ -	\$ (66,458)	\$ 3,766	\$ 70,224	\$ -	\$ -	\$ (151,605)	\$ (151,605)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (66,458)	\$ 3,766	\$ 70,224	\$ -	\$ -	\$ (151,605)	\$ (151,605)
-	66,458	848	(65,610)	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,614</u>	<u>\$ 4,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (151,605)</u>	<u>\$ (151,605)</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2011

	<b>IDA Operating Fund</b>	<b>Virginia Broadband Authority Fund</b>	<b>Special Welfare Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,545	\$ (9,625)	\$ 84,643
Accounts receivable	-	-	-
Total assets	<u>\$ 15,545</u>	<u>\$ (9,625)</u>	<u>\$ 84,643</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	4,131	-
Due to other funds	-	-	8,021
Amounts held for social services clients	-	-	76,622
Amounts held for others	15,545	-	-
Due to external parties	-	(13,756)	-
Total liabilities	<u>\$ 15,545</u>	<u>\$ (9,625)</u>	<u>\$ 84,643</u>

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<b>NC Tourism Commission Fund</b>	<b>911 Local Fund</b>	<b>911 Wireline Fund</b>	<b>Building Inspection Fees Fund</b>	<b>Total</b>
\$ 65,801	\$ 24,502	\$ 111,192	\$ 1,640	\$ 293,698
-	-	107,714	-	107,714
<u>\$ 65,801</u>	<u>\$ 24,502</u>	<u>\$ 218,906</u>	<u>\$ 1,640</u>	<u>\$ 401,412</u>
\$ -	\$ -	\$ 24,822	\$ -	\$ 24,822
-	-	28,179	1,550	33,860
-	-	-	-	8,021
-	-	-	-	76,622
65,801	24,502	165,905	90	271,843
-	-	-	-	(13,756)
<u>\$ 65,801</u>	<u>\$ 24,502</u>	<u>\$ 218,906</u>	<u>\$ 1,640</u>	<u>\$ 401,412</u>

Fiduciary Funds  
Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>IDA Operating Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 15,545	\$ -	\$ -	\$ 15,545
Total assets	<u>\$ 15,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,545</u>
Liabilities:				
Amounts held for others	<u>\$ 15,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,545</u>
<b>Virginia Broadband Authority Fund:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 20,009	\$ 29,634	\$ (9,625)
Total assets	<u>\$ -</u>	<u>\$ 20,009</u>	<u>\$ 29,634</u>	<u>\$ (9,625)</u>
Liabilities:				
Accrued liabilities	\$ -	\$ 4,131	\$ -	\$ 4,131
Due to external parties	-	15,878	29,634	(13,756)
Total liabilities	<u>\$ -</u>	<u>\$ 20,009</u>	<u>\$ 29,634</u>	<u>\$ (9,625)</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 75,039	\$ 121,444	\$ 111,840	\$ 84,643
Accounts receivable	-	-	-	-
Total assets	<u>\$ 75,039</u>	<u>\$ 121,444</u>	<u>\$ 111,840</u>	<u>\$ 84,643</u>
Liabilities:				
Due to other funds	\$ 8,021	\$ -	\$ -	\$ 8,021
Amounts held for social service clients	67,018	121,444	111,840	76,622
Total liabilities	<u>\$ 75,039</u>	<u>\$ 121,444</u>	<u>\$ 111,840</u>	<u>\$ 84,643</u>
<b>NC Tourism Commission Fund:</b>				
Assets:				
Cash	<u>\$ 44,746</u>	<u>\$ 31,013</u>	<u>\$ 9,958</u>	<u>\$ 65,801</u>
Liabilities:				
Amounts held for others	<u>\$ 44,746</u>	<u>\$ 31,013</u>	<u>\$ 9,958</u>	<u>\$ 65,801</u>
<b>911 Local Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 19,677	\$ 61,139	\$ 56,314	\$ 24,502
Due from other governmental units	24,282	-	24,282	-
Total assets	<u>\$ 43,959</u>	<u>\$ 61,139</u>	<u>\$ 80,596</u>	<u>\$ 24,502</u>
Liabilities:				
Accounts payable	\$ 2,449	\$ -	\$ 2,449	\$ -
Amounts held for others	41,510	61,139	78,147	24,502
Total liabilities	<u>\$ 43,959</u>	<u>\$ 61,139</u>	<u>\$ 80,596</u>	<u>\$ 24,502</u>

Fiduciary Funds  
Statement of Changes in Assets and Liabilities - Agency Funds  
Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>911 Wireline Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 1,423	\$ 713,024	\$ 603,255	\$ 111,192
Due from other governmental units	19,042	-	19,042	-
Accounts receivable	82,049	107,714	82,049	107,714
Total assets	<u>\$ 102,514</u>	<u>\$ 820,738</u>	<u>\$ 704,346</u>	<u>\$ 218,906</u>
Liabilities:				
Accounts payable	\$ 17,353	\$ 24,822	\$ 17,353	\$ 24,822
Accrued liabilities	30,410	28,179	30,410	28,179
Amounts held for others	54,751	767,737	656,583	165,905
Total liabilities	<u>\$ 102,514</u>	<u>\$ 820,738</u>	<u>\$ 704,346</u>	<u>\$ 218,906</u>
<b>Local Sales Tax Fund:</b>				
Assets:				
Cash	\$ 10,057	\$ 94,653	\$ 104,710	\$ -
Due from other governmental units	20,247	-	20,247	-
Total assets	<u>\$ 30,304</u>	<u>\$ 94,653</u>	<u>\$ 124,957</u>	<u>\$ -</u>
Liabilities:				
Amounts held for others	<u>\$ 30,304</u>	<u>\$ 94,653</u>	<u>\$ 124,957</u>	<u>\$ -</u>
<b>State Health Department Fees Fund:</b>				
Assets:				
Accounts receivable	\$ 9,002	\$ -	\$ 9,002	\$ -
Total assets	<u>\$ 9,002</u>	<u>\$ -</u>	<u>\$ 9,002</u>	<u>\$ -</u>
Liabilities:				
Due to other funds	\$ 9,002	\$ -	\$ 9,002	\$ -
Total liabilities	<u>\$ 9,002</u>	<u>\$ -</u>	<u>\$ 9,002</u>	<u>\$ -</u>
<b>Building Inspection Fees Fund:</b>				
Assets:				
Cash	<u>\$ 1,646</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,640</u>
Liabilities:				
Accrued liabilities	\$ 1,556	\$ -	\$ 6	\$ 1,550
Amounts held for others	90	-	-	90
Total liabilities	<u>\$ 1,646</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,640</u>
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 168,133	\$ 1,041,282	\$ 915,717	\$ 293,698
Accounts receivable	91,051	107,714	91,051	107,714
Due from other governmental units	63,571	-	63,571	-
Total assets	<u>\$ 322,755</u>	<u>\$ 1,148,996</u>	<u>\$ 1,070,339</u>	<u>\$ 401,412</u>
Liabilities:				
Accounts payable	\$ 19,802	\$ 24,822	\$ 19,802	\$ 24,822
Accrued liabilities	31,966	32,310	30,416	33,860
Due to other funds	17,023	-	9,002	8,021
Amounts held for others	186,946	954,542	869,645	271,843
Due to external parties	-	15,878	29,634	(13,756)
Amounts held for social services clients	67,018	121,444	111,840	76,622
Total liabilities	<u>\$ 322,755</u>	<u>\$ 1,148,996</u>	<u>\$ 1,070,339</u>	<u>\$ 401,412</u>

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2011

	<u>School Operating Fund</u>	<u>School Grants Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,626,938	\$ -	\$ 42,312	\$ 1,669,250
Receivables (net of allowance for uncollectibles):				
Accounts receivable	6,230	-	65,927	72,157
Due from other governmental units	449,861	886,461	101,992	1,438,314
Prepaid items	35,168	-	-	35,168
Total assets	<u>\$ 2,118,197</u>	<u>\$ 886,461</u>	<u>\$ 210,231</u>	<u>\$ 3,214,889</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 235,598	\$ 45,841	\$ 33,789	\$ 315,228
Accrued liabilities	1,421,035	152,321	46,688	1,620,044
Reconciled overdraft payable	-	564,231	-	564,231
Deferred revenue	-	-	16,161	16,161
Total liabilities	<u>\$ 1,656,633</u>	<u>\$ 762,393</u>	<u>\$ 96,638</u>	<u>\$ 2,515,664</u>
Fund balances:				
Nonspendable	\$ 35,168	\$ -	\$ -	\$ 35,168
Restricted	-	124,068	-	124,068
Committed	426,396	-	113,593	539,989
Total fund balances	<u>\$ 461,564</u>	<u>\$ 124,068</u>	<u>\$ 113,593</u>	<u>\$ 699,225</u>
Total liabilities and fund balances	<u>\$ 2,118,197</u>	<u>\$ 886,461</u>	<u>\$ 210,231</u>	<u>\$ 3,214,889</u>

