

County of Northampton, Virginia



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012

About The Cover

JUVENILE & DOMESTIC RELATIONS COURT SERVICES BUILDING

This facility, while initially planned to be incorporated in the new courthouse construction, was eliminated as a cost-cutting measure when the courthouse was constructed in 2005. The governing body then determined that a stand-alone building was in the best interest of the citizens of the County and located the court services building to the south of, and adjacent to, the new courthouse. The 2,800 square foot building was initially bid in April of 2010 but when bids were received far in excess of the budget, the project was scaled back and re-bid in November 2010. Armada-Hoffler of Virginia Beach, Virginia, was the successful bidder and was awarded the bid in January 2011 in an amount of \$487,435.00. The facility was completed less than a year later with a final construction cost of \$470,203.31. The building contains six offices, waiting area, file storage room and conference room.

COUNTY OF NORTHAMPTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

Prepared By:

Leslie Lewis, CPA
Director of Finance

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COUNTY OF NORTHAMPTON, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii-v
Directory of Principal Officials	vi
Organizational Chart	vii
Letter of Transmittal	viii-xix
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	13
Exhibit 2 Statement of Activities	14-15
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	16
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds	18
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Exhibit 7 Statement of Net Assets—Proprietary Fund	20
Exhibit 8 Statement of Revenues, Expenses, and Changes in Fund Net Assets— Proprietary Fund	21
Exhibit 9 Statement of Cash Flows—Proprietary Fund	22
Exhibit 10 Statement of Fiduciary Net Assets	23
Notes to Financial Statements	24-60

COUNTY OF NORTHAMPTON, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund	61
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Eastern Shore Regional Jail Fund	62
Exhibit 13 Schedule of Pension Funding Progress	63
Exhibit 14 Schedule of Funding Progress for Retiree Health Insurance Plan	64
<u>Other Supplementary Information:</u>	
Exhibit 15 Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Debt Service Fund	65
Exhibit 16 Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Capital Projects Fund	66
Exhibit 17 Combining Balance Sheet—Nonmajor Special Revenue Funds	67-68
Exhibit 18 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds	69-70
Exhibit 19 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	71-74
Exhibit 20 Combining Statement of Fiduciary Net Assets—Fiduciary Funds	75-76
Exhibit 21 Statement of Changes in Assets and Liabilities—Agency Funds	77-78

COUNTY OF NORTHAMPTON, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
<u>Other Supplementary Information: (Continued)</u>	
Discretely Presented Component Unit—School Board:	
Exhibit 22 Combining Balance Sheet	79
Exhibit 23 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	80
Exhibit 24 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	81-82
Exhibit 25 Combining Balance Sheet—Nonmajor Special Revenue Funds	83
Exhibit 26 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	84-85
Exhibit 27 Combining Statement of Fiduciary Net Assets—Fiduciary Funds	86
Exhibit 28 Combining Statement of Changes in Fiduciary Net Assets—Fiduciary Funds	87
Supporting Schedules:	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	88-96
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Funds	97-102

COUNTY OF NORTHAMPTON, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
STATISTICAL SECTION:	
Table 1 Net Assets by Component—Last Ten Fiscal Years	103-104
Table 2 Changes in Net Assets—Last Ten Fiscal Years	105-108
Table 3 Fund Balances Governmental Funds—Last Ten Fiscal Years	109-110
Table 4 Changes in Fund Balances Governmental Funds—Last Ten Fiscal Years	111-112
Table 5 Principal Property Tax Payers—Current and Nine Years Ago	113
Table 6 Property Tax Levies and Collections—Last Ten Fiscal Years	114
Table 7 Assessed Value and Estimated Actual Value of Taxable Property—Last Ten Fiscal Years	115-116
Table 8 Direct and Overlapping Property Tax Rates—Last Ten Calendar Years	117
Table 9 Ratio of General Bonded Debt Outstanding—Last Ten Fiscal Years	118
Table 10 Ratio of Outstanding Debt by Type—Last Ten Fiscal Years	119
Table 11 Demographic and Economic Statistics—Last Ten Calendar Years	120
Table 12 Principal Employers—Current and Nine Years Ago	121
Table 13 Full-time Equivalent County Government Employees by Function—Last Ten Fiscal Years	122
Table 14 Operating Indicators by Function—Last Ten Fiscal Years (where available)	123-124
Table 15 Capital Asset Statistics by Function/Program—Last Ten Fiscal Years	125-126
COMPLIANCE SECTION:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	127-128
Independent Auditor's 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	129-130
Schedule of Expenditures of Federal Awards	131-133
Notes to Schedule of Expenditures of Federal Awards	134
Schedule of Findings and Questioned Costs	135
Schedule of Prior Year Findings and Questioned Costs	136

COUNTY OF NORTHAMPTON, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2012
(July 1, 2011 through June 30, 2012)

BOARD OF SUPERVISORS

Oliver H Bennett, Chairman
Willie C. Randall, Vice Chairman
Richard L. Hubbard
Larry E. LeMond
Laurence J. Trala

COUNTY OFFICIALS

Katherine H. Nunez, County Administrator
Leslie M. Lewis, Director of Finance
Bruce D. Jones, Jr., County/Commonwealth Attorney
Cynthia S. Bradford, Treasurer
Anne G. Sayers, Commissioner of Revenue
Traci W. Johnson, Clerk of Court
David L. Doughty, Jr., Sheriff
Theresa A. Wiser, Registrar

BOND COUNSEL

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

INDEPENDENT AUDITOR

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

COUNTY OF NORTHAMPTON

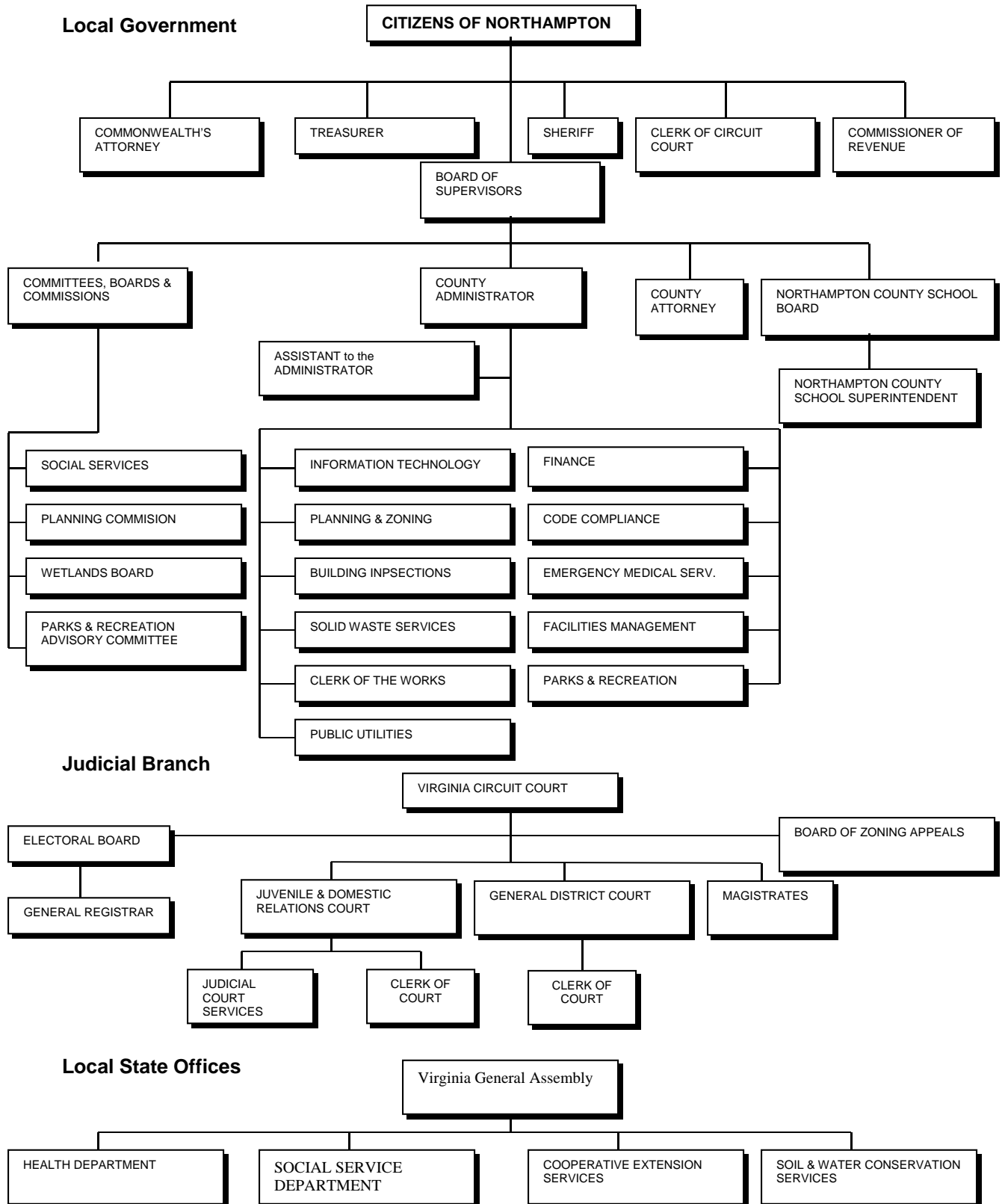
(Physical address)
16404 Courthouse Road, Eastville, VA 23405
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P.O. Box 66, Eastville, VA 23347
757-678-0440

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COUNTY OF NORTHAMPTON, VIRGINIA

ORGANIZATION CHART



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County of Northampton

P.O. Box 66
16404 Courthouse Rd.
Eastville, VA 23347
Phone: 757-678-0440 Fax: 757-678-0483

December 11, 2012

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

The Code of Virginia (§ 15.2-2511) requires that all localities publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, has audited and issued an unqualified "clean" opinion on the financial statements of Northampton County for the fiscal year ended June 30, 2012. The Independent Auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

Northampton County comprises the southernmost portion of the Eastern Shore of Virginia, bordered on the north by Accomack County, Virginia, on the west by the Chesapeake Bay, and on the east by the Atlantic Ocean. At the southern end of the County is the Chesapeake Bay Bridge-Tunnel, connecting the County to the Hampton Roads area of Virginia. The County encompasses a land area of approximately 355 square miles. The County's population was 12,389 according to the 2010 census. The County is a full-service County and provides a variety of services to its citizens as authorized by the laws of the Commonwealth of Virginia. The County is authorized to issue general obligation bonds, generally subject to voter referendum.



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



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

Northampton County is also financially accountable for a legally separate school system which is reported as a discretely presented component unit in the audited financial statements. The Northampton County public

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

In Virginia, cities and counties are not overlapping units of government. However, there are no incorporated cities within the boundaries of the County. There are six incorporated towns all or partly located in Northampton County, the largest of which are the Town of Exmore with a population of 1,458 and the Town of Cape Charles with a population of 1,008, and the others of which are the Towns of Cheriton, Eastville, Nassawadox and Belle Haven. These towns are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. Property in these towns is subject to County taxation and the County provides certain services to their residents. These towns may also incur general obligation indebtedness without the prior approval of the County.



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



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

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

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

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

Demographic Factors and Local Economy

From Colonial times to the present, agriculture has been the mainstay of the Eastern Shore economy. Early farmers grew tobacco and later turned to livestock, some of which freely grazed on the seaside barrier islands. Eventually these farms raised grain crops and produce. Agriculture is still estimated to represent approximately 18% of the local economy. During the 1880s, the arrival of the railroad stimulated the local economy and literally changed the face of the Eastern Shore. Built down the spine of the peninsula, towns and villages sprang up along the line.



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

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



Unemployment

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

Average Annual Unemployment Rates

Calendar Year	<u>Northampton County</u>	Commonwealth <u>of Virginia</u>	<u>United States</u>
2003	5.7	3.6	5.4
2004	4.3	3.7	5.5
2005	4.9	3.5	5.1
2006	4.4	3.0	4.6
2007	4.1	3.8	4.6
2008	5.5	4.0	5.8
2009	7.8	6.9	9.3
2010	7.6	6.9	9.6
2011	8.0	6.2	8.9
October 2012	7.5	5.4	7.5

Source: Virginia Employment Commission

INCOME

Per capita personal income for Northampton County in 2011 was \$36,011, the latest year for which data was available. Selected per capita personal income data for Northampton County and other jurisdictions is as follows:

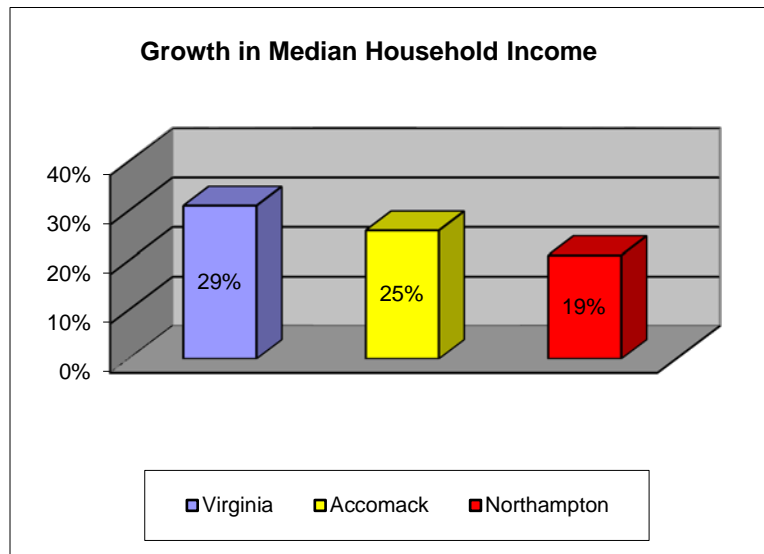
Per Capita Personal Income Selected Years

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

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

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

	<u>2000</u>	<u>2010</u>	<u>% Increase</u>
Virginia	46,789	60,665	29%
Accomack	29,809	37,312	25%
Northampton	28,405	35,308	19%



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

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

Employment

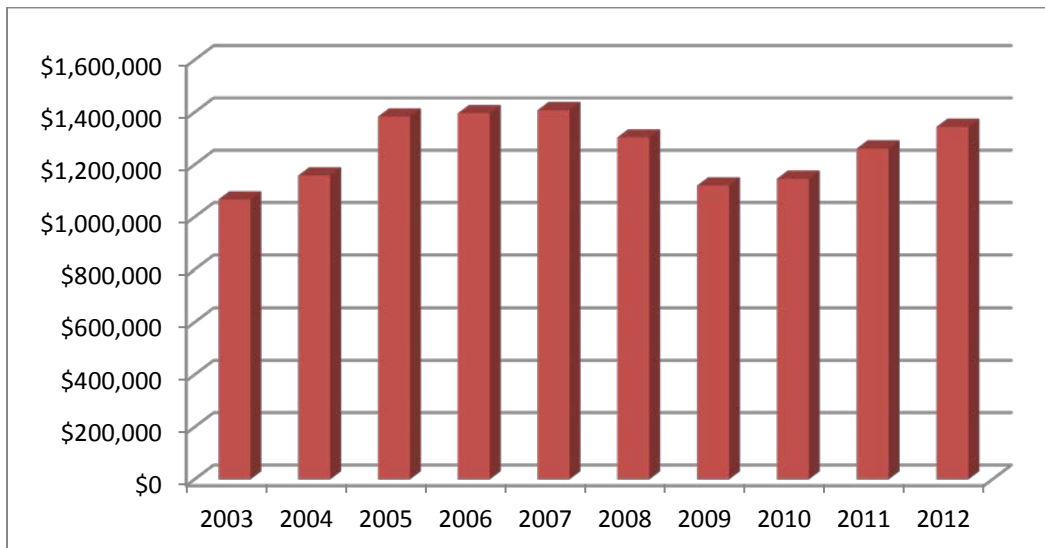
The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending June 30, 2012. Source: Labor Market Statistics, Quarterly Census of Employment and Wages Program

Industry	Employment	Percentage
Health Care & Social Assistance	1,029	21.73%
Local Government	874	18.45%
Agriculture, Forestry, Fishing & Hunting	748	15.89%
Retail Trade	453	9.55%
Accommodation and Food Services	413	8.72%
Manufacturing	385	8.13%
Other Service (except Public Administration)	161	3.40%
Arts, Entertainment, and Recreation	147	3.10%
Education Services	80	1.68%
State Government	78	1.64%
Finance and Insurance	76	1.60%
Construction	69	1.45%
Professional, Scientific and Technical Services	50	1.05%
Wholesale Trade	48	1.01%
Federal Government	32	0.67%
Administrative and Support and Waste Management	31	0.65%
Real Estate and Rental and Leasing	26	0.54%
Transportation and Warehousing	25	0.52%
Information	10	0.22%
Total	4,735	100.00%

Source: Virginia Employment Commission

Taxable Sales Revenue

Northampton County has experienced a fluctuation in taxable sales over the ten years, For the past three years, sales have increased. In 2011 and 2012 sales increased 10% and 7% respectively.



Housing

According to the 2011 U.S. Census, there were 7,268 total housing units (including rental apartments) located in the County of Northampton. Of those occupied units, the following table presents data regarding their respective types of occupancy.

HOUSING UNITS BY OCCUPANCY	
	<u>2011</u>
Owner Occupied	5,167
Renter Occupied	<u>2,100</u>
Total:	7,268

Source: U.S. Department of Commerce, Census Bureau, 2011 Census



The County's dependence on property tax revenue continues to increase. For FY12, property tax revenue is expected to generate 67.9% of General Fund revenues compared to 50% in FY04. Residential real estate is the fastest growing portion of the tax base. The residential portion of current year real estate tax revenue was 80% of the total real estate tax base for the 2011 tax year. By comparison, in 2000, it was only 64%. For FY11, current year real estate tax revenues are expected to increase by only .66% over FY10. Overall property tax revenue is expected to increase by .5%.

Travel and Tourism

Tourism remains one of the County's primary industries due to its location between the Atlantic Ocean and the Chesapeake Bay. According to the Virginia Division of Tourism, preliminary figures indicate that travel expenditures in the County exceeded \$66,573,821 in 2011 and approximately 736 tourism-related jobs are located in the County. Travel expenditures increased by 5.24% over 2010, while the number of tourism related jobs fell by 1.36%. Major tourism spots on the Eastern Shore of Virginia include the Assateague Island National Seashore, the Chincoteague National Wildlife Refuge, Kiptopeke State Park, the Eastern Shore National Wildlife Refuge and the NASA/Wallops Island Visitor Center.



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

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

shore, including its uniqueness. The Tourism Commission would encourage a vibrant tourist industry including eco-tourism, agri-tourism, and historical tourism to generate economic opportunities that capitalize on the special qualities of the shore.

Long-Term Financial Planning and Major Initiatives

On August 27, 2012, the Northampton Board of Supervisors adopted a 5 year strategic plan.

BACKGROUND:

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

PROCESS:

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

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

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

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

VISION and MISSION STATEMENT

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

STRATEGIC GOALS

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

GOAL #1 – EDUCATION

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

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

STRATEGIES	<ul style="list-style-type: none">A. Support prevention and early intervention programs for children and youth most at risk.B. Implement universal pre-K program.C. Increase graduation rates across demographic categories.D. Obtain accreditation for each school within the School District.E. Secure agreements between the School Board and the County to share costs and responsibilities where practical and when county cost savings can be realized. The range of programs and services amenable to possible collaboration include the purchase of supplies and equipment, vehicle procurement & maintenance, maintenance of physical plant and building grounds, financial management, personnel systems, insurance, audit services, and information technology services.
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OBJECTIVE #2: Develop a funding strategy for mutually-agreeable school capital improvement plan by June 30, 2013.

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

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

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

OBJECTIVE #1: Review and revise the zoning ordinance to promote business development by June 30, 2013.

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

STRATEGIES	<ul style="list-style-type: none">A. Develop list of available properties that meet the criteria developed by the Board of Supervisors for an industrial park.B. Evaluate and refine the list by ranking properties that are most suitable for development into an industrial park.C. Engage discussions with landowners for acquisition of property.D. Seek and apply for federal and state funds to develop property for industrial park purposes.
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OBJECTIVE #3: Hire an Economic Development Director by December 31, 2012

STRATEGIES	<ul style="list-style-type: none">A. Include funding in the Fiscal Year 2013 for an Economic Development Director and an operating budget to support said position.B. Conduct personnel search for qualified candidates for Economic Development Director.C. Select and engage an individual to serve in the position of Economic Development Director.
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OBJECTIVE #4: Develop Business Incentives that can be provided by the County to stimulate business recruitment, selection, location and development by June 30, 2013.

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

Develop an infrastructure system that improves our quality of life.

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

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

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

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

MAJOR OBJECTIVES & Key Strategies/Tasks

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

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

STRATEGIES	<ul style="list-style-type: none">A. Review and implement the state Fire and EMS Study, commissioned in 2011, as it relates to EMS service.B. Complete feasibility study for renovation of former Middle School property as new location for the Northampton EMS Department.C. Review and evaluate the effectiveness of the County-operated ambulance in relation to the volunteer ambulance coverage.
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OBJECTIVE #3: Partner with Riverside Shore Memorial Hospital for a redevelopment plan for its present facilities by June 30, 2014.

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

The Fund Balance Policy establishes the minimum level of acceptable unassigned general fund balance at 8% of the combined budgeted expenditures of General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers). At June 30, 2012, the unassigned general fund balance was \$6,598,399 or 18.22%. If at any time the unassigned fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level. The adopted Debt Service Policy established a limit of 4% for debt as a percentage of assessed value of real estate. The ratio of debt service expenditures as a percent of governmental fund expenditures is similarly limited to 12%.

Awards & Acknowledgements

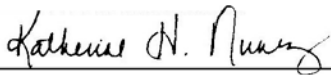
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Northampton for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the eighth consecutive year the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Katherine H. Nunez
County Administrator



Leslie M. Lewis, CPA
Director of Finance

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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 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 management's discussion and analysis, the budgetary comparison information, the Schedule of Pension Funding Progress, and the Schedule of Funding Progress for Retiree Health Insurance Plan 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 management's discussion and analysis and 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 management's discussion and analysis and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Northampton, Virginia's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 11, 2012

Management's Discussion and Analysis

As management of the County of Northampton (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages viii through xix of this report.

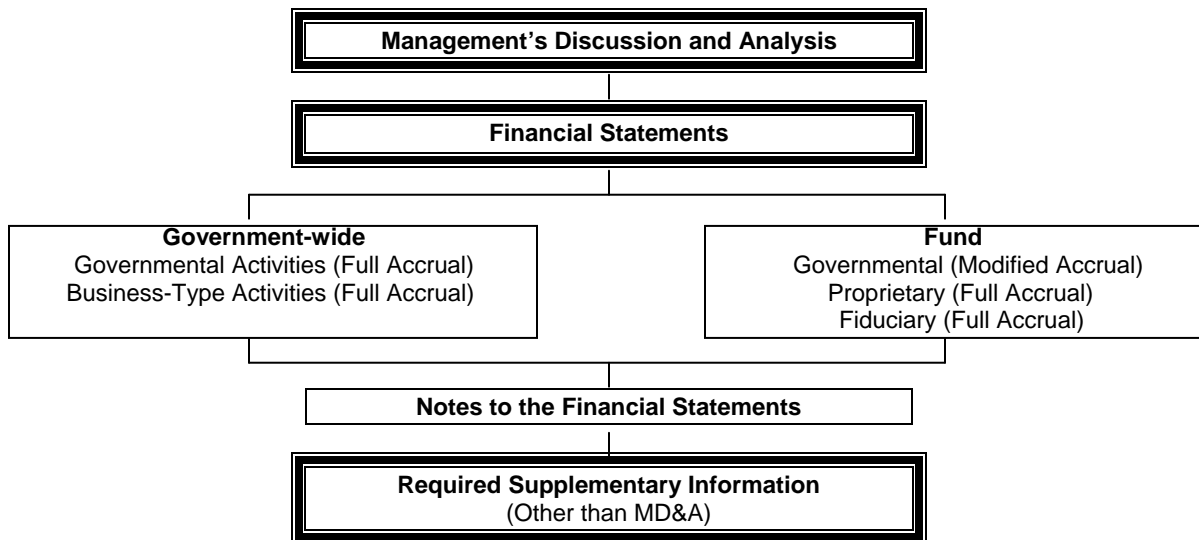
Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$24,876,545 (*net assets*). The County's investment in capital assets, net of related debt increased from \$11,723,703 to \$13,813,629. Unrestricted net assets increased by \$1,573,196.
- At June 30, 2012, the unassigned General Fund balance was \$6,598,399 or 27.18% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance increased by \$1,072,173 from FY2011.
- On a government-wide basis for governmental activities the County had expenses net of program revenues of \$16,071,308 which were \$3,977,050 less than the general revenues of \$20,048,358.
- On a government-wide basis for business-type activities the County had expenses net of program revenues of \$95,162.
- During fiscal year 2012, the County entered into a \$183,606 capital lease agreement as lessee for financing the acquisition of three new sheriff's vehicles, one animal control patrol vehicle, one reassessment truck, EMS quick response vehicle, computer server and digital video recorder. The School Board also entered into a \$352,016 capital lease for the acquisition of 3 school buses and classroom technology equipment.
- The County received another \$3,444,581 in additional reimbursement from the state for the construction of the regional jail during FY12. Which was the remaining construction reimbursement owed as a result of required changes to design by state agencies.

Using the Comprehensive Annual Financial Report

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

Components of the Financial Section



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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Northampton County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 61 of this report.

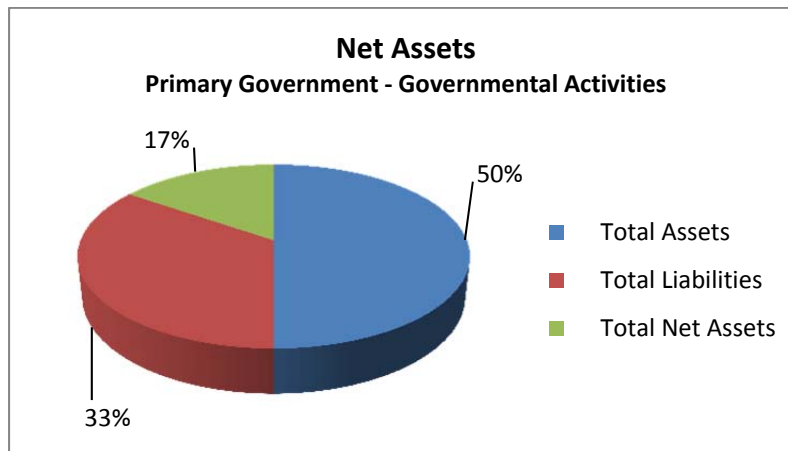
The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 65-87 of this report.

Government-wide Financial Analysis

The following table presents the condensed Statement of Net Assets:

Northampton County, VA Summary Statement of Net Assets

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2011	2012	2011	2012	2011	2012
Current and Other Assets	\$ 15,332,481	\$ 16,852,474	\$ -	\$ -	\$ 2,650,658	\$ 2,645,653
Capital Assets (net)	53,992,089	53,754,841	7,136	-	2,542,192	3,137,748
Total Assets	\$ 69,324,570	\$ 70,607,315	\$ 7,136	\$ -	\$ 5,192,850	\$ 5,783,401
Long-term Liabilities	\$ 46,306,858	\$ 44,281,612	\$ -	\$ -	\$ 1,845,569	\$ 1,674,020
Other Liabilities	2,091,081	1,422,022	131,380	27,136	1,951,433	1,647,926
Total Liabilities	\$ 48,397,939	\$ 45,703,634	\$ 131,380	\$ 27,136	\$ 3,797,002	\$ 3,321,946
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 11,716,567	\$ 13,813,629	\$ 7,136	\$ -	\$ 1,533,351	\$ 2,170,630
Restricted	2,279,410	2,690,446	-	-	-	-
Unrestricted	6,930,654	8,399,606	(131,380)	(27,136)	(137,503)	290,825
Total Net Assets	\$ 20,926,631	\$ 24,903,681	\$ (124,244)	\$ (27,136)	\$ 1,395,848	\$ 2,461,455



The Primary Government's governmental combined net assets increased by \$3,977,050 to \$24,903,681 from \$20,926,631. The Primary Government's governmental unrestricted net assets increased from \$6,930,654 to \$8,399,606. The reduction of outstanding debt and revenues in excess of expenses for the year resulting in an addition to net assets. A large portion of this increase was due to the reimbursement from the state for the Regional Jail Capital Construction of \$3,444,581. Due to delays in the implementation of a portion of planned operations, the proprietary fund ended the year with liabilities in excess of its assets by \$27,136. The component unit's net assets totaled \$2,461,455, which was primarily invested in capital assets.