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

Total fund balances per above	\$ 699,225
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,542,192
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,845,569)</u>
Net assets of governmental activities	<u>\$ 1,395,848</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, 2011

	<u>School Operating Fund</u>	<u>School Grants Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 315,464	\$ 315,464
Miscellaneous	437,269	28,156	11,291	476,716
Intergovernmental revenues:				
Local government	7,605,274	-	-	7,605,274
Commonwealth	8,364,999	-	16,228	8,381,227
Federal	163,653	2,671,853	734,568	3,570,074
Total revenues	<u>\$ 16,571,195</u>	<u>\$ 2,700,009</u>	<u>\$ 1,077,551</u>	<u>\$ 20,348,755</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 16,782,741	\$ 2,672,943	\$ 1,102,808	\$ 20,558,492
Debt service:				
Principal retirement	318,388	-	-	318,388
Interest and other fiscal charges	40,160	-	-	40,160
Total expenditures	<u>\$ 17,141,289</u>	<u>\$ 2,672,943</u>	<u>\$ 1,102,808</u>	<u>\$ 20,917,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (570,094)</u>	<u>\$ 27,066</u>	<u>\$ (25,257)</u>	<u>\$ (568,285)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ 426,964	\$ -	\$ -	\$ 426,964
Total other financing sources and uses	<u>\$ 426,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,964</u>
Net change in fund balances	\$ (143,130)	\$ 27,066	\$ (25,257)	\$ (141,321)
Fund balances - beginning	604,694	97,002	138,850	840,546
Fund balances - ending	<u>\$ 461,564</u>	<u>\$ 124,068</u>	<u>\$ 113,593</u>	<u>\$ 699,225</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	\$ (141,321)
--	--------------

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. 626,845

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in accrued leave	\$ 137,596
Issuance of long-term debt	(426,964)
Principal payments	318,388
(Increase) decrease in other post employment benefit payable	<u>(31,000)</u>

Change in net assets of governmental activities	<u>\$ 483,544</u>
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**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2011

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 570,300	\$ 392,126	\$ 437,269	\$ 45,143
Intergovernmental revenues:				
Local government	7,307,993	7,605,274	7,605,274	-
Commonwealth	8,445,194	8,525,359	8,364,999	(160,360)
Federal	-	-	163,653	163,653
Total revenues	<u>\$ 16,323,487</u>	<u>\$ 16,522,759</u>	<u>\$ 16,571,195</u>	<u>\$ 48,436</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 15,964,939	\$ 16,600,512	\$ 16,782,741	\$ (182,229)
Debt service:				
Principal retirement	318,388	318,388	318,388	-
Interest and other fiscal charges	40,160	40,160	40,160	-
Total expenditures	<u>\$ 16,323,487</u>	<u>\$ 16,959,060</u>	<u>\$ 17,141,289</u>	<u>\$ (182,229)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (436,301)</u>	<u>\$ (570,094)</u>	<u>\$ (133,793)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ -	\$ -	\$ 426,964	\$ 426,964
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,964</u>	<u>\$ 426,964</u>
Net change in fund balances	\$ -	\$ (436,301)	\$ (143,130)	\$ 293,171
Fund balances - beginning	-	436,301	604,694	168,393
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,564</u>	<u>\$ 461,564</u>

<b>School Grants Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ 31,933	\$ 28,156	\$ (3,777)
-	-	-	-
-	-	-	-
<u>2,920,544</u>	<u>3,850,373</u>	<u>2,671,853</u>	<u>(1,178,520)</u>
\$ <u>2,920,544</u>	\$ <u>3,882,306</u>	\$ <u>2,700,009</u>	\$ <u>(1,182,297)</u>
\$ 2,920,544	\$ 3,882,306	\$ 2,672,943	\$ 1,209,363
-	-	-	-
-	-	-	-
<u>2,920,544</u>	<u>3,882,306</u>	<u>2,672,943</u>	<u>1,209,363</u>
\$ -	\$ -	\$ 27,066	\$ 27,066
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 27,066	\$ 27,066
-	-	97,002	97,002
<u>-</u>	<u>-</u>	<u>124,068</u>	<u>124,068</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds  
 Discretely Presented Component Unit - School Board  
 June 30, 2011

	<u>School Cafeteria Fund</u>	<u>School Retiree Health Insurance Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,303	\$ 19,009	\$ 42,312
Receivables (net of allowance for uncollectibles):			
Accounts receivable	65,927	-	65,927
Due from other governmental units	101,992	-	101,992
Total assets	<u>\$ 191,222</u>	<u>\$ 19,009</u>	<u>\$ 210,231</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 33,789	\$ -	\$ 33,789
Accrued liabilities	46,688	-	46,688
Deferred revenue	16,161	-	16,161
Total liabilities	<u>\$ 96,638</u>	<u>\$ -</u>	<u>\$ 96,638</u>
Fund balances:			
Committed	<u>\$ 94,584</u>	<u>\$ 19,009</u>	<u>\$ 113,593</u>
Total fund balances	<u>\$ 94,584</u>	<u>\$ 19,009</u>	<u>\$ 113,593</u>
Total liabilities and fund balances	<u>\$ 191,222</u>	<u>\$ 19,009</u>	<u>\$ 210,231</u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2011

	<b>School Cafeteria Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 200,000	\$ 155,918	\$ 163,311	\$ 7,393
Miscellaneous	-	11,291	11,291	-
Intergovernmental revenues:				
Commonwealth	185,376	190,682	16,228	(174,454)
Federal	458,938	495,413	734,568	239,155
Total revenues	<u>\$ 844,314</u>	<u>\$ 853,304</u>	<u>\$ 925,398</u>	<u>\$ 72,094</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 844,314	\$ 896,405	\$ 950,140	\$ (53,735)
Total expenditures	<u>\$ 844,314</u>	<u>\$ 896,405</u>	<u>\$ 950,140</u>	<u>\$ (53,735)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (43,101)</u>	<u>\$ (24,742)</u>	<u>\$ 18,359</u>
Net change in fund balances	\$ -	\$ (43,101)	\$ (24,742)	\$ 18,359
Fund balances - beginning	-	43,101	119,326	76,225
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 94,584</u></u>	<u><u>\$ 94,584</u></u>

<b>School Retiree Health Insurance Fund</b>				
<b>Budgeted Amounts</b>				<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>	<b>Actual</b>		
\$ -	\$ -	\$ 152,153	\$	152,153
-	-	-		-
-	-	-		-
<u>-</u>	<u>-</u>	<u>152,153</u>	<u>\$</u>	<u>152,153</u>
 \$ -	 \$ -	 \$ 152,668	 \$	 (152,668)
<u>-</u>	<u>-</u>	<u>152,668</u>	<u>\$</u>	<u>(152,668)</u>
 \$ -	 \$ -	 \$ (515)	 \$	 (515)
 \$ -	 \$ -	 \$ (515)	 \$	 (515)
 -	 -	 19,524		 19,524
<u>-</u>	<u>-</u>	<u>19,009</u>	<u>\$</u>	<u>19,009</u>

Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 June 30, 2011

	Private Purpose Trust Funds				Agency Funds
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total	School Activities Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,376	\$ 5,581	\$ 5,240	\$ 26,197	\$ 238,728
Total assets	\$ 15,376	\$ 5,581	\$ 5,240	\$ 26,197	\$ 238,728
<b>NET ASSETS</b>					
Held in trust for scholarships	\$ 15,376	\$ 5,581	\$ 5,240	\$ 26,197	\$ -
Held for school activities	-	-	-	-	238,728
Total net assets	\$ 15,376	\$ 5,581	\$ 5,240	\$ 26,197	\$ 238,728

Combining Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2011

	Private Purpose Trust Funds					Agency Funds
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total	School Activities Fund
<b>ADDITIONS</b>						
Contributions:						
Miscellaneous	\$ 650	\$ -	\$ -	\$ 150	\$ 800	\$ 450,396
Total contributions	\$ 650	\$ -	\$ -	\$ 150	\$ 800	\$ 450,396
Investment earnings:						
Interest	\$ 30	\$ 9	\$ 14	\$ 7	\$ 60	\$ -
Total additions	\$ 680	\$ 9	\$ 14	\$ 157	\$ 860	\$ 450,396
<b>DEDUCTIONS</b>						
School activities expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418,473
Scholarships	-	4,484	-	-	4,484	-
Total deductions	\$ -	\$ 4,484	\$ -	\$ -	\$ 4,484	\$ 418,473
Change in net assets	\$ 680	\$ (4,475)	\$ 14	\$ 157	\$ (3,624)	\$ 31,923
Net assets - beginning	14,696	4,475	5,567	5,083	29,821	206,805
Net assets - ending	\$ 15,376	\$ -	\$ 5,581	\$ 5,240	\$ 26,197	\$ 238,728

*SUPPORTING SCHEDULES*

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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	\$ 12,623,215	\$ 12,623,215	\$ 12,645,966	\$ 22,751
Real and personal public service corporation taxes	268,664	268,664	272,725	4,061
Personal property taxes	2,051,951	2,051,951	2,080,960	29,009
Mobile home taxes	25,838	25,838	21,199	(4,639)
Penalties	152,490	152,490	188,276	35,786
Interest	180,000	180,000	211,642	31,642
Total general property taxes	<u>\$ 15,302,158</u>	<u>\$ 15,302,158</u>	<u>\$ 15,420,768</u>	<u>\$ 118,610</u>
Other local taxes:				
Local sales and use taxes	\$ 1,064,847	\$ 1,064,847	\$ 1,064,382	\$ (465)
Consumers' utility taxes	330,226	330,226	316,147	(14,079)
Business license taxes	50,300	50,300	44,943	(5,357)
Motor vehicle licenses	275,970	275,970	286,693	10,723
Bank stock taxes	9,615	9,615	-	(9,615)
Taxes on recordation and wills	195,600	195,600	161,149	(34,451)
Hotel and motel room taxes	225,000	225,000	234,610	9,610
Restaurant food taxes	260,000	260,000	258,405	(1,595)
Total other local taxes	<u>\$ 2,411,558</u>	<u>\$ 2,411,558</u>	<u>\$ 2,366,329</u>	<u>\$ (45,229)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 4,908	\$ (1,092)
Permits and other licenses	<u>216,050</u>	<u>216,050</u>	<u>120,466</u>	<u>(95,584)</u>
Total permits, privilege fees, and regulatory licenses	<u>\$ 222,050</u>	<u>\$ 222,050</u>	<u>\$ 125,374</u>	<u>\$ (96,676)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 117,466</u>	<u>\$ 12,466</u>
Total fines and forfeitures	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 117,466</u>	<u>\$ 12,466</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 25,500	\$ 63,734	\$ 64,563	\$ 829
Revenue from use of property	<u>9,000</u>	<u>9,000</u>	<u>8,801</u>	<u>(199)</u>
Total revenue from use of money and property	<u>\$ 34,500</u>	<u>\$ 72,734</u>	<u>\$ 73,364</u>	<u>\$ 630</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Charges for services:				
Court costs	\$ 848	\$ 848	\$ -	\$ (848)
Charges for courthouse maintenance	22,500	22,500	24,321	1,821
Charges for courthouse security	87,500	87,500	103,785	16,285
Charges for Commonwealth's Attorney	675	675	976	301
Charges for ambulance fees	65,000	65,000	14,697	(50,303)
Charges for sanitation and waste removal	333,909	333,909	397,766	63,857
Charges for parks and recreation	52,300	52,300	43,447	(8,853)
Charges for sale of publications and commemorative material	-	-	372	372
Total charges for services	<u>\$ 562,732</u>	<u>\$ 562,732</u>	<u>\$ 585,364</u>	<u>\$ 22,632</u>
Miscellaneous revenue:				
Miscellaneous	\$ 1,000	\$ 27,612	\$ 49,730	\$ 22,118
Total miscellaneous revenue	<u>\$ 1,000</u>	<u>\$ 27,612</u>	<u>\$ 49,730</u>	<u>\$ 22,118</u>
Recovered costs:				
General recovered costs	\$ 115,230	\$ 122,310	\$ 72,141	\$ (50,169)
Treasurer recovered costs	62,368	62,368	110,394	48,026
Total recovered costs	<u>\$ 177,598</u>	<u>\$ 184,678</u>	<u>\$ 182,535</u>	<u>\$ (2,143)</u>
Total revenue from local sources	<u>\$ 18,816,596</u>	<u>\$ 18,888,522</u>	<u>\$ 18,920,930</u>	<u>\$ 32,408</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,924	\$ 1,924	\$ 1,736	\$ (188)
Mobile home titling tax	15,000	15,000	13,823	(1,177)
Motor vehicle rental tax	2,188	2,188	1,986	(202)
Communications tax	529,614	529,614	529,135	(479)
State recordation tax	46,216	46,216	52,512	6,296
Reduction in state aid to local governments	(230,415)	(230,415)	(226,391)	4,024
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,786,494</u>	<u>\$ 1,786,494</u>	<u>\$ 1,794,768</u>	<u>\$ 8,274</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Original Budget	Original Budget	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 207,815	\$ 207,815	\$ 205,935	\$ (1,880)
Sheriff	872,638	872,638	963,166	90,528
Commissioner of revenue	90,571	90,571	81,744	(8,827)
Treasurer	75,771	75,771	72,722	(3,049)
Registrar/electoral board	45,586	45,586	38,385	(7,201)
Clerk of the Circuit Court	186,172	186,172	195,103	8,931
Total shared expenses	<u>\$ 1,478,553</u>	<u>\$ 1,478,553</u>	<u>\$ 1,557,055</u>	<u>\$ 78,502</u>
Other categorical aid:				
Health department grant	\$ -	\$ 12,633	\$ 40,693	\$ 28,060
Virginia Port Authority grant	-	34,265	-	(34,265)
Four for Life	11,148	11,819	11,819	-
Litter control grant	8,125	8,125	8,910	785
Emergency services grant	123,365	151,765	123,007	(28,758)
Virginia rescue squad grant	-	100,800	100,800	-
Victim-witness grant	19,632	19,632	12,877	(6,755)
Other state funds	1,850	21,738	3,816	(17,922)
Fire programs	26,182	26,182	27,401	1,219
Total other categorical aid	<u>\$ 190,302</u>	<u>\$ 386,959</u>	<u>\$ 329,323</u>	<u>\$ (57,636)</u>
Total categorical aid	<u>\$ 1,668,855</u>	<u>\$ 1,865,512</u>	<u>\$ 1,886,378</u>	<u>\$ 20,866</u>
Total revenue from the Commonwealth	<u>\$ 3,455,349</u>	<u>\$ 3,652,006</u>	<u>\$ 3,681,146</u>	<u>\$ 29,140</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 25,140</u>	<u>\$ (12,860)</u>
Categorical aid:				
Byrne Justice assistance grant	\$ 6,204	\$ 13,326	\$ 9,339	\$ (3,987)
COPS program grant	-	15,945	15,945	-
USDA rural assistance grant	34,206	50,000	50,000	-
VDOT Barrier Island Center grant	-	243,121	26,304	(216,817)
Highway safety grant	-	32,030	20,821	(11,209)
Total categorical aid	<u>\$ 40,410</u>	<u>\$ 354,422</u>	<u>\$ 122,409</u>	<u>\$ (232,013)</u>
Total revenue from the federal government	<u>\$ 78,410</u>	<u>\$ 392,422</u>	<u>\$ 147,549</u>	<u>\$ (244,873)</u>
Total General Fund	<u><u>\$ 22,350,355</u></u>	<u><u>\$ 22,932,950</u></u>	<u><u>\$ 22,749,625</u></u>	<u><u>\$ (183,325)</u></u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (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	\$ 102,300	\$ 102,300	\$ 40,095	\$ (62,205)
Total charges for services	<u>\$ 102,300</u>	<u>\$ 102,300</u>	<u>\$ 40,095</u>	<u>\$ (62,205)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 198	\$ 198	\$ -
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ 198</u>	<u>\$ -</u>
Recovered costs:				
Extradition costs	\$ 1,500	\$ 2,275	\$ 2,419	\$ 144
Total recovered costs	<u>\$ 1,500</u>	<u>\$ 2,275</u>	<u>\$ 2,419</u>	<u>\$ 144</u>
Total revenue from local sources	<u>\$ 103,800</u>	<u>\$ 104,773</u>	<u>\$ 42,712</u>	<u>\$ (62,061)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,939,957	\$ 1,939,957	\$ 1,768,244	\$ (171,713)
Other categorical aid:				
Local jails	\$ 370,800	\$ 370,800	\$ 411,980	\$ 41,180
Total categorical aid	<u>\$ 2,310,757</u>	<u>\$ 2,310,757</u>	<u>\$ 2,180,224</u>	<u>\$ (130,533)</u>
Total revenue from the Commonwealth	<u>\$ 2,310,757</u>	<u>\$ 2,310,757</u>	<u>\$ 2,180,224</u>	<u>\$ (130,533)</u>
Total Eastern Shore Regional Jail Fund	<u>\$ 2,414,557</u>	<u>\$ 2,415,530</u>	<u>\$ 2,222,936</u>	<u>\$ (192,594)</u>
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 13,367	\$ 13,367
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,104,532	\$ 1,104,532	\$ 825,257	\$ (279,275)
Total categorical aid	<u>\$ 1,104,532</u>	<u>\$ 1,104,532</u>	<u>\$ 825,257</u>	<u>\$ (279,275)</u>
Total revenue from the Commonwealth	<u>\$ 1,104,532</u>	<u>\$ 1,104,532</u>	<u>\$ 825,257</u>	<u>\$ (279,275)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,808,611	\$ 1,862,034	\$ 1,553,546	\$ (308,488)
Total categorical aid	<u>\$ 1,808,611</u>	<u>\$ 1,862,034</u>	<u>\$ 1,553,546</u>	<u>\$ (308,488)</u>
Total revenue from the federal government	<u>\$ 1,808,611</u>	<u>\$ 1,862,034</u>	<u>\$ 1,553,546</u>	<u>\$ (308,488)</u>
Total Virginia Public Assistance Fund	<u>\$ 2,913,143</u>	<u>\$ 2,966,566</u>	<u>\$ 2,392,170</u>	<u>\$ (574,396)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (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>				
Revenue from local sources:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 3,910	\$ 3,910
Total Forfeited Asset Sharing Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,910</u>	<u>\$ 3,910</u>
<b>Purchase of Development Rights Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Department of Agriculture grant	\$ -	\$ 43,731	\$ 33,467	\$ (10,264)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 43,731</u>	<u>\$ 33,467</u>	<u>\$ (10,264)</u>
Total Purchase of Development Rights Fund	<u>\$ -</u>	<u>\$ 43,731</u>	<u>\$ 33,467</u>	<u>\$ (10,264)</u>
<b>CDBG Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 64,097	\$ 3,021	\$ (61,076)
Program income	-	1,510	4,717	3,207
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 65,607</u>	<u>\$ 7,738</u>	<u>\$ (57,869)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 65,607</u>	<u>\$ 7,738</u>	<u>\$ (57,869)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other state funds	\$	\$ 107,450	\$ 20,000	\$ (87,450)
Virginia Department of Transportation	-	147,600	-	(147,600)
Total categorical aid	<u>\$ -</u>	<u>\$ 255,050</u>	<u>\$ 20,000</u>	<u>\$ (235,050)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 255,050</u>	<u>\$ 20,000</u>	<u>\$ (235,050)</u>
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 2,064,494	\$ 892,530	\$ (1,171,964)
Total categorical aid	<u>\$ -</u>	<u>\$ 2,064,494</u>	<u>\$ 892,530</u>	<u>\$ (1,171,964)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 2,064,494</u>	<u>\$ 892,530</u>	<u>\$ (1,171,964)</u>
Total CDBG Projects Fund	<u>\$ -</u>	<u>\$ 2,385,151</u>	<u>\$ 920,268</u>	<u>\$ (1,464,883)</u>