Northampton County, VA
Summary Statement of Changes in Net Assets

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues						
Charges for Service	\$ 868,299	\$ 1,011,689	\$ 54,241	\$ -	\$ 315,464	\$ 319,968
Operating Grants & Contributions	7,542,861	6,586,173	-	-	11,951,301	13,175,095
Capital Grants & Contributions	150,000	139,418	-	-	-	-
General Revenues						
Real Estate & Personal Property Taxes	15,457,110	15,640,011	-	-	-	-
Other Taxes	2,366,329	2,492,889	-	-	-	-
Unrestricted Revenue from use of money and property	79,445	128,069	-	-	-	-
Grants and Contributions not restricted to specific programs	1,794,768	1,796,331	-	-	-	-
			-	-	-	-
Miscellaneous	76,049	190,464	-	(7,136)	476,716	373,461
Transfers	436,301	(199,406)	-	199,406	7,605,274	7,182,100
Total Revenues	\$ 28,771,162	\$ 27,785,638	\$ 54,241	\$ 192,270	\$ 20,348,755	\$ 21,050,624
Expenses:						
General Administration	\$ 1,880,236	\$ 2,421,964	\$ -	\$ -	\$ -	\$ -
Judicial Administration	755,107	791,212	-	-	-	-
Public Safety	7,220,089	3,875,834	-	-	-	-
Public Works	3,046,144	2,171,427	-	-	-	-
Public Utilities	-	-	171,219	95,162	-	-
Health & Welfare	3,352,694	3,182,812	-	-	-	-
Education	8,807,476	8,009,717	-	-	19,865,211	20,188,017
Parks, Recreation, and Cultural	352,034	343,025	-	-	-	-
Community Development	1,849,353	1,414,090	-	-	-	-
Interest on long-term debt	1,630,403	1,598,507	-	-	-	-
Total Expenses	\$ 28,893,536	\$ 23,808,588	\$ 171,219	\$ 95,162	\$ 19,865,211	\$ 20,188,017
Change in Net Assets	\$ (122,374)	\$ 3,977,050	\$(116,978)	\$ 97,108	\$ 483,544	\$ 862,607
Net Assets, Beginning, As Adjusted	21,049,005	20,926,631	(7,266)	(124,244)	912,304	1,598,848 *
Net Assets, Ending	\$ 20,926,631	\$ 24,903,681	\$(124,244)	\$ (27,136)	\$ 1,395,848	\$ 2,461,455

*See page 60, Note 18 – Adjustment to Beginning Net Assets and Fund Balance

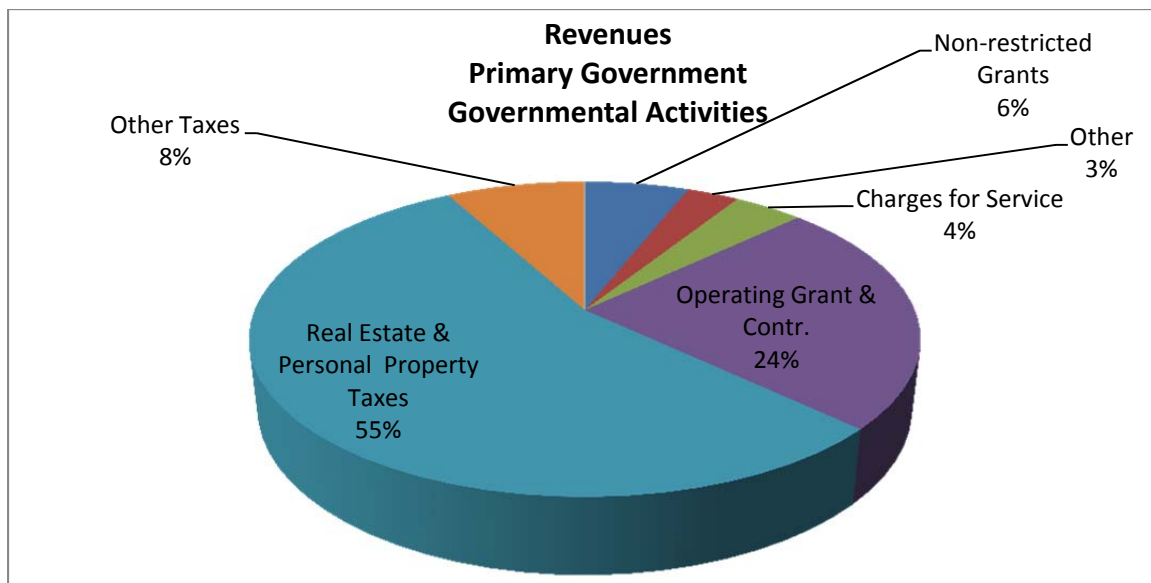
Revenues

For the fiscal year ended June 30, 2012, revenues generated by the Primary Government's governmental activities totaled \$28,258,267. General property taxes, the County's largest revenue source, were \$15,640,011. Included in this total are real and personal property levies, which are due on December 5th each year. The real estate tax rate for FY12 was \$0.49 per \$100 of assessed value, same rate as FY11. Eight cents of the real estate tax rate has been earmarked for debt service on the 2002 bond issue and the 2005, 2006 and 2007 bank-qualified financings.

FY12 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The new PPTRA became effective with the 2006 tax year and is based on the amount collected for 2004 taxes through December 2005. The total amount Northampton County receives under the new program is \$1,421,967. This amount enabled the County to provide car tax relief of 58% up to the first \$20,000 in value for FY12.

The other local tax category includes sales tax, consumer utilities tax, occupancy tax, recordation tax, and food and beverage tax. This category of income reflects an overall increase of \$126,560 from the previous year which was \$526,381 lower than FY10. This increase was due largely to the \$112,958 increase in Sales and Use Taxes compared to previous fiscal year FY11. Motor Vehicle License, Transient Occupancy Taxes and Food and Beverage Taxes also showed a combined increase of \$25,822 as compared to the previous fiscal year, FY11. Recordation Taxes showed a decrease of \$17,807 as compared to FY11. Business License Tax remain steady when compared to FY12.

Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues for governmental activities were \$7,737,280. Program revenues in the governmental funds include a "charges for services" category that totaled \$1,011,689 and includes charges for waste disposal, recreation programs, and building permits. This category increased by \$143,390 from the previous fiscal year. This increase resulted from a two dollar increase in the tipping fee for solid waste from \$61 to \$63 per ton.



Expenses

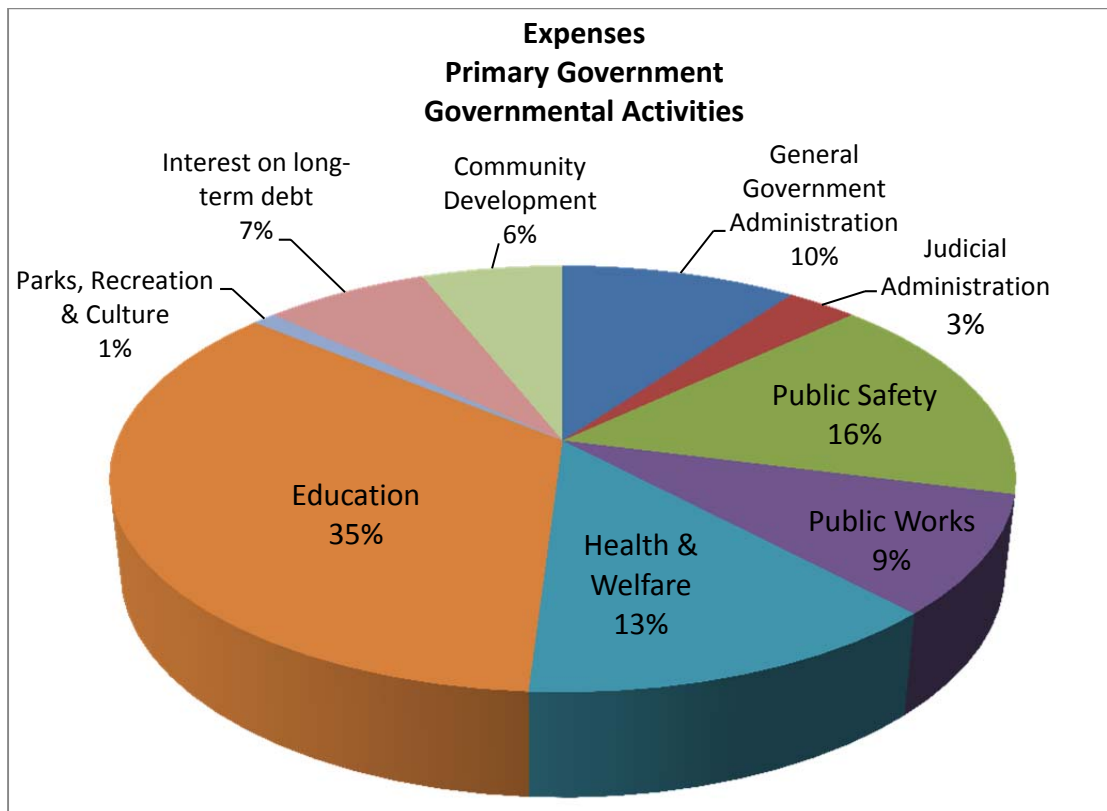
For the fiscal year ended June 30, 2012, expenses for governmental activities totaled \$23,808,588, a decrease of \$5,084,948 from FY11. Expenses include the cost of employee compensation, contributions to the school board, and interest on governmental debt and were reduced in almost every category. Public Safety had the largest decrease. The main reason for the large decrease in Public Safety expenses is due to an interest bearing note paid off by the county in FY 11 for the construction of the regional jail.

Personnel expenses for FY12 included no salary adjustments due to budget constraints. These compensation changes do not include employees of the School System, Social Services or the 911 Commission employees which are determined by those respective Boards. Retirement contributions remained at 12.86% of the employees' salary. Group life insurance coverage also remain the same as FY11 at .28 %.

General Administration expenses increased by \$541,728 in FY12 compare to FY11. A large portion of this increase was caused by FY 12 being a real estate reassessment year. An additional \$237,909 expenses occurred due to the additional administrative expenses including salary, wages and travel necessary to complete the annual reassessment.

Judicial Administration was the only other category besides General Administration to reflect an increase in expenses for FY12 and it was less than five percent. The County's expenses for Education decreased by a total of \$797,759 compared to FY11.

The County's Proprietary Fund reflects a total of \$95,162 in expenses for its fifth year of operation.



Financial Analysis of the Government's Funds

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

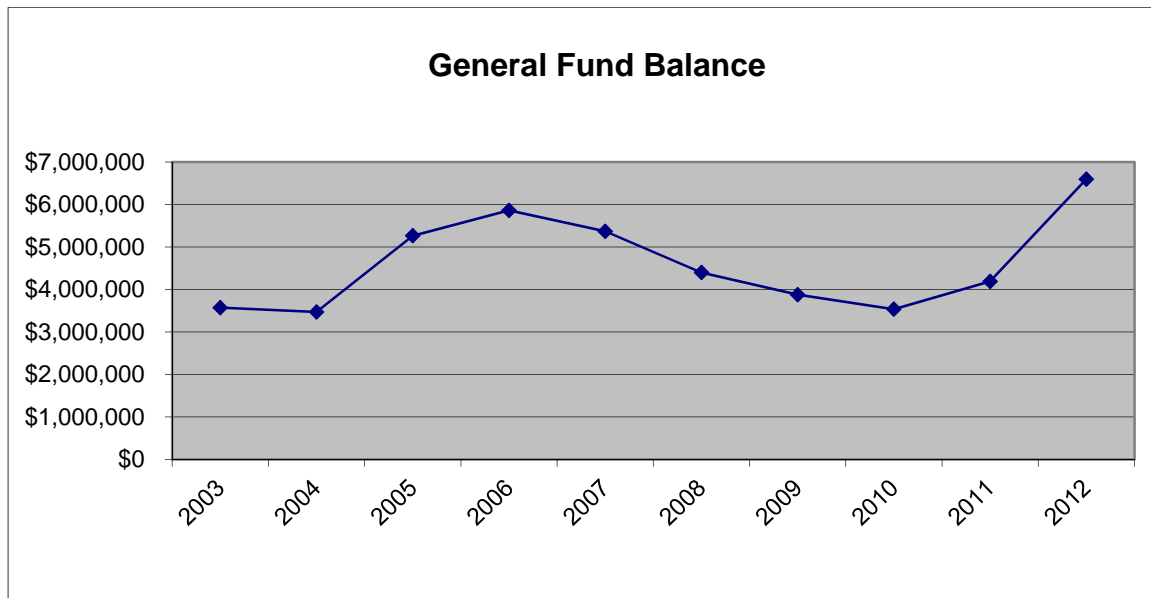
For the fiscal year ended June 30, 2012, the County's governmental funds reflect a combined fund balance of \$13,499,156, most of which is restricted or committed for specific purposes such as capital outlay and debt service. This is an increase of \$1,991,328 from FY11 which is due to the use to the reimbursement from the state for the Regional Jail capital expenditures. Fund balance in the General Fund increased by \$1,072,173 mainly due efforts on the part of County departments and the School Board to limit expenditures as much as possible in light of the ongoing recession and projected revenue shortfalls.

When fund balance is used, it can be identified under two categories: one-time, capital items and operational budget funding. Historically, fund balance has not been utilized to support the operational departmental budgets; however, the Board of Supervisors determined that the use of fund balance for FY12 to assist in the budget development was in keeping with their financial policies and goals to maintain a reasonable tax structure while staying within the guidelines of its adopted policy.

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

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

In the General Fund, the unassigned fund balance is \$6,598,399 compared to \$4,191,411 for 2011. The Board of Supervisors has established a fund balance policy which sets the minimum level of acceptable unreserved General Fund balance at 8% of the combined actual operating expenditures of the General Fund, Virginia Public Assistance Fund, Eastern Shore Regional Jail Fund and School Operating Funds (net of interfund transfers). At June 30, 2012, the unassigned General Fund balance was 27.18% of actual operating expenditures as defined in the policy. If at any time the unassigned fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenses in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level.



General Fund Budgetary Highlights

Differences between the original operating budget and the final operating budget resulted in a net increase of \$323,870 in additional appropriations. Highlights of the budget amendments are as follows:

- \$135,147 additional appropriation due to 4 additional grants received for public safety as well as the additional funding received from the State Compensation board to be allocated to fill vacant positions in the Sheriff Department.

Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$53,754,841 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.

Northampton County, VA Primary Government Change in Capital Assets			
	Restated Balance June 30, 2011	Net Increase/ (Decrease)	Balance June 30, 2012
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,168,574	\$ 72,300	\$ 2,240,874
Construction in Progress	3,322,130	(3,027,416)	294,714
Jointly Owned Land	134,600	-	134,600
Other Capital Assets:			
Buildings	42,939,858	4,857,492	47,797,350
Furniture and Other Equipment	1,000,587	85,085	1,085,672
Improvements other than buildings	3,990,055	(91,886)	3,898,169
Jointly Owned Improvements	14,084,421	137,169	14,221,590
Less: Accumulated Depreciation	(13,648,136)	(2,269,992)	(15,918,128)
Business-type Activities:			
Furniture and Other Equipment	13,702	(13,702)	-
Less: Accumulated Depreciation	(6,566)	6,566	-
Net Capital Assets	\$ 53,999,225	\$ (244,384)	\$ 53,754,841

School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit School Board for as long as the County owes general obligation debt on such assets. The County reports depreciation on these assets as an element of its share of the costs of the public school system. Readers desiring more detailed information on capital asset activity should refer to Note 6 on pages 36-38 in the notes to the financial statements.

Long-Term Debt

The County operates debt service funds for debt associated with the school system and other general debt including the County Complex, Regional Jail, Landfill Closure and Transfer Station. Funding for the repayment of school debt comes directly from the County's General Fund. For the remaining debt, debt service is funded in accordance with a plan developed by the County's financial advisors. The County is currently contributing to a debt service fund which is designed to cover all current and future debt service anticipated as part of the County's Capital Improvement Plan. For FY12, in accordance with the plan, eight cents of the property tax levy was transferred to this fund to adequately cover the required debt service. Revenues in the General Debt Service Fund are generated through a combination of the special tax levy, growth in the existing tax base; savings achieved through the bond program and rent payments from the department of Social Services for their new building.

The County occasionally uses short-term lease-purchase financing (capital leases) to acquire large equipment items as approved in the annual operating budget process. During fiscal year 2012, the County entered into a \$183,606 capital lease agreement as lessee for financing the acquisition of three new sheriff's vehicles, one animal control vehicle, one EMS quick response vehicle, one reassessment pickup, IT server and Regional Jail DVR. The School Board also entered into a \$352,016 capital lease for the acquisition of 3 school buses.

The Constitution of Virginia, Article VII, Section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. The Northampton County Board of Supervisors adopted a local policy during FY05 which states that the ratio of debt service expenditures as a percentage of governmental fund expenditures should not exceed 12%. For FY12, this ratio was approximately 13.6 %. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY12, this ratio was approximately 1.5%.

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

The Primary Government's outstanding debt at July 1, 2012 is as follows:

2002 Lease Revenue Bonds	\$ 8,374,330
2005 Bank-Qualified Financing	7,830,000
2006 Bank-Qualified Financing	8,611,000
2007 Bank-Qualified Financing	7,775,616
1992 Bonds	611,728
1999, 2001, 2003 and 2006 Qualified Zone Academy Bonds	4,775,655
Literary Loan Anticipation Note	1,390,000
Literary Loans	121,306
Capital Leases	451,577
Landfill closure and post closure care liability	3,284,920
Net OPEB Obligation	214,000
Compensated Absences	677,033
Grand Total	\$ 44,117,165

Additional information on the County's long-term debt can be found in Note 8 on pages 39-48 of this report.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 10,689,753	\$ -	\$ 10,689,753	\$ 1,480,535
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,243,969	-	2,243,969	-
Accounts receivable	173,322	-	173,322	15,850
Due from other governmental units	862,312	-	862,312	1,089,136
Prepaid expenses	-	-	-	60,132
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	2,568,542	-	2,568,542	-
Other assets:				
Unamortized bond issue costs	314,576	-	314,576	-
Capital assets (net of accumulated depreciation):				
Land	2,375,474	-	2,375,474	130,505
Buildings and improvements	48,871,173	-	48,871,173	177,584
Improvements other than buildings	870,090	-	870,090	636,570
Machinery and equipment	1,343,390	-	1,343,390	2,193,089
Construction in progress	294,714	-	294,714	-
Total assets	<u>\$ 70,607,315</u>	<u>\$ -</u>	<u>\$ 70,607,315</u>	<u>\$ 5,783,401</u>
LIABILITIES				
Accounts payable	\$ 418,911	\$ 3,876	\$ 422,787	\$ 287,281
Accrued liabilities	653,717	3,225	656,942	1,381,579
Accrued interest payable	309,596	-	309,596	-
Unearned revenue	39,798	6,323	46,121	5,160
Reconciled overdraft payable	-	13,712	13,712	-
Long-term liabilities:				
Due within one year	4,111,911	-	4,111,911	462,754
Due in more than one year	40,005,254	-	40,005,254	1,185,172
Total liabilities	<u>\$ 45,703,634</u>	<u>\$ 27,136</u>	<u>\$ 45,730,770</u>	<u>\$ 3,321,946</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 13,813,629	\$ -	\$ 13,813,629	\$ 2,170,630
Restricted for:				
Forfeited assets	23,617	-	23,617	-
HMGP home elevation projects	4,614	-	4,614	-
CDBG projects	69,236	-	69,236	-
Purchase of development rights	24,041	-	24,041	-
Debt service and bond covenants	2,568,542	-	2,568,542	-
Jail operations	396	-	396	-
Unrestricted (deficit)	8,399,606	(27,136)	8,372,470	290,825
Total net assets	<u>\$ 24,903,681</u>	<u>\$ (27,136)</u>	<u>\$ 24,876,545</u>	<u>\$ 2,461,455</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,421,964	\$ -	\$ 209,892	\$ -
Judicial administration	791,212	309,943	407,615	-
Public safety	3,875,834	182,244	3,142,874	-
Public works	2,171,427	448,334	21,984	-
Health and welfare	3,182,812	-	2,271,357	-
Education	8,009,717	-	-	-
Parks, recreation, and cultural	343,025	71,060	-	-
Community development	1,414,090	108	532,451	139,418
Interest on long-term debt	1,598,507	-	-	-
Total governmental activities	\$ 23,808,588	\$ 1,011,689	\$ 6,586,173	\$ 139,418
Business-type activities:				
Public utilities	\$ 95,162	\$ -	\$ -	\$ -
Total business-type activities	\$ 95,162	\$ -	\$ -	\$ -
Total primary government	\$ 23,903,750	\$ 1,011,689	\$ 6,586,173	\$ 139,418
COMPONENT UNITS:				
School Board	\$ 20,188,017	\$ 319,968	\$ 13,175,095	\$ -
Total component units	\$ 20,188,017	\$ 319,968	\$ 13,175,095	\$ -

General revenues:

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,212,072)	\$ -	\$ (2,212,072)	\$ -
(73,654)	-	(73,654)	-
(550,716)	-	(550,716)	-
(1,701,109)	-	(1,701,109)	-
(911,455)	-	(911,455)	-
(8,009,717)	-	(8,009,717)	-
(271,965)	-	(271,965)	-
(742,113)	-	(742,113)	-
(1,598,507)	-	(1,598,507)	-
<u>\$ (16,071,308)</u>	<u>\$ -</u>	<u>\$ (16,071,308)</u>	<u>\$ -</u>
\$ -	\$ (95,162)	\$ (95,162)	\$ -
\$ -	\$ (95,162)	\$ (95,162)	\$ -
<u>\$ (16,071,308)</u>	<u>\$ (95,162)</u>	<u>\$ (16,166,470)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (6,692,954)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,692,954)</u>
\$ 15,640,011	\$ -	\$ 15,640,011	\$ -
1,177,340	-	1,177,340	-
313,641	-	313,641	-
303,939	-	303,939	-
265,688	-	265,688	-
432,281	-	432,281	-
128,069	-	128,069	-
190,464	(7,136)	183,328	373,461
1,796,331	-	1,796,331	-
(199,406)	199,406	-	7,182,100
<u>\$ 20,048,358</u>	<u>\$ 192,270</u>	<u>\$ 20,240,628</u>	<u>\$ 7,555,561</u>
\$ 3,977,050	\$ 97,108	\$ 4,074,158	\$ 862,607
20,926,631	(124,244)	20,802,387	1,598,848
<u>\$ 24,903,681</u>	<u>\$ (27,136)</u>	<u>\$ 24,876,545</u>	<u>\$ 2,461,455</u>

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2012

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 6,115,244	\$ 103,103	\$ 2,033,404	\$ 2,337,044	\$ 164,447	\$ 10,753,242
Receivables (net of allowance for uncollectibles):						
Taxes receivable	2,243,969	-	-	-	-	2,243,969
Accounts receivable	164,906	396	-	-	-	165,302
Due from other funds	8,020	-	-	-	-	8,020
Due from other governmental units	510,235	204,862	-	11,941	135,274	862,312
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	-	2,568,542	-	-	2,568,542
Total assets	<u>\$ 9,042,374</u>	<u>\$ 308,361</u>	<u>\$ 4,601,946</u>	<u>\$ 2,348,985</u>	<u>\$ 299,721</u>	<u>\$ 16,601,387</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 334,662	\$ 61,495	\$ -	\$ 3,867	\$ 18,887	\$ 418,911
Accrued liabilities	388,508	165,608	-	-	99,601	653,717
Reconciled overdraft payable	-	-	-	-	227,936	227,936
Deferred revenue	1,720,805	80,862	-	-	-	1,801,667
Total liabilities	<u>\$ 2,443,975</u>	<u>\$ 307,965</u>	<u>\$ -</u>	<u>\$ 3,867</u>	<u>\$ 346,424</u>	<u>\$ 3,102,231</u>
Fund balances:						
Restricted	\$ -	\$ 396	\$ 2,568,542	\$ -	\$ 121,508	\$ 2,690,446
Committed	-	-	2,033,404	2,345,118	-	4,378,522
Unassigned	6,598,399	-	-	-	(168,211)	6,430,188
Total fund balances	<u>\$ 6,598,399</u>	<u>\$ 396</u>	<u>\$ 4,601,946</u>	<u>\$ 2,345,118</u>	<u>\$ (46,703)</u>	<u>\$ 13,499,156</u>
Total liabilities and fund balances	<u>\$ 9,042,374</u>	<u>\$ 308,361</u>	<u>\$ 4,601,946</u>	<u>\$ 2,348,985</u>	<u>\$ 299,721</u>	<u>\$ 16,601,387</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, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	13,499,156
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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	\$	69,672,969	
Less: accumulated depreciation		<u>(15,918,128)</u>	53,754,841

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,761,869
--	-----------

Issuance costs are recorded as other assets and amortized over the life of the debt, and, therefore, are not reported in the funds	314,576
--	---------

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	\$	(39,489,635)	
Interest payable		(309,596)	
Other post employment benefits obligation		(214,000)	
Capital lease obligations		(451,577)	
Landfill post-closure liability		(3,284,920)	
Compensated absences		<u>(677,033)</u>	<u>(44,426,761)</u>

Net assets of governmental activities	\$	<u><u>24,903,681</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, 2012

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 15,691,764	\$ -	\$ -	\$ -	\$ -	\$ 15,691,764
Other local taxes	2,492,889	-	-	-	-	2,492,889
Permits, privilege fees, and regulatory licenses	134,793	-	-	-	-	134,793
Fines and forfeitures	162,917	-	-	-	-	162,917
Revenue from the use of money and property	85,129	-	42,596	344	-	128,069
Charges for services	695,843	18,136	-	-	-	713,979
Miscellaneous	88,880	200	-	-	20,522	109,602
Recovered costs	112,553	1,590	3,605,720	-	-	3,719,863
Intergovernmental revenues:						
Local government	-	-	-	472,629	-	472,629
Commonwealth	3,346,655	2,142,570	-	-	791,297	6,280,522
Federal	308,726	-	-	53,995	1,878,679	2,241,400
Total revenues	\$ 23,120,149	\$ 2,162,496	\$ 3,648,316	\$ 526,968	\$ 2,690,498	\$ 32,148,427
EXPENDITURES						
Current:						
General government administration	\$ 1,934,342	\$ -	\$ -	\$ -	\$ -	\$ 1,934,342
Judicial administration	584,726	-	-	-	-	584,726
Public safety	3,374,462	3,171,569	-	-	-	6,546,031
Public works	1,847,921	-	-	-	-	1,847,921
Health and welfare	516,974	-	-	-	2,612,679	3,129,653
Education	7,675,452	-	-	-	-	7,675,452
Parks, recreation, and cultural	281,966	-	-	-	-	281,966
Community development	982,211	-	-	-	383,561	1,365,772
Capital projects	-	-	-	2,638,238	16,606	2,654,844
Debt service:						
Principal retirement	116,965	-	2,413,715	-	-	2,530,680
Interest and other fiscal charges	4,158	-	1,585,753	-	-	1,589,911
Total expenditures	\$ 17,319,177	\$ 3,171,569	\$ 3,999,468	\$ 2,638,238	\$ 3,012,846	\$ 30,141,298
Excess (deficiency) of revenues over (under) expenditures	\$ 5,800,972	\$ (1,009,073)	\$ (351,152)	\$ (2,111,270)	\$ (322,348)	\$ 2,007,129
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 473,144	\$ 1,248,939	\$ 3,384,275	\$ 46,300	\$ 506,630	\$ 5,659,288
Transfers out	(5,385,549)	(333,545)	-	-	(139,600)	(5,858,694)
Issuance of capital lease	183,606	-	-	-	-	183,606
Total other financing sources (uses)	\$ (4,728,799)	\$ 915,394	\$ 3,384,275	\$ 46,300	\$ 367,030	\$ (15,800)
Net change in fund balances	\$ 1,072,173	\$ (93,679)	\$ 3,033,123	\$ (2,064,970)	\$ 44,682	\$ 1,991,329
Fund balances - beginning	5,526,226	94,075	1,568,823	4,410,088	(91,385)	11,507,827
Fund balances - ending	\$ 6,598,399	\$ 396	\$ 4,601,946	\$ 2,345,118	\$ (46,703)	\$ 13,499,156

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, 2012

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

Net change in fund balances - total governmental funds	\$	1,991,329
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	2,797,095	
Depreciation expense		<u>(3,034,343)</u>	(237,248)

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	\$	(51,753)	
Increase (decrease) in deferred telephone commissions revenue		<u>80,862</u>	29,109

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	\$	(183,606)	
Principal payments		2,530,680	
Increase in landfill post-closure liability		(53,553)	
Bond issuance cost amortization		(31,847)	
Premium amortization		<u>(12,764)</u>	2,248,910

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	\$	(29,065)	
(Increase) decrease in other post employment benefit payable		(62,000)	
(increase) decrease in interest payable		<u>36,015</u>	<u>(55,050)</u>

Change in net assets of governmental activities	\$	<u><u>3,977,050</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
 Proprietary Fund
 June 30, 2012

	Enterprise Fund Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Total current assets	\$ -
Total assets	\$ -
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,876
Accrued liabilities	3,225
Unearned revenue	6,323
Reconciled overdraft payable	13,712
Total current liabilities	\$ 27,136
Total liabilities	\$ 27,136
NET ASSETS	
Unrestricted	\$ (27,136)
Total net assets	\$ (27,136)

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, 2012

	Enterprise Fund Public Utilities Fund
OPERATING EXPENSES	
Personnel	\$ 38,361
Fringe benefits	13,360
Contractual services	34,957
Other charges	8,484
Total operating expenses	\$ <u>95,162</u>
Operating income (loss)	\$ <u>(95,162)</u>
NONOPERATING REVENUES (EXPENSES)	
Loss on disposal of equipment	\$ <u>(7,136)</u>
Income before contributions and transfers	\$ (102,298)
Capital contributions, construction grants, and transfers	
Transfers in	199,406
Change in net assets	\$ <u>97,108</u>
Total net assets - beginning	(124,244)
Total net assets - ending	\$ <u><u>(27,136)</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, 2012

	Enterprise Fund Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (44,971)
Payments to employees	(51,413)
Net cash provided by (used for) operating activities	\$ <u>(96,384)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 199,406
Net cash provided by (used for) noncapital financing activities	\$ <u>199,406</u>
Net increase (decrease) in cash and cash equivalents	\$ 103,022
Cash and cash equivalents - beginning	(103,022)
Cash and cash equivalents - ending	\$ <u><u>-</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(95,162)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable and accrued liabilities	\$ (14,934)
Cash overdraft	13,712
Total adjustments	\$ <u>(1,222)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(96,384)</u></u>

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 378,642
Accounts receivables	101,487
Total assets	<hr/> \$ 480,129 <hr/>
LIABILITIES	
Accounts payable	\$ 19,795
Accrued liabilities	39,600
Due to other funds	8,020
Amounts held for social services clients	137,545
Amounts held for others	283,394
Due to external parties	(8,225)
Total liabilities	<hr/> \$ 480,129 <hr/>

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The financial statements of the County of Northampton, Virginia have been prepared in conformity with the 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 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, 2012 (CONTINUED)

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2012.