<b>HMGP Home Elevation Project Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 42,939	\$ 4,716	\$ (38,223)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 42,939</u>	<u>\$ 4,716</u>	<u>\$ (38,223)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 42,939</u>	<u>\$ 4,716</u>	<u>\$ (38,223)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>HMGP Home Elevation Project Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
VDEM Hazard Mitigation grant	\$ _____	\$ 44,356	\$ -	\$ (44,356)
Revenue from the federal government:				
Categorical aid:				
FEMA Hazard Mitigation grant	\$ -	\$ 281,389	\$ -	\$ (281,389)
Total HMGP Home Elevation Project Fund	\$ -	\$ 368,684	\$ 4,716	\$ (363,968)
<b>Parks and Recreation Project Fund:</b>				
Revenue from the federal government:				
Categorical aid:				
US Dept of Housing and Urban Development	\$ -	\$ 187,777	\$ -	\$ (187,777)
Total HMGP Home Elevation Project Fund	\$ -	\$ 187,777	\$ -	\$ (187,777)
<b>Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 35,294	\$ 35,294
Recovered costs:				
Other recovered costs	\$ 161,100	\$ 161,100	\$ 161,139	\$ 39
Total revenue from local sources	\$ 161,100	\$ 161,100	\$ 196,433	\$ 35,333
Total Debt Service Fund	\$ 161,100	\$ 161,100	\$ 196,433	\$ 35,333
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 700,123	\$ 2,631	\$ (697,492)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 8,242	\$ 300	\$ (7,942)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ -	\$ 436,301	\$ 436,301	\$ -
Total revenue from local sources	\$ -	\$ 1,144,666	\$ 439,232	\$ (705,434)
Revenue from the Commonwealth:				
Categorical aid:				
Department of Emergency management	\$ -	\$ 1,369,334	\$ -	\$ (1,369,334)
Revenue from the federal government:				
Categorical aid:				
Department of Mines, Minerals and Energy	\$ -	\$ 150,000	\$ 150,000	\$ -
Total County Capital Improvements Fund	\$ -	\$ 2,664,000	\$ 589,232	\$ (2,074,768)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Total Primary Government	\$ 27,839,155	\$ 34,125,489	\$ 29,112,757	\$ (5,012,732)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 570,300	\$ 392,126	\$ 437,269	\$ 45,143
Total revenue from local sources	\$ 570,300	\$ 392,126	\$ 437,269	\$ 45,143
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 7,307,993	\$ 7,605,274	\$ 7,605,274	\$ -
Total revenues from local governments	\$ 7,307,993	\$ 7,605,274	\$ 7,605,274	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,609,931	\$ 1,676,042	\$ 1,675,744	\$ (298)
Basic school aid	4,269,766	4,224,479	4,062,566	(161,913)
ISAEF	7,859	7,859	7,859	-
Remedial summer education	21,281	672	672	-
Regular foster care	20,706	12,272	-	(12,272)
Special education foster care	-	-	13,473	13,473
Gifted and talented	36,866	36,771	36,771	-
Remedial education	214,642	214,092	214,092	-
Adult education	2,638	2,638	-	(2,638)
English as a second language	73,659	82,636	82,636	-
Special education	556,266	554,841	554,841	-
Textbook payment	43,043	42,932	42,933	1
Virginia preschool initiative	213,000	213,000	213,000	-
Social security fringe benefits	233,484	232,886	232,886	-
Retirement fringe benefits	138,452	138,097	138,097	-
Group life insurance fringe benefits	8,192	8,171	8,171	-
SOL algebra	19,836	21,323	21,323	-
Early reading intervention	20,805	13,375	13,375	-
GED pass-thru grant	-	68,361	68,361	-
Homebound special education	6,902	1,813	1,813	-
Project graduation	-	-	6,028	6,028
Vocational educational	126,539	126,249	125,245	(1,004)
Special education regional payments	-	(930)	12,851	13,781
At risk payments	335,402	334,733	334,733	-
Special education - Jails	4,146	4,146	788	(3,358)
Primary class size	219,250	219,242	219,242	-
Technology	180,000	180,000	184,383	4,383
Alternative education	62,497	62,497	62,497	-
Jobs for Virginia graduates	-	21,000	21,000	-
Other state funds	17,877	20,377	3,834	(16,543)
Mentor teacher programs	2,155	5,785	5,785	-
Total categorical aid	\$ 8,445,194	\$ 8,525,359	\$ 8,364,999	\$ (160,360)
Total revenue from the Commonwealth	\$ 8,445,194	\$ 8,525,359	\$ 8,364,999	\$ (160,360)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
State fiscal stabilization funds	\$ -	\$ -	\$ 163,653	\$ 163,653
Total categorical aid	\$ -	\$ -	\$ 163,653	\$ 163,653
Total revenue from the federal government	\$ -	\$ -	\$ 163,653	\$ 163,653
Total School Operating Fund	\$ 16,323,487	\$ 16,522,759	\$ 16,571,195	\$ 48,436
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 200,000	\$ 155,918	\$ 163,311	\$ 7,393
Total charges for services	\$ 200,000	\$ 155,918	\$ 163,311	\$ 7,393
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 11,291	\$ 11,291	\$ -
Total miscellaneous revenue	\$ -	\$ 11,291	\$ 11,291	\$ -
Total revenue from local sources	\$ 200,000	\$ 167,209	\$ 174,602	\$ 7,393
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 185,376	\$ 190,682	\$ 16,228	\$ (174,454)
Total categorical aid	\$ 185,376	\$ 190,682	\$ 16,228	\$ (174,454)
Total revenue from the Commonwealth	\$ 185,376	\$ 190,682	\$ 16,228	\$ (174,454)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 458,938	\$ 495,413	\$ 667,665	\$ 172,252
Summer food program grant	-	-	10,058	10,058
USDA commodities	-	-	56,845	56,845
Total categorical aid	\$ 458,938	\$ 495,413	\$ 734,568	\$ 239,155
Total revenue from the federal government	\$ 458,938	\$ 495,413	\$ 734,568	\$ 239,155
Total School Cafeteria Fund	\$ 844,314	\$ 853,304	\$ 925,398	\$ 72,094
<b>School Grants Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
William and Mary grant	\$ -	\$ 14,207	\$ 14,207	\$ -
ODU math grant	-	17,726	13,949	(3,777)
Total miscellaneous revenue	\$ -	\$ 31,933	\$ 28,156	\$ (3,777)
Total revenue from local sources	\$ -	\$ 31,933	\$ 28,156	\$ (3,777)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For The Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Grants Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 880,147	\$ 1,030,430	\$ 877,986	\$ (152,444)
Title I Part A ARRA	314,079	210,230	196,405	(13,825)
Title I Part C (Migrant)	101,367	249,613	88,178	(161,435)
Other federal grants	603,037	603,037	-	(603,037)
Title II Part A	183,811	316,189	179,672	(136,517)
Title II Part D	7,936	14,855	6,477	(8,378)
Title II Part D ARRA	-	-	3,054	3,054
Title III Part A	21,311	57,599	24,713	(32,886)
Title IV Part A (Drug free)	11,456	6,347	6,346	(1)
Title VI-B Special education	426,621	648,629	440,078	(208,551)
Title VI-B Special education ARRA	242,786	321,301	243,102	(78,199)
Title VI-B preschool	15,257	33,677	21,525	(12,152)
Title VI-B preschool ARRA	8,176	16,352	1,663	(14,689)
Title VI-B rural and low income schools	46,966	45,407	31,438	(13,969)
1003 G school improvement grant	-	203,222	356,626	153,404
CTE/Perkins grant	57,594	54,570	54,607	37
1003 A school improvement grant	-	(49,370)	75,122	124,492
Consortium incentive grants	-	32,538	11,150	(21,388)
Education JOBS allocation	-	55,747	53,711	(2,036)
Total categorical aid	<u>\$ 2,920,544</u>	<u>\$ 3,850,373</u>	<u>\$ 2,671,853</u>	<u>\$ (1,178,520)</u>
Total revenue from the federal government	<u>\$ 2,920,544</u>	<u>\$ 3,850,373</u>	<u>\$ 2,671,853</u>	<u>\$ (1,178,520)</u>
Total School Grants Fund	<u>\$ 2,920,544</u>	<u>\$ 3,882,306</u>	<u>\$ 2,700,009</u>	<u>\$ (1,182,297)</u>
<b>School Retiree Health Insurance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 152,153	\$ 152,153
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,153</u>	<u>\$ 152,153</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,153</u>	<u>\$ 152,153</u>
School Board	<u>\$ 20,088,345</u>	<u>\$ 21,258,369</u>	<u>\$ 20,348,755</u>	<u>\$ (909,614)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 21,843	\$ 22,018	\$ 19,805	\$ 2,213
General and financial administration:				
County administrator	\$ 394,833	\$ 403,166	\$ 376,330	\$ 26,836
County attorney	71,498	71,748	71,646	102
Commissioner of revenue	237,226	237,226	236,292	934
Treasurer	263,993	263,993	245,749	18,244
Finance	304,036	312,836	311,287	1,549
Department of information technology	188,668	190,562	186,045	4,517
Contingency	75,000	52,834	-	52,834
Other general and financial administration	162,718	174,718	160,361	14,357
Total general and financial administration	\$ 1,697,972	\$ 1,707,083	\$ 1,587,710	\$ 119,373
Board of elections:				
Electoral board and officials	\$ 136,284	\$ 136,284	\$ 107,177	\$ 29,107
Total board of elections	\$ 136,284	\$ 136,284	\$ 107,177	\$ 29,107
Total general government administration	\$ 1,856,099	\$ 1,865,385	\$ 1,714,692	\$ 150,693
Judicial administration:				
Courts:				
Circuit court	\$ 24,432	\$ 24,432	\$ 23,704	\$ 728
General district court	5,952	5,952	5,957	(5)
Magistrate	6,203	6,203	4,222	1,981
Juvenile and domestic relations district court	4,516	4,516	4,109	407
Clerk of the circuit court	270,860	270,860	271,600	(740)
Victim and witness assistance	19,630	19,630	19,615	15
Total courts	\$ 331,593	\$ 331,593	\$ 329,207	\$ 2,386
Commonwealth's attorney:				
Commonwealth's attorney	\$ 256,514	\$ 267,498	\$ 263,572	\$ 3,926
Total commonwealth's attorney	\$ 256,514	\$ 267,498	\$ 263,572	\$ 3,926
Total judicial administration	\$ 588,107	\$ 599,091	\$ 592,779	\$ 6,312
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,581,557	\$ 1,641,838	\$ 1,636,896	\$ 4,942
Total law enforcement and traffic control	\$ 1,581,557	\$ 1,641,838	\$ 1,636,896	\$ 4,942