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, 2012.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

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

None

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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, 2012 (CONTINUED)

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

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

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

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

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

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

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

Special Revenue Funds – account for the proceeds of special revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. The County reports the Eastern Shore Regional Jail Fund as a Special Revenue Fund.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

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

The County reports the following non-major governmental funds:

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

2. Fiduciary Funds – (Trust and Agency Funds) – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which include social services clients, tourism commission, E-911 programs and IDA funds.
3. Proprietary Funds – account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds – Enterprise funds distinguish operating revenues and expenses from 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 Fund consists of the Public Utilities Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system.

E. Cash and Cash Equivalents

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

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, 2012 (CONTINUED)

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$402,954 at June 30, 2012 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 at estimated fair market value at the date of donation.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

H. Capital Assets (Continued)

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

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

I. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net 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 receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

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

K. Use of Estimates

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

L. Net 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, 2012 (CONTINUED)

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 approximates 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 \$1,849,219 represent amounts set aside in a sinking fund for debt service at June 30, 2012. 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, 2012 are \$2,568,542.

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, 2012 (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, VPA Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers).

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

	General Fund	Eastern Shore Regional Jail Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:						
Restricted for:						
Debt service reserve	\$ -	\$ -	\$ 2,568,542	\$ -	\$ -	\$ 2,568,542
Jail operations	-	396	-	-	-	396
Forfeited asset sharing	-	-	-	-	23,617	23,617
HMGP home elevation project	-	-	-	-	4,614	4,614
CDBG projects	-	-	-	-	69,236	69,236
Purchase of development rights	-	-	-	-	24,041	24,041
Total Restricted Fund Balance	\$ -	\$ 396	\$ 2,568,542	\$ -	\$ 121,508	\$ 2,690,446
Committed to:						
Capital projects	\$ -	\$ -	\$ -	\$ 2,345,118	\$ -	\$ 2,345,118
Debt service	-	-	2,033,404	-	-	2,033,404
Total Committed Fund Balance	\$ -	\$ -	\$ 2,033,404	\$ 2,345,118	\$ -	\$ 4,378,522
Unassigned Fund Balance	\$ 6,598,399	\$ -	\$ -	\$ -	\$ (168,211)	\$ 6,430,188
Total Fund Balances	\$ 6,598,399	\$ 396	\$ 4,601,946	\$ 2,345,118	\$ (46,703)	\$ 13,499,156

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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 did not exceed appropriations in any fund at June 30, 2012.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (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, 2012 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, 2012 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<u>Locality's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 982,917
Money Market Funds	<u>1,960,439</u>
Total	<u>\$ 2,943,356</u>

Interest Rate Risk

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

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Treasury obligations	\$ 719,323	\$ 719,323
U.S. Treasury money market funds	<u>1,960,439</u>	<u>1,960,439</u>
Total	<u>\$ 2,679,762</u>	<u>\$ 2,679,762</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, 2012 (CONTINUED)**

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2012, the County has amounts due from other governments as follows:

	Primary Government	School Board
Commonwealth of Virginia:		
Local sales tax	\$ 227,460	\$ -
Local communication sales tax	88,529	-
Victim witness	5,990	-
Asset forfeiture	8,746	-
Mobile home titling tax	2,359	-
Recordation tax	8,965	-
VPA funds	15,729	-
State sales tax	-	267,238
Constitutional officer reimbursements	336,101	-
Health department fees	800	-
Disaster recovery	2,428	-
Fire program funds	3,260	-
MVC Rolling stock tax	2,272	-
Federal Government:		
School fund grants	-	821,898
State homeland security program	11,941	-
Housing and Urban Development grant	59,725	-
VPA funds	51,074	-
Other federal grants	36,933	-
Total due from other governments	\$ <u>862,312</u>	\$ <u>1,089,136</u>

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COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)****NOTE 5—INTERFUND OBLIGATIONS:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2012, are as follows:

	Interfund Receivable	Interfund Payable
General	\$ 8,020	\$ -
Fiduciary:		
Special Welfare	-	8,020
Total	<u>\$ 8,020</u>	<u>\$ 8,020</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 capital assets for the fiscal year ended June 30, 2012:

Primary Government:**Primary Government:**

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 2,168,574	\$ 72,300	\$ -	\$ 2,240,874
Construction in progress	3,322,130	1,949,855	4,977,271	294,714
Jointly owned land	134,600	-	-	134,600
Total capital assets not subject to depreciation	<u>\$ 5,625,304</u>	<u>\$ 2,022,155</u>	<u>\$ 4,977,271</u>	<u>\$ 2,670,188</u>
Capital assets subject to depreciation:				
Buildings	\$ 42,939,858	\$ 5,313,877	\$ 456,385	\$ 47,797,350
Improvements other than buildings	1,000,587	85,085	-	1,085,672
Equipment	3,990,055	216,080	307,966	3,898,169
Jointly owned assets	14,084,421	137,169	-	14,221,590
Total capital assets being depreciated	<u>\$ 62,014,921</u>	<u>\$ 5,752,211</u>	<u>\$ 764,351</u>	<u>\$ 67,002,781</u>
Less accumulated depreciation for:				
Buildings	\$ (6,026,666)	\$ (2,054,573)	\$ (456,385)	\$ (7,624,854)
Improvements other than buildings	(192,693)	(22,889)	-	(215,582)
Equipment	(2,416,098)	(446,647)	(307,966)	(2,554,779)
Jointly owned assets	(5,012,679)	(510,234)	-	(5,522,913)
Total accumulated depreciation	<u>\$ (13,648,136)</u>	<u>\$ (3,034,343)</u>	<u>\$ (764,351)</u>	<u>\$ (15,918,128)</u>
Total capital assets being depreciated, net	<u>\$ 48,366,785</u>	<u>\$ 2,717,868</u>	<u>\$ -</u>	<u>\$ 51,084,653</u>
Governmental capital assets, net	<u>\$ 53,992,089</u>	<u>\$ 4,740,023</u>	<u>\$ 4,977,271</u>	<u>\$ 53,754,841</u>

COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)****NOTE 6—CAPITAL ASSETS: (Continued)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

Primary Government:

	<u>Balance July 1, 2011</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance June 30, 2012</u>
Enterprise activities:							
Enterprise Fund:							
Capital assets subject to depreciation:							
Equipment	\$ 13,702	\$ -		\$ 13,702		\$ -	
Total capital assets being depreciated	\$ 13,702	\$ -		\$ 13,702		\$ -	
Less accumulated depreciation for:							
Equipment	\$ (6,566)	\$ -		\$ (6,566)		\$ -	
Total accumulated depreciation	\$ (6,566)	\$ -		\$ (6,566)		\$ -	
Total capital assets being depreciated, net	\$ 7,136	\$ -		\$ 7,136		\$ -	
Enterprise capital assets, net	<u>\$ 7,136</u>	<u>\$ -</u>		<u>\$ 7,136</u>		<u>\$ -</u>	

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

Governmental activities:

General government administration	\$ 642,112
Judicial administration	199,041
Public safety	1,308,002
Public works	245,481
Health and welfare	41,099
Education	510,234
Parks, recreation and cultural	74,172
Community development	<u>14,202</u>
Total Governmental activities	<u>\$ 3,034,343</u>
Component Unit School Board	<u>\$ 473,246</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Northampton, Virginia for the year ended June 30, 2012, is that school financed assets in the amount of \$8,833,277 are reported in the Primary Government for financial reporting purposes.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

Component Unit - School Board:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
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	790,184	87,024	-	877,208
Equipment	3,727,379	981,778	118,529	4,590,628
Total capital assets being depreciated	\$ 6,769,321	\$ 1,068,802	\$ 118,529	\$ 7,719,594
Less accumulated depreciation for:				
Buildings	\$ (2,057,656)	\$ (16,518)	\$ -	\$ (2,074,174)
Improvements other than buildings	(186,161)	(54,477)	-	(240,638)
Equipment	(2,113,817)	(402,251)	(118,529)	(2,397,539)
Total accumulated depreciation	\$ (4,357,634)	\$ (473,246)	\$ (118,529)	\$ (4,712,351)
Total capital assets being depreciated, net	\$ 2,411,687	\$ 595,556	\$ -	\$ 3,007,243
Governmental capital assets, net	\$ 2,542,192	\$ 595,556	\$ -	\$ 3,137,748

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COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)****NOTE 7—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 473,144	\$ 5,385,549
Eastern Shore Regional Jail	1,248,939	333,545
Debt Service	3,384,275	-
Capital Projects	46,300	-
Other Governmental Funds	506,630	139,600
Total Governmental Funds	\$ 5,659,288	\$ 5,858,694
Enterprise Funds:		
Public Utilities	199,406	-
Total-All Funds	\$ 5,858,694	\$ 5,858,694

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:**Primary Government:**

A summary of long-term obligation transactions for the year ended June 30, 2012 is as follows:

	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Lease revenue bonds payable	\$ 34,223,652	\$ -	\$ 1,482,036	\$ 32,741,616	\$ 1,766,921
Unamortized bond discount	(163,434)	-	(12,764)	(150,670)	-
Capital lease obligations	528,290	183,606	260,319	451,577	263,429
Landfill post-closure liability	3,231,367	53,553	-	3,284,920	-
Compensated absences payable	647,969	93,861	64,797	677,033	67,703
OPEB liability	152,000	74,000	12,000	214,000	-
Total incurred by County	\$ 38,619,844	\$ 405,020	\$ 1,806,388	\$ 37,218,476	\$ 2,098,053
Incurred by School Board:					
State Literary Fund Loans payable	\$ 133,437	\$ -	\$ 12,131	\$ 121,306	\$ 12,130
General obligation bonds payable	6,163,577	-	776,194	5,387,383	611,728
Revenue notes payable	1,390,000	-	-	1,390,000	1,390,000
Total incurred by School Board	\$ 7,687,014	\$ -	\$ 788,325	\$ 6,898,689	\$ 2,013,858
Total Governmental Obligations	\$ 46,306,858	\$ 405,020	\$ 2,594,713	\$ 44,117,165	\$ 4,111,911

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations			
	Capital Leases		Lease Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2013	\$ 263,429	\$ 8,172	\$ 1,766,921	\$ 1,416,128
2014	125,811	2,553	1,837,506	1,343,420
2015	62,337	870	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>451,577</u>	\$ <u>11,595</u>	\$ <u>32,741,616</u>	\$ <u>12,771,833</u>

COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)****NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government: (Continued)**

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

Year Ending June 30,	School Obligations					
	State Literary Fund Loans		Revenue Note Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	12,130	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>121,306</u>	\$ <u>20,016</u>	\$ <u>1,390,000</u>	\$ <u>42,117</u>	\$ <u>5,387,383</u>	\$ <u>19,422</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Amount Outstanding</u>
<u>General Long-Term Debt:</u>	
<u>Lease Revenue Bonds Payable:</u>	
\$11,475,000 2002 Series Joint IDA Lease Revenue Bonds issued September 17, 2002, maturing annually February 1, 2004-2033, in varying amounts. Interest payable annually at various interest rates from 1.7% to 5.00%. Carrying value on bonds is net of discount of \$150,670.	\$ 8,374,330
\$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%	7,830,000
\$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%	8,611,000
\$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>7,775,616</u>
Total Lease Revenue bonds payable	\$ <u>32,590,946</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	<u>Amount Outstanding</u>
<u>Capital Lease Obligations:</u>	
\$183,606 equipment lease purchase agreement (payable from the General Fund) issued June 29, 2012, due in bi-annual installments of \$31,603 through 2015. Interest payable bi-annually at a rate of 2.56%.	\$ 183,606
\$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%.	62,919
\$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%.	20,555
\$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>184,497</u>
Total Capital Lease Obligations	\$ <u>451,577</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	Amount Outstanding
Landfill post-closure liability	\$ 3,284,920
Compensated absences (payable from the General Fund)	677,033
OPEB liability (payable from the General Fund)	<u>214,000</u>
Total Debt Incurred by County	\$ <u><u>37,218,476</u></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%.	\$ 611,728
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, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	<u>Amount Outstanding</u>
<u>School Bonds Payable: (Continued)</u>	
\$2,214,428 2006 Series Qualified Zone Academy Bonds issued December 28, 2006, with entire principal maturing on December 29, 2022.	\$ <u>2,214,428</u>
Total school bonds payable	\$ <u>5,387,383</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>121,306</u>
Total State Literary Fund Loans	\$ <u>121,306</u>
<u>Revenue Notes Payable:</u>	
\$1,390,000, issued November 18, 2009, interest payable in semi-annual installments each January 1 and July 1 through 2013, interest payable at 3.03%	\$ <u>1,390,000</u>
Total Revenue Notes Payable	\$ <u>1,390,000</u>
Total School Board Long-Term Debt Issued, payable from the General Fund	\$ <u><u>6,898,689</u></u>
Total Governmental Obligations	\$ <u><u>44,117,165</u></u>

COUNTY OF NORTHAMPTON, VIRGINIANOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)****Capital Leases**

The County has entered into various lease agreements as lessee for financing the acquisition of police vehicles and modular classroom buildings. The Component Unit – School Board has financed the acquisition of school buses and Promethean boards 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	\$ -
5 Public safety vehicles	106,084	-
3 Sheriff's vehicles	79,232	-
4 Public safety vehicles	109,622	-
6 School buses	-	456,014
6 School buses	-	396,032
4 School buses	-	351,057
3 School buses	-	246,633
17 Promethean boards	-	105,383
3 School buses	-	222,522
34 Promethean boards	-	204,442
Less: Accumulated depreciation	<u>(333,841)</u>	<u>(793,086)</u>
	<u>\$ 664,543</u>	<u>\$ 1,188,997</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Capital Leases: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30,	Governmental Activities	Component Unit- School Board
2013	\$ 271,601	\$ 433,009
2014	128,364	343,899
2015	63,207	164,434
2016	-	74,462
Total minimum lease payments	\$ 463,172	\$ 1,015,804
Less: amount representing interest	(11,595)	(48,686)
Present value of minimum lease payments	\$ <u>451,577</u>	\$ <u>967,118</u>