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 11,148	\$ 11,819	\$ 11,819	\$ -
Fire prevention	131,044	141,044	128,561	12,483
Emergency medical services	829,474	991,318	985,271	6,047
Total fire and rescue services	<u>\$ 971,666</u>	<u>\$ 1,144,181</u>	<u>\$ 1,125,651</u>	<u>\$ 18,530</u>
Correction and detention:				
Judicial court services	\$ 30,500	\$ 30,500	\$ 29,238	\$ 1,262
Total correction and detention	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 29,238</u>	<u>\$ 1,262</u>
Inspections:				
Building	\$ 203,022	\$ 203,022	\$ 202,509	\$ 513
Total inspections	<u>\$ 203,022</u>	<u>\$ 203,022</u>	<u>\$ 202,509</u>	<u>\$ 513</u>
Other protection:				
Animal control	\$ 125,916	\$ 125,916	\$ 121,437	\$ 4,479
Other emergency services	266,006	296,406	238,317	58,089
Contribution to animal control facility	33,282	33,282	22,883	10,399
Total other protection	<u>\$ 425,204</u>	<u>\$ 455,604</u>	<u>\$ 382,637</u>	<u>\$ 72,967</u>
Total public safety	<u>\$ 3,211,949</u>	<u>\$ 3,475,145</u>	<u>\$ 3,376,931</u>	<u>\$ 98,214</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,236,528	\$ 1,236,528	\$ 1,227,084	\$ 9,444
Administration	76,591	76,591	76,560	31
Total sanitation and waste removal	<u>\$ 1,313,119</u>	<u>\$ 1,313,119</u>	<u>\$ 1,303,644</u>	<u>\$ 9,475</u>
Maintenance of general buildings and grounds:				
General properties	\$ 483,362	\$ 490,413	\$ 473,425	\$ 16,988
Total maintenance of general buildings and grounds	<u>\$ 483,362</u>	<u>\$ 490,413</u>	<u>\$ 473,425</u>	<u>\$ 16,988</u>
Total public works	<u>\$ 1,796,481</u>	<u>\$ 1,803,532</u>	<u>\$ 1,777,069</u>	<u>\$ 26,463</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 353,319	\$ 353,319	\$ 353,319	\$ -
Total health	<u>\$ 353,319</u>	<u>\$ 353,319</u>	<u>\$ 353,319</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 57,855	\$ 57,855	\$ 57,855	\$ -
Total mental health and mental retardation	<u>\$ 57,855</u>	<u>\$ 57,855</u>	<u>\$ 57,855</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	277,333	277,333	137,320	140,013
Total welfare	<u>\$ 279,133</u>	<u>\$ 279,133</u>	<u>\$ 139,120</u>	<u>\$ 140,013</u>
Total health and welfare	<u>\$ 690,307</u>	<u>\$ 690,307</u>	<u>\$ 550,294</u>	<u>\$ 140,013</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 20,723	\$ 20,723	\$ 20,723	\$ -
Contribution to County School Board	7,307,993	7,605,274	7,605,274	-
Total education	<u>\$ 7,328,716</u>	<u>\$ 7,625,997</u>	<u>\$ 7,625,997</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 137,298	\$ 137,298	\$ 111,982	\$ 25,316
Harbors and boat ramps	19,284	78,796	24,614	54,182
Total parks and recreation	<u>\$ 156,582</u>	<u>\$ 216,094</u>	<u>\$ 136,596</u>	<u>\$ 79,498</u>
Library:				
Contribution to regional library	\$ 106,665	\$ 106,665	\$ 106,665	\$ -
Contribution to local library	15,500	15,500	15,500	-
Total library	<u>\$ 122,165</u>	<u>\$ 122,165</u>	<u>\$ 122,165</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 278,747</u>	<u>\$ 338,259</u>	<u>\$ 258,761</u>	<u>\$ 79,498</u>
Community development:				
Planning and community development:				
Community development	\$ 53,933	\$ 297,054	\$ 80,238	\$ 216,816
Planning and zoning	474,581	495,219	431,938	63,281
Code compliance	125,281	125,891	112,210	13,681
Economic development	85,000	85,000	15,608	69,392
Wetlands board	2,100	2,100	1,025	1,075
Planning commission	7,018	7,018	4,375	2,643
Other economic development	203,459	203,459	194,546	8,913
Total planning and community development	<u>\$ 951,372</u>	<u>\$ 1,215,741</u>	<u>\$ 839,940</u>	<u>\$ 375,801</u>
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 28,508	\$ 28,508	\$ 28,508	\$ -
Total environmental management	<u>\$ 28,508</u>	<u>\$ 28,508</u>	<u>\$ 28,508</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 81,911	\$ 81,911	\$ 47,995	\$ 33,916
Total cooperative extension program	<u>\$ 81,911</u>	<u>\$ 81,911</u>	<u>\$ 47,995</u>	<u>\$ 33,916</u>
Total community development	<u>\$ 1,061,791</u>	<u>\$ 1,326,160</u>	<u>\$ 916,443</u>	<u>\$ 409,717</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 225,725	\$ 225,725	\$ 223,087	\$ 2,638
Interest and other fiscal charges	19,479	19,479	12,527	6,952
Total debt service	<u>\$ 245,204</u>	<u>\$ 245,204</u>	<u>\$ 235,614</u>	<u>\$ 9,590</u>
 Total General Fund	 <u>\$ 17,057,401</u>	 <u>\$ 17,969,080</u>	 <u>\$ 17,048,580</u>	 <u>\$ 920,500</u>
<b>Special Revenue Funds:</b>				
<b>Eastern Shore Regional Jail Fund:</b>				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 3,465,358	\$ 3,580,737	\$ 3,217,849	\$ 362,888
Total correction and detention	<u>\$ 3,465,358</u>	<u>\$ 3,580,737</u>	<u>\$ 3,217,849</u>	<u>\$ 362,888</u>
 Total Eastern Shore Regional Jail Fund	 <u>\$ 3,465,358</u>	 <u>\$ 3,580,737</u>	 <u>\$ 3,217,849</u>	 <u>\$ 362,888</u>
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,028,613	\$ 2,028,613	\$ 1,857,403	\$ 171,210
Public assistance	647,990	647,990	423,481	224,509
Other welfare services	626,006	626,006	409,368	216,638
Total welfare and social services	<u>\$ 3,302,609</u>	<u>\$ 3,302,609</u>	<u>\$ 2,690,252</u>	<u>\$ 612,357</u>
Total health and welfare	<u>\$ 3,302,609</u>	<u>\$ 3,302,609</u>	<u>\$ 2,690,252</u>	<u>\$ 612,357</u>