Component Unit—School Board:

The following is a summary of long-term obligation transactions of the Component Unit—School Board for the year ended June 30, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Compensated absences payable (payable from the School Fund)	\$ 770,728	\$ 77,073	\$ 267,993	\$ 579,808	\$ 57,981
Capital leases payable	1,008,841	352,016	393,739	967,118	404,773
OPEB liability	66,000	183,000	148,000	101,000	-
Total	\$ <u>1,845,569</u>	\$ <u>612,089</u>	\$ <u>809,732</u>	\$ <u>1,647,926</u>	\$ <u>462,754</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>Capital Lease Obligations:</u>	
\$396,032 school equipment lease purchase agreement (payable from the School Fund) issued September 20, 2007, due in annual installments of \$89,110 through 2012. Interest payable annually at a rate of 4.06%.	\$ 85,632
\$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.	145,400
\$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%.	193,661
\$352,016 school equipment lease purchase agreement (payable from the School Fund) issued March 15, 2012, due in quarterly installments through 2016. Interest payable quarterly at a rate of 3.2354%.	283,160
\$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 3.2135%.	<u>259,265</u>
Total Capital Lease Obligations	\$ <u>967,118</u>
Compensated absences (payable from the School Fund)	579,808
OPEB liability (payable from the School Fund)	<u>101,000</u>
Total Debt Incurred by School Board	\$ <u><u>1,647,926</u></u>

	<u>Component Unit Obligation</u>	
<u>Year Ending June 30</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 404,773	\$ 28,236
2014	329,135	14,764
2015	160,000	4,434
2016	<u>73,210</u>	<u>1,252</u>
Total	\$ <u><u>967,118</u></u>	\$ <u><u>48,686</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

NOTE 9—LANDFILL POST CLOSURE COSTS:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Under the modified accrual basis of accounting, general fund expenditure and liability are to be recognized only to the extent that such costs are expected to be paid from available, expendable resources. Since the County does not expect to pay any portion of the postclosure care or corrective action costs from available, expendable resources as of June 30, 2012, 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 \$3,284,920 reported as a long-term liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$2,284,920 is based on what it would cost to perform all postclosure care in fiscal year 2012 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 \$1,801,667 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,681,007 at June 30, 2012.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2012, but paid in advance by the tax payers totaled \$39,798 at June 30, 2012.

Other Deferred Revenue: Deferred revenue representing unspent jail telephone commission funds not available for funding of current expenditures totaled \$80,862 at June 30, 2012.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

NOTE 11—COMMITMENTS AND CONTINGENCIES:

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

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

NOTE 12—LITIGATION:

At June 30, 2012, 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 the Virginia Local Government Risk Management Plan (VARISK2), a public entity risk pool currently operating as a common risk management and insurance program for several member cities and counties in Virginia. The County pays an annual premium to VARISK2 for its public officials general liability and public officials law enforcement liability insurance coverage. The agreement for formation of the VARISK2 provides that VARISK2 will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

NOTE 14—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent (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, 2012 (CONTINUED)

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 most 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 and School Board's contribution rates for the fiscal year ended 2012 were 7.86% and 7.05% of annual covered payroll, respectively.

The School Board's professional employees contributed \$579,023, \$380,946 and \$630,049 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011, and 2010 respectively and these contributions represented 6.33%, 3.93% and 8.81% for 2012, 2011, and July 2009 through March 2010 and 0.00% for April through June 2010, respectively, of current covered payroll. The School Board's professional employees contribution rate for the fiscal year ended June 30, 2012 was 11.33% of covered payroll.

COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (CONTINUED)****NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)****C. Annual Pension Cost**

For fiscal year 2012, the County's annual pension cost of \$866,081 (which includes the portion of the employee share assumed by the employer which was \$336,735) was equal to the County's required and actual contributions.

For fiscal year 2012, the School Board's annual pension cost of \$73,028 (which includes the portion of the employee share assumed by the employer which was \$30,302) 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, 2012	\$ 529,346	100%	\$ -
June 30, 2011	511,996	100%	-
June 30, 2010	498,789	100%	-
School Board:			
Non-Professional:			
June 30, 2012	\$ 42,726	100%	\$ -
June 30, 2011	43,277	100%	-
June 30, 2010	42,078	100%	-

(1) Employer portion only

The fiscal year 2012 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, 2012 (CONTINUED)

NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 84.84% funded. The actuarial accrued liability for benefits was \$23,756,149, and the actuarial value of assets was \$20,154,951, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,601,198. The covered payroll (annual payroll of active employees covered by the plan) was \$6,447,215, and ratio of the UAAL to the covered payroll was 55.86%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board Non-Professional plan was 82.91% funded. The actuarial accrued liability for benefits was \$3,445,539, and the actuarial value of assets was \$2,856,665, resulting in an unfunded actuarial accrued liability (UAAL) of \$588,874. The covered payroll (annual payroll of active employees covered by the plan) was \$648,684 and ratio of the UAAL to the covered payroll was 90.78%.

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
Cynthia S. Bradford, Treasurer	400,000
Anne G. Sayers, Commissioner of the Revenue	3,000
David L. Doughty, Jr., Sheriff	30,000
The above constitutional officers employees blanket bond	50,000
<u>Va CORP</u>	
Board of Supervisors	1,000,000
All County Employees	250,000
<u>Virginia Municipal League</u>	
All School Board Employees	50,000
<u>Northampton Insurance Agency</u>	
All Social Service Employees	100,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

NOTE 16--POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PRIMARY GOVERNMENT

Plan Description:

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

Funding Policy:

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

Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits was \$74,000 for fiscal year 2012. The annual estimated employer contributions for fiscal year 2012 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:

		Primary Government
Annual required contribution	\$	74,000
Interest on net OPEB obligation		6,000
Adjustment to annual required contribution		(6,000)
Annual OPEB cost (expense)	\$	74,000
Estimated Contributions made		(12,000)
Increase in net OPEB obligation		62,000
Net OPEB obligation-beginning of year		152,000
Net OPEB obligation-end of year	\$	214,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

PRIMARY GOVERNMENT (Continued)

Trend Information:

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last 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:				
6/30/2010	\$	72,000	33.33%	\$ 91,000
6/30/2011		73,000	16.44%	152,000
6/30/2012		74,000	16.22%	214,000

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 benefits was \$630,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$630,000. 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 of 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, 2012 (CONTINUED)

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

PRIMARY GOVERNMENT (Continued)

Actuarial Methods and Assumptions: (Continued)

The following additional simplifying assumptions were made:

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

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

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, 2012 (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 (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits was \$183,000 for fiscal year 2012. The annual employer contributions for fiscal year 2012 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:

	Component Unit School Board
Annual required contribution	\$ 183,000
Interest on net OPEB obligation	1,000
Adjustment to annual required contribution	(1,000)
Annual OPEB cost (expense)	\$ 183,000
Estimated Contributions made	(148,000)
Increase in net OPEB obligation	35,000
Net OPEB obligation-beginning of year	66,000
Net OPEB obligation-end of year	\$ 101,000

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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Schools:			
6/30/2010	\$ 147,000	90.48%	\$ 35,000
6/30/2011	179,000	82.68%	66,000
6/30/2012	183,000	80.87%	101,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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 benefits was \$2,126,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,126,000. 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 of 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, 2012 (CONTINUED)

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

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2012, June 30, 2011, and June 30, 2010 was \$54,884, \$58,160 and \$56,497, respectively, and equaled the required contributions for the year.

NOTE 18—ADJUSTMENT TO BEGINNING NET ASSETS AND FUND BALANCE:

The following adjustment was made to beginning net assets and beginning fund balance:

	<u>Component-Unit School Board</u>	<u>Component-Unit School Board</u>	<u>School Operating Fund</u>
Net assets as previously reported, June 30, 2011	\$	1,395,848	\$ -
Fund balance as previously reported, June 30, 2011		-	461,564
Adjustment to record prior year sick leave payout reserve		<u>203,000</u>	<u>203,000</u>
Net assets/Fund balance as adjusted, July 1, 2011	\$	<u>1,598,848</u>	\$ <u>664,564</u>

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 15,331,288	\$ 15,331,288	\$ 15,691,764	\$ 360,476
Other local taxes	2,542,891	2,542,891	2,492,889	(50,002)
Permits, privilege fees, and regulatory licenses	163,387	163,387	134,793	(28,594)
Fines and forfeitures	205,942	205,942	162,917	(43,025)
Revenue from the use of money and property	87,789	87,789	85,129	(2,660)
Charges for services	753,510	753,510	695,843	(57,667)
Miscellaneous	1,000	37,255	88,880	51,625
Recovered costs	122,724	134,173	112,553	(21,620)
Intergovernmental revenues:				
Commonwealth	3,366,370	3,427,183	3,346,655	(80,528)
Federal	40,137	54,547	308,726	254,179
Total revenues	<u>\$ 22,615,038</u>	<u>\$ 22,737,965</u>	<u>\$ 23,120,149</u>	<u>\$ 382,184</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,131,724	\$ 2,119,934	\$ 1,934,342	\$ 185,592
Judicial administration	600,813	602,469	584,726	17,743
Public safety	3,454,710	3,589,857	3,374,462	215,395
Public works	1,858,970	1,868,825	1,847,921	20,904
Health and welfare	620,974	620,974	516,974	104,000
Education	7,487,873	7,675,865	7,675,452	413
Parks, recreation, and cultural	338,664	344,674	281,966	62,708
Community development	1,098,045	1,093,045	982,211	110,834
Debt service:				
Principal retirement	165,496	165,496	116,965	48,531
Interest and other fiscal charges	17,763	17,763	4,158	13,605
Total expenditures	<u>\$ 17,775,032</u>	<u>\$ 18,098,902</u>	<u>\$ 17,319,177</u>	<u>\$ 779,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,840,006</u>	<u>\$ 4,639,063</u>	<u>\$ 5,800,972</u>	<u>\$ 1,161,909</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,500	\$ 77,982	\$ 473,144	\$ 395,162
Transfers out	(5,135,343)	(5,181,643)	(5,385,549)	(203,906)
Capital lease issuance	205,459	205,459	183,606	(21,853)
Total other financing sources (uses)	<u>\$ (4,852,384)</u>	<u>\$ (4,898,202)</u>	<u>\$ (4,728,799)</u>	<u>\$ 169,403</u>
Net change in fund balances	\$ (12,378)	\$ (259,139)	\$ 1,072,173	\$ 1,331,312
Fund balances - beginning	12,378	248,677	5,526,226	5,277,549
Fund balances - ending	<u>\$ -</u>	<u>\$ (10,462)</u>	<u>\$ 6,598,399</u>	<u>\$ 6,608,861</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Charges for services	\$ 64,000	\$ 64,000	\$ 18,136	\$ (45,864)
Miscellaneous	-	200	200	-
Recovered costs	500	500	1,590	1,090
Intergovernmental revenues:				
Commonwealth	2,179,656	2,179,656	2,142,570	(37,086)
Total revenues	<u>\$ 2,244,156</u>	<u>\$ 2,244,356</u>	<u>\$ 2,162,496</u>	<u>\$ (81,860)</u>
EXPENDITURES				
Current:				
Public safety	\$ 3,493,095	\$ 3,458,066	\$ 3,171,569	\$ 286,497
Total expenditures	<u>\$ 3,493,095</u>	<u>\$ 3,458,066</u>	<u>\$ 3,171,569</u>	<u>\$ 286,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,248,939)</u>	<u>\$ (1,213,710)</u>	<u>\$ (1,009,073)</u>	<u>\$ 204,637</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,248,939	\$ 1,248,939	\$ 1,248,939	\$ -
Transfers out	-	-	(333,545)	(333,545)
Total other financing sources (uses)	<u>1,248,939</u>	<u>1,248,939</u>	<u>915,394</u>	<u>(333,545)</u>
Net change in fund balances	\$ -	\$ 35,229	\$ (93,679)	\$ (128,908)
Fund balances - beginning	-	-	94,075	94,075
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 35,229</u></u>	<u><u>\$ 396</u></u>	<u><u>\$ (34,833)</u></u>

Schedule of Pension Funding Progress
For the Year Ended June 30, 2012

Primary Government:
County Retirement Plan:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
6/30/2011	\$ 20,154,951	\$ 23,756,149	\$ 3,601,198	84.84%	\$ 6,447,215	\$ 55.86%
6/30/2010	19,348,364	22,564,574	3,216,210	85.75%	6,547,235	49.12%
6/30/2009	18,716,520	20,112,262	1,395,742	93.06%	6,669,877	20.93%
6/30/2008	17,915,476	18,973,610	1,058,134	94.42%	6,925,859	15.28%
6/30/2007	15,954,510	16,485,147	530,637	96.78%	6,078,684	8.73%
6/30/2006	14,056,456	14,711,742	655,286	95.55%	5,199,477	12.60%
6/30/2005	13,095,343	14,101,363	1,006,020	92.87%	4,692,429	21.44%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
6/30/2011	\$ 2,856,665	\$ 3,445,539	\$ 588,874	82.91%	\$ 648,684	\$ 90.78%
6/30/2010	2,966,684	3,335,960	369,276	88.93%	719,418	51.33%
6/30/2009	3,053,283	3,158,137	104,854	96.68%	720,752	14.55%
6/30/2008	3,191,242	3,205,059	13,817	99.57%	947,915	1.46%
6/30/2007	2,944,282	3,076,698	132,416	95.70%	971,806	13.63%
6/30/2006	2,638,972	2,620,369	(18,603)	100.71%	863,505	-2.15%
6/30/2005	2,523,111	2,707,044	183,933	93.21%	654,004	28.12%

Schedule of Funding Progress for Retiree Health Plan
For the Year Ended June 30, 2012

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 42,596	\$ 42,596
Recovered costs	3,261,100	3,605,681	3,605,720	39
Total revenues	<u>\$ 3,261,100</u>	<u>\$ 3,605,681</u>	<u>\$ 3,648,316</u>	<u>\$ 42,635</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,660,251	\$ 2,660,251	\$ 2,413,715	\$ 246,536
Interest and other fiscal charges	3,955,611	3,955,611	1,585,753	2,369,858
Total expenditures	<u>\$ 6,615,862</u>	<u>\$ 6,615,862</u>	<u>\$ 3,999,468</u>	<u>\$ 2,616,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,354,762)</u>	<u>\$ (3,010,181)</u>	<u>\$ (351,152)</u>	<u>\$ 2,659,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,354,762	\$ 3,354,762	\$ 3,384,275	\$ 29,513
Total other financing sources (uses)	<u>\$ 3,354,762</u>	<u>\$ 3,354,762</u>	<u>\$ 3,384,275</u>	<u>\$ 29,513</u>
Net change in fund balances	\$ -	\$ 344,581	\$ 3,033,123	\$ 2,688,542
Fund balances - beginning	-	-	1,568,823	1,568,823
Fund balances - ending	<u>\$ -</u>	<u>\$ 344,581</u>	<u>\$ 4,601,946</u>	<u>\$ 4,257,365</u>