 Total Virginia Public Assistance Fund	 <u>\$ 3,302,609</u>	 <u>\$ 3,302,609</u>	 <u>\$ 2,690,252</u>	 <u>\$ 612,357</u>
<b>Purchase of Development Rights Fund:</b>				
Community development:				
Planning and community development:				
Purchase of development rights	\$ -	\$ 92,209	\$ 71,934	\$ 20,275
 Total Purchase of Development Rights Fund	 <u>\$ -</u>	 <u>\$ 92,209</u>	 <u>\$ 71,934</u>	 <u>\$ 20,275</u>
<b>CDBG Projects Fund:</b>				
Community development:				
Planning and community development:				
East Fairview CDBG project	\$ -	\$ 7,197	\$ 11,351	\$ (4,154)
West Fairview CDBG project	-	474,816	228,245	246,571
CDBG Regional broadband project	-	883,555	690,788	192,767
Culls Community CDBG project	<u>-</u>	<u>1,025,270</u>	<u>2,195</u>	<u>1,023,075</u>
 Total community development	 <u>\$ -</u>	 <u>\$ 2,390,838</u>	 <u>\$ 932,579</u>	 <u>\$ 1,458,259</u>
 Total CDBG Projects Fund	 <u>\$ -</u>	 <u>\$ 2,390,838</u>	 <u>\$ 932,579</u>	 <u>\$ 1,458,259</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011 (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	\$ -	\$ 435,142	\$ 950	\$ 434,192
Total community development	\$ -	\$ 435,142	\$ 950	\$ 434,192
Total HMGP Home Elevation Project Fund	<u>\$ -</u>	<u>\$ 435,142</u>	<u>\$ 950</u>	<u>\$ 434,192</u>
<b>Parks and Recreation Project Fund:</b>				
Capital projects:				
Other capital projects				
Parks and recreation improvements	\$ -	\$ 187,777	\$ 151,605	\$ 36,172
Total capital projects	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ 151,605</u>	<u>\$ 36,172</u>
Total Parks and Recreation Project Fund	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ 151,605</u>	<u>\$ 36,172</u>
<b>Debt Service Fund:</b>				
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 2,547,406	\$ 2,547,406	\$ 2,300,868	\$ 246,538
Interest and other fiscal charges	1,690,429	1,741,296	1,767,626	(26,330)
Other debt service	21,500	21,500	4,387	17,113
Total Debt Service Fund	<u>\$ 4,259,335</u>	<u>\$ 4,310,202</u>	<u>\$ 4,072,881</u>	<u>\$ 237,321</u>
<b>Capital Projects Funds:</b>				
<b>Capital Improvements Fund:</b>				
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 1,260,167	\$ 40,565	\$ 1,219,602
Administrative building renovations	-	4,280,330	2,186,158	2,094,172
Emergency services equipment	-	1,369,334	17,910	1,351,424
School capital assets	-	1,059,400	712,935	346,465
Judicial court services	-	577,936	348,682	229,254
Contingencies	-	82,715	-	82,715
Jail construction	-	13,464	13,465	(1)
Solid waste transfer station and other construction	-	863,803	378,095	485,708
Total capital projects	<u>\$ -</u>	<u>\$ 9,507,149</u>	<u>\$ 3,697,810</u>	<u>\$ 5,809,339</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ 31,002	\$ -	\$ 31,002
Total debt service	<u>\$ -</u>	<u>\$ 31,002</u>	<u>\$ -</u>	<u>\$ 31,002</u>
Total Capital Improvements Fund	<u>\$ -</u>	<u>\$ 9,538,151</u>	<u>\$ 3,697,810</u>	<u>\$ 5,840,341</u>
Total Primary Government	<u>\$ 28,084,703</u>	<u>\$ 41,806,745</u>	<u>\$ 31,884,440</u>	<u>\$ 9,922,305</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 2,005,278	\$ 1,978,421	\$ 1,958,851	\$ 19,570
Total administration of schools	<u>\$ 2,005,278</u>	<u>\$ 1,978,421</u>	<u>\$ 1,958,851</u>	<u>\$ 19,570</u>
Instruction costs:				
Elementary and secondary schools	\$ 10,952,372	\$ 11,014,866	\$ 11,104,579	\$ (89,713)
Total instruction costs	<u>10,952,372</u>	<u>11,014,866</u>	<u>11,104,579</u>	<u>(89,713)</u>
Operating costs:				
Pupil transportation	\$ 976,504	\$ 1,183,813	\$ 1,372,159	\$ (188,346)
Operation and maintenance of school plant	2,030,785	1,987,111	1,910,851	76,260
Total operating costs	<u>\$ 3,007,289</u>	<u>\$ 3,170,924</u>	<u>\$ 3,283,010</u>	<u>\$ (112,086)</u>
Contribution to County Capital Projects Fund	\$ -	\$ 436,301	\$ 436,301	\$ -
Total education	<u>\$ 15,964,939</u>	<u>\$ 16,600,512</u>	<u>\$ 16,782,741</u>	<u>\$ (182,229)</u>
Debt service:				
Principal retirement	\$ 318,388	\$ 318,388	\$ 318,388	\$ -
Interest and other fiscal charges	40,160	40,160	40,160	-
Total debt service	<u>\$ 358,548</u>	<u>\$ 358,548</u>	<u>\$ 358,548</u>	<u>\$ -</u>
Total School Fund	<u>\$ 16,323,487</u>	<u>\$ 16,959,060</u>	<u>\$ 17,141,289</u>	<u>\$ (182,229)</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 844,314	\$ 896,405	\$ 893,295	\$ 3,110
USDA commodities	-	-	56,845	(56,845)
Total school food services	<u>844,314</u>	<u>896,405</u>	<u>950,140</u>	<u>(53,735)</u>
Total education	<u>\$ 844,314</u>	<u>\$ 896,405</u>	<u>\$ 950,140</u>	<u>\$ (53,735)</u>
Total Cafeteria Fund	<u>\$ 844,314</u>	<u>\$ 896,405</u>	<u>\$ 950,140</u>	<u>\$ (53,735)</u>
<b>School Grants Fund:</b>				
Education:				
Instruction	\$ 2,920,544	\$ 3,882,306	\$ 2,672,943	\$ 1,209,363
Total School Grants Fund	<u>\$ 2,920,544</u>	<u>\$ 3,882,306</u>	<u>\$ 2,672,943</u>	<u>\$ 1,209,363</u>
<b>School Retiree Health Insurance Fund:</b>				
Education:				
Instruction	\$ -	\$ -	\$ 152,668	\$ (152,668)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,668</u>	<u>\$ (152,668)</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,668</u>	<u>\$ (152,668)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,088,345</u>	<u>\$ 21,737,771</u>	<u>\$ 20,917,040</u>	<u>\$ 820,731</u>