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Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 720,032	\$ 344	\$ (719,688)
Miscellaneous	-	7,942	-	(7,942)
Intergovernmental revenues:				
Local government	-	352,760	472,629	119,869
Commonwealth	-	1,519,334	-	(1,519,334)
Federal	-	-	53,995	53,995
Total revenues	\$ -	\$ 2,600,068	\$ 526,968	\$ (2,073,100)
EXPENDITURES				
Capital projects	\$ -	\$ 6,043,902	\$ 2,638,238	\$ 3,405,664
Debt service:				
Interest and other fiscal charges	-	31,002	-	31,002
Total expenditures	\$ -	\$ 6,074,904	\$ 2,638,238	\$ 3,436,666
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,474,836)	\$ (2,111,270)	\$ 1,363,566
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 46,300	\$ 46,300	\$ -
Issuance of capital lease	-	300	-	(300)
Total other financing sources (uses)	\$ -	\$ 46,600	\$ 46,300	\$ (300)
Net change in fund balances	\$ -	\$ (3,428,236)	\$ (2,064,970)	\$ 1,363,266
Fund balances - beginning	-	7,128,878	4,410,088	(2,718,790)
Fund balances - ending	\$ -	\$ 3,700,642	\$ 2,345,118	\$ (1,355,524)

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
ASSETS			
Cash and cash equivalents	\$ 49,385	\$ 14,871	\$ 24,041
Due from other governmental units	66,803	8,746	-
Total assets	<u>\$ 116,188</u>	<u>\$ 23,617</u>	<u>\$ 24,041</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,887	\$ -	\$ -
Accrued liabilities	97,301	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 116,188</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ -	\$ 23,617	\$ 24,041
Unassigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 23,617</u>	<u>\$ 24,041</u>
Total liabilities and fund balances	<u>\$ 116,188</u>	<u>\$ 23,617</u>	<u>\$ 24,041</u>

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ 71,536	\$ 4,614	\$ -	\$ 164,447
-	-	59,725	135,274
<u>\$ 71,536</u>	<u>\$ 4,614</u>	<u>\$ 59,725</u>	<u>\$ 299,721</u>
\$ -	\$ -	\$ -	\$ 18,887
2,300	-	-	99,601
-	-	227,936	227,936
<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ 227,936</u>	<u>\$ 346,424</u>
\$ 69,236	\$ 4,614	\$ -	\$ 121,508
-	-	(168,211)	(168,211)
<u>\$ 69,236</u>	<u>\$ 4,614</u>	<u>\$ (168,211)</u>	<u>\$ (46,703)</u>
<u>\$ 71,536</u>	<u>\$ 4,614</u>	<u>\$ 59,725</u>	<u>\$ 299,721</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, 2012

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
REVENUES			
Miscellaneous	\$ 13,498	\$ -	\$ -
Intergovernmental revenues:			
Commonwealth	761,865	9,432	-
Federal	1,427,325	898	-
Total revenues	<u>\$ 2,202,688</u>	<u>\$ 10,330</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 2,607,679	\$ -	\$ -
Community development	-	-	5,000
Capital projects	-	-	-
Total expenditures	<u>\$ 2,607,679</u>	<u>\$ -</u>	<u>\$ 5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (404,991)</u>	<u>\$ 10,330</u>	<u>\$ (5,000)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 506,630	\$ -	\$ -
Transfers out	(139,600)	-	-
Total other financing sources (uses)	<u>\$ 367,030</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (37,961)	\$ 10,330	\$ (5,000)
Fund balances - beginning	37,961	13,287	29,041
Fund balances - ending	<u>\$ -</u>	<u>\$ 23,617</u>	<u>\$ 24,041</u>

Exhibit 18

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ 7,024	\$ -	\$ -	\$ 20,522
20,000	-	-	791,297
450,456	-	-	1,878,679
<u>\$ 477,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,690,498</u>
\$ -	\$ -	\$ -	\$ 2,607,679
383,561	-	-	388,561
-	-	16,606	16,606
<u>\$ 383,561</u>	<u>\$ -</u>	<u>\$ 16,606</u>	<u>\$ 3,012,846</u>
\$ 93,919	\$ -	\$ (16,606)	\$ (322,348)
\$ -	\$ -	\$ -	\$ 506,630
-	-	-	(139,600)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,030</u>
\$ 93,919	\$ -	\$ (16,606)	\$ 44,682
(24,683)	4,614	(151,605)	(91,385)
<u>\$ 69,236</u>	<u>\$ 4,614</u>	<u>\$ (168,211)</u>	<u>\$ (46,703)</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, 2012

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,321	\$ 1,321	\$ 13,498	\$ 12,177
Intergovernmental revenues:				
Commonwealth	1,073,317	1,073,317	761,865	(311,452)
Federal	1,712,963	1,712,963	1,427,325	(285,638)
Total revenues	<u>\$ 2,787,601</u>	<u>\$ 2,787,601</u>	<u>\$ 2,202,688</u>	<u>\$ (584,913)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,216,731	\$ 3,216,731	\$ 2,607,679	\$ 609,052
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 3,216,731</u>	<u>\$ 3,216,731</u>	<u>\$ 2,607,679</u>	<u>\$ 609,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (429,130)</u>	<u>\$ (429,130)</u>	<u>\$ (404,991)</u>	<u>\$ 24,139</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 506,630	\$ 506,630	\$ 506,630	\$ -
Transfers out	<u>(77,500)</u>	<u>(77,500)</u>	<u>(139,600)</u>	<u>(62,100)</u>
Total other financing sources (uses)	<u>\$ 429,130</u>	<u>\$ 429,130</u>	<u>\$ 367,030</u>	<u>\$ (62,100)</u>
Net change in fund balances	\$ -	\$ -	\$ (37,961)	\$ (37,961)
Fund balances - beginning	-	-	37,961	37,961
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Forfeited Asset Sharing Fund				Purchase of Development Rights Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	9,432	9,432	-	-	-	-
-	-	898	898	-	-	-	-
\$ -	\$ -	\$ 10,330	\$ 10,330	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	25,012	45,287	5,000	40,287
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 25,012	\$ 45,287	\$ 5,000	\$ 40,287
\$ -	\$ -	\$ 10,330	\$ 10,330	\$ (25,012)	\$ (45,287)	\$ (5,000)	\$ 40,287
\$ -	\$ -	\$ -	\$ -	\$ 25,012	\$ 25,012	\$ -	\$ (25,012)
-	(482)	-	482	-	-	-	-
\$ -	\$ (482)	\$ -	\$ 482	\$ 25,012	\$ 25,012	\$ -	\$ (25,012)
\$ -	\$ (482)	\$ 10,330	\$ 10,812	\$ -	\$ (20,275)	\$ (5,000)	\$ 15,275
-	482	13,287	12,805	19,030	20,275	29,041	8,766
\$ -	\$ -	\$ 23,617	\$ 23,617	\$ 19,030	\$ -	\$ 24,041	\$ 24,041

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, 2012

	CDBG Projects Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 35,800	\$ 7,024	\$ (28,776)
Intergovernmental revenues:				
Commonwealth	-	-	20,000	20,000
Federal	-	1,241,964	450,456	(791,508)
Total revenues	\$ -	\$ 1,277,764	\$ 477,480	\$ (800,284)
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	1,255,027	383,561	871,466
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ 1,255,027	\$ 383,561	\$ 871,466
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 22,737	\$ 93,919	\$ 71,182
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ 22,737	\$ 93,919	\$ 71,182
Fund balances - beginning	-	10,247	(24,683)	(34,930)
Fund balances - ending	\$ -	\$ 32,984	\$ 69,236	\$ 36,252

HMGP Home Elevation Project Fund				Parks and Recreation Project Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ 38,223	\$ -	\$ (38,223)	\$ -	\$ -	\$ -	\$ -
-	44,356	-	(44,356)	-	-	-	-
-	281,389	-	(281,389)	-	187,777	-	(187,777)
<u>\$ -</u>	<u>\$ 363,968</u>	<u>\$ -</u>	<u>\$ (363,968)</u>	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	434,192	-	434,192	-	-	-	-
-	-	-	-	-	49,049	16,606	32,443
<u>\$ -</u>	<u>\$ 434,192</u>	<u>\$ -</u>	<u>\$ 434,192</u>	<u>\$ -</u>	<u>\$ 49,049</u>	<u>\$ 16,606</u>	<u>\$ 32,443</u>
<u>\$ -</u>	<u>\$ (70,224)</u>	<u>\$ -</u>	<u>\$ 70,224</u>	<u>\$ -</u>	<u>\$ 138,728</u>	<u>\$ (16,606)</u>	<u>\$ (155,334)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (70,224)	\$ -	\$ 70,224	\$ -	\$ 138,728	\$ (16,606)	\$ (155,334)
-	70,224	4,614	(65,610)	-	-	(151,605)	(151,605)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,614</u>	<u>\$ 4,614</u>	<u>\$ -</u>	<u>\$ 138,728</u>	<u>\$ (168,211)</u>	<u>\$ (306,939)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund	NC Tourism Commission Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 15,545	\$ (2,488)	\$ 145,565	\$ 56,341
Accounts receivable	-	-	-	-
Total assets	<u>\$ 15,545</u>	<u>\$ (2,488)</u>	<u>\$ 145,565</u>	<u>\$ 56,341</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	5,737	-	-
Due to other funds	-	-	8,020	-
Amounts held for social services clients	-	-	137,545	-
Amounts held for others	15,545	-	-	56,341
Due to external parties	-	(8,225)	-	-
Total liabilities	<u>\$ 15,545</u>	<u>\$ (2,488)</u>	<u>\$ 145,565</u>	<u>\$ 56,341</u>

911 Local Fund	911 Wireline Fund	Local Sales Tax Fund	Building Inspection Fees Fund	Total
\$ 13,295	\$ 148,801	\$ (50)	\$ 1,633	\$ 378,642
-	101,487	-	-	101,487
<u>\$ 13,295</u>	<u>\$ 250,288</u>	<u>\$ (50)</u>	<u>\$ 1,633</u>	<u>\$ 480,129</u>
\$ -	\$ 19,795	\$ -	\$ -	\$ 19,795
-	32,320	-	1,543	39,600
-	-	-	-	8,020
-	-	-	-	137,545
13,295	198,173	(50)	90	283,394
-	-	-	-	(8,225)
<u>\$ 13,295</u>	<u>\$ 250,288</u>	<u>\$ (50)</u>	<u>\$ 1,633</u>	<u>\$ 480,129</u>

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
IDA Operating Fund:				
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	\$ 15,545	\$ -	\$ -	\$ 15,545
Virginia Broadband Authority Fund:				
Assets:				
Cash and cash equivalents	\$ (9,625)	\$ 42,411	\$ 35,274	\$ (2,488)
Total assets	<u>\$ (9,625)</u>	<u>\$ 42,411</u>	<u>\$ 35,274</u>	<u>\$ (2,488)</u>
Liabilities:				
Accrued liabilities	\$ 4,131	\$ 5,737	\$ 4,131	\$ 5,737
Due to external parties	(13,756)	36,674	31,143	(8,225)
Total liabilities	<u>\$ (9,625)</u>	<u>\$ 42,411</u>	<u>\$ 35,274</u>	<u>\$ (2,488)</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 84,643	\$ 199,810	\$ 138,888	\$ 145,565
Total assets	<u>\$ 84,643</u>	<u>\$ 199,810</u>	<u>\$ 138,888</u>	<u>\$ 145,565</u>
Liabilities:				
Due to other funds	\$ 8,021	\$ -	\$ 1	\$ 8,020
Amounts held for social services clients	76,622	199,810	138,887	137,545
Total liabilities	<u>\$ 84,643</u>	<u>\$ 199,810</u>	<u>\$ 138,888</u>	<u>\$ 145,565</u>
NC Tourism Commission Fund:				
Assets:				
Cash and cash equivalents	\$ 65,801	\$ -	\$ 9,460	\$ 56,341
Liabilities:				
Amounts held for others	\$ 65,801	\$ -	\$ 9,460	\$ 56,341
911 Local Fund:				
Assets:				
Cash and cash equivalents	\$ 24,502	\$ 82,998	\$ 94,205	\$ 13,295
Total assets	<u>\$ 24,502</u>	<u>\$ 82,998</u>	<u>\$ 94,205</u>	<u>\$ 13,295</u>
Liabilities:				
Amounts held for others	\$ 24,502	\$ 82,998	\$ 94,205	\$ 13,295
Total liabilities	<u>\$ 24,502</u>	<u>\$ 82,998</u>	<u>\$ 94,205</u>	<u>\$ 13,295</u>

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
911 Wireline Fund:				
Assets:				
Cash and cash equivalents	\$ 111,192	\$ 787,154	\$ 749,545	\$ 148,801
Accounts receivable	107,714	101,487	107,714	101,487
Total assets	<u>\$ 218,906</u>	<u>\$ 888,641</u>	<u>\$ 857,259</u>	<u>\$ 250,288</u>
Liabilities:				
Accounts payable	\$ 24,822	\$ 19,795	\$ 24,822	\$ 19,795
Accrued liabilities	28,179	32,320	28,179	32,320
Amounts held for others	165,905	836,526	804,258	198,173
Total liabilities	<u>\$ 218,906</u>	<u>\$ 888,641</u>	<u>\$ 857,259</u>	<u>\$ 250,288</u>
Local Sales Tax Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 125,752	\$ 125,802	\$ (50)
Total assets	<u>\$ -</u>	<u>\$ 125,752</u>	<u>\$ 125,802</u>	<u>\$ (50)</u>
Liabilities:				
Amounts held for others	<u>\$ -</u>	<u>\$ 125,752</u>	<u>\$ 125,802</u>	<u>\$ (50)</u>
Building Inspection Fees Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 1,640</u>	<u>\$ 1,543</u>	<u>\$ 1,550</u>	<u>\$ 1,633</u>
Liabilities:				
Accrued liabilities	\$ 1,550	\$ 1,543	\$ 1,550	\$ 1,543
Amounts held for others	90	-	-	90
Total liabilities	<u>\$ 1,640</u>	<u>\$ 1,543</u>	<u>\$ 1,550</u>	<u>\$ 1,633</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 293,698	\$ 1,239,668	\$ 1,154,724	\$ 378,642
Accounts receivable	107,714	101,487	107,714	101,487
Total assets	<u>\$ 401,412</u>	<u>\$ 1,341,155</u>	<u>\$ 1,262,438</u>	<u>\$ 480,129</u>
Liabilities:				
Accounts payable	\$ 24,822	\$ 19,795	\$ 24,822	\$ 19,795
Accrued liabilities	33,860	39,600	33,860	39,600
Due to other funds	8,021	-	1	8,020
Amounts held for others	271,843	1,045,276	1,033,725	283,394
Due to external parties	(13,756)	36,674	31,143	(8,225)
Amounts held for social services clients	76,622	199,810	138,887	137,545
Total liabilities	<u>\$ 401,412</u>	<u>\$ 1,341,155</u>	<u>\$ 1,262,438</u>	<u>\$ 480,129</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	<u>School Operating Fund</u>	<u>School Grants Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,810,486	\$ -	\$ 218,242	\$ 2,028,728
Receivables (net of allowance for uncollectibles):				
Accounts receivable	13,691	-	2,159	15,850
Due from other governmental units	267,238	813,013	8,885	1,089,136
Prepaid items	45,132	15,000	-	60,132
Total assets	<u>\$ 2,136,547</u>	<u>\$ 828,013</u>	<u>\$ 229,286</u>	<u>\$ 3,193,846</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 280,868	\$ 6,055	\$ 358	\$ 287,281
Accrued liabilities	1,191,115	140,185	50,279	1,381,579
Reconciled overdraft payable	-	548,193	-	548,193
Deferred revenue	-	-	5,160	5,160
Total liabilities	<u>\$ 1,471,983</u>	<u>\$ 694,433</u>	<u>\$ 55,797</u>	<u>\$ 2,222,213</u>
Fund balances:				
Nonspendable	\$ 45,132	\$ 15,000	\$ -	\$ 60,132
Restricted	-	118,580	-	118,580
Committed	619,432	-	173,489	792,921
Total fund balances	<u>\$ 664,564</u>	<u>\$ 133,580</u>	<u>\$ 173,489</u>	<u>\$ 971,633</u>
Total liabilities and fund balances	<u>\$ 2,136,547</u>	<u>\$ 828,013</u>	<u>\$ 229,286</u>	<u>\$ 3,193,846</u>