*STATISTICAL SECTION*

Table 1

County of Northampton, Virginia  
Government-Wide Expenses by Function  
Last Nine Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Public Utilities	Total
2003	\$ 1,368,561	\$ 724,729	\$ 3,135,178	\$ 853,656	\$ 2,888,067	\$ 4,868,519	\$ 390,731	\$ 1,798,733	\$ 894,337	\$ -	\$ 16,922,511
2004	1,441,694	764,934	3,704,083	873,439	3,141,005	5,298,083	351,289	1,445,528	952,427	-	17,972,482
2005	1,538,130	870,211	3,391,928	939,072	3,517,236	6,037,215	355,501	1,467,840	1,100,212	-	19,217,345
2006	1,625,617	966,440	3,489,595	1,653,659	3,391,314	7,578,332	350,309	1,626,484	1,696,123	-	22,377,873
2007	1,836,811	1,081,364	4,571,938	1,575,481	3,733,684	7,707,296	325,906	1,604,728	2,054,896	-	24,492,104
2008	2,750,816	1,223,208	6,753,142	1,461,183	3,934,795	8,410,381	370,596	1,732,461	2,326,326	25,566	28,988,474
2009	2,062,347	1,118,587	7,067,742	2,771,451	3,855,439	9,710,756	293,853	1,368,325	2,176,369	86,402	30,511,271
2010	1,609,696	700,167	7,006,458	1,345,320	4,192,321	8,307,555	300,973	900,746	1,657,839	83,596	26,104,671
2011	1,880,236	755,107	7,220,089	3,046,144	3,352,694	8,807,476	352,034	1,849,353	1,630,403	171,219	29,064,755

(1) Information has only been available for nine years.

County of Northampton, Virginia  
Government-Wide Revenues  
Last Nine Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2003	\$ 808,781	\$ 4,670,244	\$ 737,977	\$ 8,000,548	\$ 2,416,447	\$ 193,137	\$ 150,696	\$ 1,363,241	\$ -	\$ 18,341,071	
2004	679,653	5,582,173	239,964	7,582,255	2,701,969	166,745	128,149	706,531	(6,889)	17,780,550	
2005	1,088,204	5,124,701	250,729	10,132,568	3,151,527	354,403	221,952	1,471,448	-	21,795,532	
2006	802,433	4,927,797	469,055	11,229,030	3,155,175	795,440	242,363	1,724,185	-	23,345,478	
2007	931,455	5,567,059	4,060,879	12,122,410	2,934,816	796,109	210,872	1,565,029	-	28,188,629	
2008	957,746	7,169,684	151,205	12,226,724	3,199,129	767,134	390,500	1,526,036	12,647	26,400,805	
2009	1,120,040	6,792,581	9,518,123	15,323,293	2,906,279	208,654	303,303	1,307,051	119,409	37,598,733	
2010	969,015	6,591,543	6,269,953	15,591,694	2,575,860	86,717	87,554	1,666,792	-	33,839,128	
2011	922,540	7,542,861	586,301	15,457,110	2,366,329	79,445	76,049	1,794,768	-	28,825,403	

(1) Information has only been available for nine years.

Table 3

County of Northampton, Virginia  
General Governmental Expenditures by Function (1,2)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2002	\$ 1,233,898	\$ 712,798	\$ 3,057,854	\$ 725,631	\$ 2,839,755	\$ 4,837,986	\$ 258,290	\$ 1,490,716	\$ 1,379,199	\$ 16,536,127
2003	1,359,167	737,665	3,063,436	863,019	2,891,090	4,690,463	374,745	1,792,881	2,465,379	18,237,845
2004	1,484,111	772,334	3,761,497	841,572	3,134,558	5,096,499	424,853	1,471,624	2,153,586	19,140,634
2005	1,604,512	849,032	3,374,709	976,451	3,500,850	5,724,062	535,900	1,440,409	1,391,337	19,397,262
2006	1,759,304	964,096	3,587,210	1,128,292	3,353,479	7,218,237	336,579	1,604,750	3,020,084	22,972,031
2007	1,908,408	913,982	4,547,495	1,884,483	3,695,260	7,363,024	308,779	1,620,683	3,522,964	25,765,078
2008	2,665,789	1,054,686	6,007,989	1,368,205	3,891,270	8,361,729	396,876	1,670,771	5,710,650	31,127,965
2009	1,961,150	940,492	6,135,182	1,983,356	3,776,353	9,903,796	273,887	1,347,828	14,261,328	40,583,372
2010	1,770,821	584,458	6,119,994	1,725,082	4,104,825	7,656,078	313,905	1,003,195	5,635,316	28,913,674
2011	1,714,692	592,779	6,594,780	1,777,069	3,312,480	7,625,997	258,761	1,849,972	4,308,495	28,035,025

(1) Includes General and Special Revenue funds of the Primary Government and includes the contribution from the primary government to the component unit.

(2) Excludes Capital Projects expenditures.

Table 4

County of Northampton, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (1)	Total
2002	\$ 6,753,087	\$ 2,023,088	\$ 107,995	\$ 62,166	\$ 147,702	\$ 393,088	\$ 83,614	\$ 66,912	\$ 6,578,390	\$ 16,216,042
2003	7,776,393	2,416,447	144,202	39,756	193,137	420,909	87,245	102,289	6,933,496	18,113,874
2004	8,281,143	2,701,969	158,704	37,639	166,745	296,991	79,239	77,541	6,685,978	18,485,949
2005	10,074,541	3,151,527	505,390	55,166	372,303	308,234	135,433	105,276	7,032,403	21,740,273
2006	11,031,798	3,155,175	336,333	61,393	804,699	146,333	187,918	94,276	7,322,733	23,140,658
2007	11,798,754	2,934,816	322,274	107,828	832,703	239,436	132,274	61,292	7,665,511	24,094,888
2008	12,170,249	3,199,129	293,445	136,138	786,364	273,121	122,907	176,043	9,150,652	26,308,048
2009	14,963,530	2,906,279	238,126	114,630	213,130	560,304	17,302	180,390	17,892,885	37,086,576
2010	15,077,656	2,892,710	192,564	114,132	78,806	604,829	87,554	428,128	8,258,638	27,735,017
2011	15,420,768	2,366,329	125,374	117,466	108,658	625,459	75,749	346,093	9,337,629	28,523,525

(1) Includes General and Special Revenue funds of the Primary Government.

Table 5

County of Northampton, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2002	\$ 8,109,749	7,331,916	90.41%	n/a	n/a	n/a	n/a	n/a
2003	8,967,516	8,174,270	91.15%	n/a	n/a	n/a	n/a	n/a
2004	9,490,938	8,824,551	92.98%	n/a	n/a	n/a	n/a	n/a
2005	11,330,481	10,610,313	93.64%	n/a	n/a	n/a	n/a	n/a
2006	12,372,340	11,479,322	92.78%	n/a	n/a	n/a	n/a	n/a
2007	12,871,867	12,200,316	94.78%	n/a	n/a	n/a	n/a	n/a
2008	13,834,511	12,998,714	93.96%	n/a	n/a	n/a	n/a	n/a
2009	16,678,654	15,371,677	92.16%	n/a	n/a	n/a	n/a	n/a
2010	16,379,286	15,217,406	92.91%	861,360	16,078,766	98.17%	2,045,918	12.49%
2011	16,574,299	15,567,032	93.92%	875,785	16,442,817	99.21%	2,065,376	12.46%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

County of Northampton, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Personal Property	
2002	\$ 787,906,400	\$ 92,115,512	\$ 2,821,700	\$ 1,224,200	\$ 33,957,066	\$ 101,562	\$ 918,126,440
2003	839,682,300	94,815,640	3,329,100	1,315,900	33,440,494	465,829	973,049,263
2004	870,572,660	102,055,175	4,058,200	1,261,600	34,164,203	134,931	1,012,246,769
2005	1,184,085,000	109,683,570	4,804,700	1,049,438	44,915,633	496,898	1,345,035,239
2006	1,199,635,486	112,332,279	4,033,356	1,189,900	40,121,774	217,240	1,357,530,035
2007	1,256,854,333	118,071,322	3,841,317	1,269,800	25,334,451	25,117	1,405,396,340
2008	1,371,889,852	121,233,258	3,375,700	1,418,500	23,221,600	380,200	1,521,519,110
2009	2,489,213,649	111,995,167	2,495,150	1,530,600	48,255,100	1,825,600	2,655,315,266
2010	2,868,401,000	84,183,800	2,703,300	-	42,929,400	1,148,100	2,999,365,600
2011	2,597,386,398	99,820,322	2,703,300	-	52,452,600	383,100	2,752,745,720

(1) Real estate and personal property are assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Northampton, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Merchant's Capital	Machinery and Tools
2002	\$ 0.61	\$ 4.10	\$ 6.25	\$ 2.25
2003	0.66	4.10	6.25	2.25
2004	0.67	4.10	6.25	2.25
2005	0.65	4.10	6.25	2.25
2006	0.70	4.10	6.25	2.25
2007	0.70	4.10	6.25	2.25
2008	0.70	4.10	6.25	2.25
2009	0.49	4.10	6.25	2.25
2010	0.49	4.10	-	2.25
2011	0.49	4.10	-	2.25

(1) Per \$100 of assessed value.

Table 8

County of Northampton, Virginia  
Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt			
				Service Monies Available			
2002	13,093	\$ 918,126,440	\$ 11,308,856	-	\$ 11,308,856	1.23%	864
2003	13,093	973,049,263	21,397,448	868,842	20,528,606	2.11%	1,568
2004	13,093	1,012,246,769	22,389,915	892,485	21,497,430	2.12%	1,642
2005	13,093	1,345,035,239	31,074,133	1,029,352	30,044,781	2.23%	2,295
2006	13,093	1,357,530,035	49,822,099	1,194,801	48,627,298	3.58%	3,714
2007	13,093	1,405,396,340	59,762,711	1,319,773	58,442,938	4.16%	4,464
2008	13,093	1,521,519,110	56,625,638	1,581,003	55,044,635	3.62%	4,204
2009	13,093	2,655,315,266	46,119,447	1,722,914	44,396,533	1.67%	3,391
2010	12,389	2,999,365,600	43,895,337	2,017,357	41,877,980	1.40%	3,380
2011	12,389	2,752,745,720	40,520,666	2,279,410	38,241,256	1.39%	3,087

(1) Weldon Cooper Center for Public Service 2000 and 2010 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.  
Excludes revenue bonds, capital leases, and compensated absences.

*COMPLIANCE SECTION*

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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 the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Northampton, Virginia's basic financial statements and have issued our report thereon dated February 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted other matters that we have reported to management of the County of Northampton, Virginia, in a separate letter dated February 15, 2012.

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

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

Richmond, Virginia  
February 15, 2012

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

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

**Compliance**

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2011. The County of Northampton, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Northampton, Virginia's management. Our responsibility is to express an opinion on the County of Northampton, Virginia's compliance based on our audit.

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

In our opinion, the County of Northampton, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

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

**Internal Control Over Compliance (Continued)**

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

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

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

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

Richmond, Virginia  
February 15, 2012

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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	\$ 1,382
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	260,299
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	473
Low-Income Home Energy Assistance	93.568	0600409/0600410	25,993
<b>Child Care and Development Cluster:</b>			
Child Care and Development Block Grant	93.575	0770109/0770110	200,574
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	92,168
Chafee Education and Training Vouchers Program	93.599	0760109/0760110	1,409
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	1,023
Foster Care - Title IV-E	93.658	1100109/1100110	213,121
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110	11,897
<b>Sub-total CFDA 93.658</b>			<b>\$ 225,018</b>
Adoption Assistance	93.659	1100109/1100110	15,640
ARRA - Adoption Assistance	93.659	1100109/1100110	589
<b>Sub-total CFDA 93.659</b>			<b>\$ 16,229</b>
Social Services Block Grant	93.667	1000109/1000110	217,518
Chafee Foster Care Independence Program	93.674	9150108-9150110	7,130
ARRA - Child Care and Development Block Grant	93.713	740109	17,284
Children's Health Insurance Program	93.767	0540109/0540110	8,587
Medical Assistance Program	93.778	1200109/1200110	177,817
<b>Total Department of Health and Human Services</b>			<b>\$ 1,252,904</b>
Department of Agriculture:			
Direct Payments:			
Summer Food Service Program for Children	10.559	N/A	\$ 10,058
ARRA - Community Facilities Loans and Grants	10.780	N/A	50,000
<b>Total Department of Agriculture-direct payments</b>			<b>\$ 60,058</b>
Pass Through Payments:			
Department of Agriculture:			
<b>Child Nutrition Cluster:</b>			
Food Distribution--School	10.555	N/A	\$ 56,253
Department of Education:			
National school lunch program	10.555	1790100-40623	497,013
<b>Sub-total CFDA 10.555</b>			<b>\$ 553,266</b>
Department of Agriculture:			
Food Distribution--Summer school	10.559	N/A	592
Department of Education:			
National school breakfast program	10.553	1790100-40591	170,652

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011 (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:			
<b>SNAP Cluster:</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	\$ 297,320
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	<u>3,322</u>
<b>Sub-total CFDA 10.561</b>			<u>\$ 300,642</u>
Total Department of Agriculture - pass-through payments			<u>\$ 1,025,152</u>
Total Department of Agriculture			<u>\$ 1,085,210</u>
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Service:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 15,945
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	N/A	3,157
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	<u>6,182</u>
Total Department of Justice			<u>\$ 25,284</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
<b>CDBG Cluster:</b>			
Community Development Block Grants/State's Program	14.228	53330500-50790,50797	\$ 220,162
ARRA - Community Development Block Grants/State's Program	14.255	53330500-50790,50797	<u>672,368</u>
Total Department of Housing and Urban Development			<u>\$ 892,530</u>
Department of Transportation:			
Direct Payments:			
Highway Planning and Construction (ISTEA)	20.205	N/A	<u>\$ 26,304</u>
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700-50266,59254	<u>20,821</u>
Total Department of Transportation			<u>\$ 47,125</u>
Department of the Interior National Park Service:			
Direct Payments:			
Payment in Lieu of Taxes - National Forest Acreage	15.226	N/A	<u>\$ 25,140</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2011 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
<b>Title I Part A Cluster:</b>			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 953,108
ARRA - Title I Grants to Local Educational Agencies	84.389	1790100-42913	196,405
Migrant Education - State Grant Program	84.011	1790100-42910	88,178
Migrant Education - State Grant Program	84.144	1790100-42910	11,150
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	54,607
<b>Special Education Cluster:</b>			
Special Education - Grants to States	84.027	1790100-43071-61234	440,078
Special Education - Preschool Grants	84.173	1790100-82521	21,525
ARRA - Special Education - Grants to States	84.391	1790100-61245	243,102
ARRA - Special Education - Preschool Grants	84.392	1790100-61247	1,663
Safe and Drug-Free Schools and Communities - State Grants	84.186	1790100-60511	6,346
<b>Education Technology Cluster:</b>			
Education Technology State Grants	84.318	1790100-61600	6,477
ARRA - Education Technology State Grants	84.386	1790100-61600	3,054
Rural education	84.358	1790100-43481	31,438
English Language Acquisition Grants	84.365	1790100-60512	24,713
School Improvement Grants	84.377	1790100-43040	356,626
ARRA - State Fiscal Stabilization Funds (SFSF) - Education State Grants	84.394	1790100-62532	163,653
ARRA - Education Jobs Fund	84.410	1790100-62700	53,711
Improving Teacher Quality State Grants	84.367	1790100-61480	179,672
Total Department of Education			\$ <u>2,835,506</u>
Department of Energy:			
Pass Through Payments:			
Department of Mines, Minerals and Energy:			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	C10-6098	\$ <u>150,000</u>
Total Expenditures of Federal Awards			\$ <u><u>6,313,699</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, 2011

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Northampton, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Northampton, Virginia, it is not intended to be and does not present the financial position, changes in net assets, or cash flows of the County of Northampton, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund	\$	147,549
Capital Projects Fund		150,000
Special Revenue Funds:		
Virginia Public Assistance Fund		1,553,546
CDBG Projects Fund		892,530
Total primary government	\$	<u>2,743,625</u>
 Component Unit Public Schools:		
School Operating Fund	\$	163,653
School Cafeteria Fund		734,568
School Grants Fund		2,671,853
Total component unit public schools	\$	<u>3,570,074</u>
Total federal expenditures per basic financial statements	\$	<u>6,313,699</u>
 Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>6,313,699</u></u>

**COUNTY OF NORTHAMPTON, VIRGINIA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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

Financial Statements

Type of auditors’ report issued: unqualified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted?        yes   X   no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.377	School Improvement Grants
84.010/84.389	Title I, Part A Cluster
84.027/84.391/84.173/84.392	Special Education Cluster (IDEA)
84.394	State Fiscal Stabilization Funds-
	Education State grants, Recovery Act
14.228/14.255	CDBG Cluster

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

Auditee qualified as low-risk auditee?        yes   X   no

**Section II—Financial Statement Findings**

None

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

None

**County of Northampton, Virginia**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the year ended June 30, 2011**

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There were no prior year Federal award findings.