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

Total fund balances per above	\$ 971,633
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,137,748
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>(1,647,926)</u>
Net assets of governmental activities	<u>\$ 2,461,455</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2012

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Charges for services	\$ -	\$ -	\$ 319,968	\$ 319,968
Miscellaneous	373,461	-	-	373,461
Intergovernmental revenues:				
Local government	7,654,729	-	-	7,654,729
Commonwealth	8,737,437	-	13,861	8,751,298
Federal	-	3,680,662	743,135	4,423,797
Total revenues	<u>\$ 16,765,627</u>	<u>\$ 3,680,662</u>	<u>\$ 1,076,964</u>	<u>\$ 21,523,253</u>
EXPENDITURES				
Current:				
Education	\$ 16,684,857	\$ 3,671,150	\$ 1,017,068	\$ 21,373,075
Debt service:				
Principal retirement	393,739	-	-	393,739
Interest and other fiscal charges	39,047	-	-	39,047
Total expenditures	<u>\$ 17,117,643</u>	<u>\$ 3,671,150</u>	<u>\$ 1,017,068</u>	<u>\$ 21,805,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (352,016)</u>	<u>\$ 9,512</u>	<u>\$ 59,896</u>	<u>\$ (282,608)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ 352,016	\$ -	\$ -	\$ 352,016
Total other financing sources (uses)	<u>\$ 352,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,016</u>
Net change in fund balances	\$ -	\$ 9,512	\$ 59,896	\$ 69,408
Fund balances - beginning, as adjusted	664,564	124,068	113,593	902,225
Fund balances - ending	<u>\$ 664,564</u>	<u>\$ 133,580</u>	<u>\$ 173,489</u>	<u>\$ 971,633</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 \$ 69,408

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.

595,556

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	\$ 190,920	
Issuance of long-term debt	(352,016)	
Principal payments	393,739	
(Increase) decrease in other post employment benefit payable	<u>(35,000)</u>	<u>197,643</u>

Change in net assets of governmental activities \$ 862,607

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, 2012

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 350,820	\$ 429,669	\$ 373,461	\$ (56,208)
Intergovernmental revenues:				
Local government	7,466,737	7,654,729	7,654,729	-
Commonwealth	8,501,169	8,784,061	8,737,437	(46,624)
Federal	-	-	-	-
Total revenues	\$ 16,318,726	\$ 16,868,459	\$ 16,765,627	\$ (102,832)
EXPENDITURES				
Current:				
Education	\$ 15,885,940	\$ 16,746,191	\$ 16,684,857	\$ 61,334
Debt service:				
Principal retirement	393,739	393,739	393,739	-
Interest and other fiscal charges	39,047	39,047	39,047	-
Total expenditures	\$ 16,318,726	\$ 17,178,977	\$ 17,117,643	\$ 61,334
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (310,518)	\$ (352,016)	\$ (41,498)
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ -	\$ 352,016	\$ 352,016
Total other financing sources (uses)	\$ -	\$ -	\$ 352,016	\$ 352,016
Net change in fund balances	\$ -	\$ (310,518)	\$ -	\$ 310,518
Fund balances - beginning, as adjusted	-	310,518	664,564	354,046
Fund balances - ending	\$ -	\$ -	\$ 664,564	\$ 664,564

School Grants Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
2,435,858	6,109,387	3,680,662	(2,428,725)	
\$ 2,435,858	\$ 6,109,387	\$ 3,680,662	\$ (2,428,725)	
\$ 2,435,858	\$ 6,109,387	\$ 3,671,150	\$ 2,438,237	
-	-	-	-	
-	-	-	-	
\$ 2,435,858	\$ 6,109,387	\$ 3,671,150	\$ 2,438,237	
\$ -	\$ -	\$ 9,512	\$ 9,512	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ 9,512	\$ 9,512	
-	-	124,068	124,068	
\$ -	\$ -	\$ 133,580	\$ 133,580	

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Combining Balance Sheet - Nonmajor Special Revenue Funds
Discretely Presented Component Unit - School Board
June 30, 2012

	School Cafeteria Fund	School Retiree Health Insurance Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 195,134	\$ 23,108	\$ 218,242
Receivables (net of allowance for uncollectibles):			
Accounts receivable	2,159	-	2,159
Due from other governmental units	8,885	-	8,885
Total assets	<u>\$ 206,178</u>	<u>\$ 23,108</u>	<u>\$ 229,286</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 358	\$ -	\$ 358
Accrued liabilities	50,279	-	50,279
Deferred revenue	5,160	-	5,160
Total liabilities	<u>\$ 55,797</u>	<u>\$ -</u>	<u>\$ 55,797</u>
Fund balances:			
Committed	\$ 150,381	\$ 23,108	\$ 173,489
Total fund balances	<u>\$ 150,381</u>	<u>\$ 23,108</u>	<u>\$ 173,489</u>
Total liabilities and fund balances	<u>\$ 206,178</u>	<u>\$ 23,108</u>	<u>\$ 229,286</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, 2012

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 150,000	\$ 160,621	\$ 148,455	\$ (12,166)
Miscellaneous	-	9,245	-	(9,245)
Intergovernmental revenues:				
Commonwealth	10,864	189,336	13,861	(175,475)
Federal	724,332	499,053	743,135	244,082
Total revenues	<u>\$ 885,196</u>	<u>\$ 858,255</u>	<u>\$ 905,451</u>	<u>\$ 47,196</u>
EXPENDITURES				
Current:				
Education	<u>\$ 885,196</u>	<u>\$ 858,453</u>	<u>\$ 849,654</u>	<u>\$ 8,799</u>
Total expenditures	<u>\$ 885,196</u>	<u>\$ 858,453</u>	<u>\$ 849,654</u>	<u>\$ 8,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (198)</u>	<u>\$ 55,797</u>	<u>\$ 55,995</u>
Net change in fund balances	\$ -	\$ (198)	\$ 55,797	\$ 55,995
Fund balances - beginning	-	198	94,584	94,386
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,381</u>	<u>\$ 150,381</u>

School Retiree Health Insurance Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 171,513	\$ 171,513
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 171,513	\$ 171,513
\$ -	\$ -	\$ 167,414	\$ (167,414)
\$ -	\$ -	\$ 167,414	\$ (167,414)
\$ -	\$ -	\$ 4,099	\$ 4,099
\$ -	\$ -	\$ 4,099	\$ 4,099
-	-	19,009	19,009
\$ -	\$ -	\$ 23,108	\$ 23,108

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2012

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	\$ 15,548	\$ 5,593	\$ 5,047	\$ 26,188
Total assets	<u>\$ 15,548</u>	<u>\$ 5,593</u>	<u>\$ 5,047</u>	<u>\$ 26,188</u>
NET ASSETS				
Held in trust for scholarships	\$ 15,548	\$ 5,593	\$ 5,047	\$ 26,188
Total net assets	<u>\$ 15,548</u>	<u>\$ 5,593</u>	<u>\$ 5,047</u>	<u>\$ 26,188</u>

Combining Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2012

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ADDITIONS				
Contributions:				
Miscellaneous	\$ 650	\$ -	\$ 150	\$ 800
Total contributions	\$ 650	\$ -	\$ 150	\$ 800
Investment earnings:				
Interest	\$ 22	\$ 12	\$ 7	\$ 41
Total additions	\$ 672	\$ 12	\$ 157	\$ 841
DEDUCTIONS				
School activities expense	\$ -	\$ -	\$ -	\$ -
Scholarships	500	-	350	850
Total deductions	\$ 500	\$ -	\$ 350	\$ 850
Change in net assets	\$ 172	\$ 12	\$ (193)	\$ (9)
Net assets - beginning	15,376	5,581	5,240	26,197
Net assets - ending	\$ 15,548	\$ 5,593	\$ 5,047	\$ 26,188

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SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,607,836	\$ 12,607,836	\$ 12,724,190	\$ 116,354
Real and personal public service corporation taxes	272,725	272,725	271,212	(1,513)
Personal property taxes	2,075,822	2,075,822	2,276,472	200,650
Mobile home taxes	20,846	20,846	21,047	201
Penalties	159,059	159,059	175,504	16,445
Interest	195,000	195,000	223,339	28,339
Total general property taxes	<u>\$ 15,331,288</u>	<u>\$ 15,331,288</u>	<u>\$ 15,691,764</u>	<u>\$ 360,476</u>
Other local taxes:				
Local sales and use taxes	\$ 1,204,261	\$ 1,204,261	\$ 1,177,340	\$ (26,921)
Consumers' utility taxes	323,900	323,900	313,641	(10,259)
Business license taxes	47,730	47,730	40,968	(6,762)
Motor vehicle licenses	289,500	289,500	303,939	14,439
Bank stock taxes	6,100	6,100	8,081	1,981
Taxes on recordation and wills	180,000	180,000	147,329	(32,671)
Hotel and motel room taxes	226,400	226,400	235,903	9,503
Restaurant food taxes	265,000	265,000	265,688	688
Total other local taxes	<u>\$ 2,542,891</u>	<u>\$ 2,542,891</u>	<u>\$ 2,492,889</u>	<u>\$ (50,002)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,200	\$ 6,200	\$ 2,134	\$ (4,066)
Permits and other licenses	<u>157,187</u>	<u>157,187</u>	<u>132,659</u>	<u>(24,528)</u>
Total permits, privilege fees, and regulatory licenses	<u>\$ 163,387</u>	<u>\$ 163,387</u>	<u>\$ 134,793</u>	<u>\$ (28,594)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 205,942</u>	<u>\$ 205,942</u>	<u>\$ 162,917</u>	<u>\$ (43,025)</u>
Total fines and forfeitures	<u>\$ 205,942</u>	<u>\$ 205,942</u>	<u>\$ 162,917</u>	<u>\$ (43,025)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 84,188	\$ 84,188	\$ 78,978	\$ (5,210)
Revenue from use of property	<u>3,601</u>	<u>3,601</u>	<u>6,151</u>	<u>2,550</u>
Total revenue from use of money and property	<u>\$ 87,789</u>	<u>\$ 87,789</u>	<u>\$ 85,129</u>	<u>\$ (2,660)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 25,000	\$ 25,000	\$ 24,603	\$ (397)
Charges for courthouse security	105,000	105,000	120,787	15,787
Charges for Commonwealth's Attorney	700	700	1,636	936
Charges for ambulance fees	186,375	186,375	29,315	(157,060)
Charges for sanitation and waste removal	390,300	390,300	448,334	58,034
Charges for parks and recreation	46,135	46,135	71,060	24,925
Charges for sale of publications and commemorative material	-	-	108	108
Total charges for services	<u>\$ 753,510</u>	<u>\$ 753,510</u>	<u>\$ 695,843</u>	<u>\$ (57,667)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 1,000	\$ 37,255	\$ 88,880	\$ 51,625
Total miscellaneous revenue	<u>\$ 1,000</u>	<u>\$ 37,255</u>	<u>\$ 88,880</u>	<u>\$ 51,625</u>
Recovered costs:				
General recovered costs	\$ 93,430	\$ 104,879	\$ 84,283	\$ (20,596)
Treasurer recovered costs	29,294	29,294	28,270	(1,024)
Total recovered costs	<u>\$ 122,724</u>	<u>\$ 134,173</u>	<u>\$ 112,553</u>	<u>\$ (21,620)</u>
Total revenue from local sources	<u>\$ 19,208,531</u>	<u>\$ 19,256,235</u>	<u>\$ 19,464,768</u>	<u>\$ 208,533</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,924	\$ 1,924	\$ 2,272	\$ 348
Mobile home titling tax	15,000	15,000	19,430	4,430
Motor vehicle rental tax	2,312	2,312	2,635	323
Communications tax	539,004	539,004	518,372	(20,632)
State recordation tax	74,574	74,574	41,636	(32,938)
Reduction in state aid to local governments	(224,927)	(224,927)	(236,914)	(11,987)
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,829,854</u>	<u>\$ 1,829,854</u>	<u>\$ 1,769,398</u>	<u>\$ (60,456)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 207,273	\$ 207,273	\$ 187,578	\$ (19,695)
Sheriff	845,668	845,668	854,949	9,281
Commissioner of revenue	81,393	81,393	98,914	17,521
Treasurer	72,395	72,395	68,980	(3,415)
Registrar/electoral board	30,414	30,414	41,998	11,584
Clerk of the Circuit Court	183,856	183,856	182,989	(867)
Total shared expenses	<u>\$ 1,420,999</u>	<u>\$ 1,420,999</u>	<u>\$ 1,435,408</u>	<u>\$ 14,409</u>
Other categorical aid:				
Health department grant	\$ -	\$ -	\$ 33,581	\$ 33,581
Virginia Port Authority grant	37,134	37,134	-	(37,134)
Four for Life	11,492	11,492	11,492	-
Litter control grant	8,910	8,910	8,000	(910)
Emergency services grant	-	-	11,661	11,661
Virginia rescue squad grant	10,007	10,007	9,995	(12)
Victim-witness grant	20,024	20,024	26,718	6,694
Other state funds	977	61,790	17,334	(44,456)
Fire programs	26,973	26,973	23,068	(3,905)
Total other categorical aid	<u>\$ 115,517</u>	<u>\$ 176,330</u>	<u>\$ 141,849</u>	<u>\$ (34,481)</u>
Total categorical aid	<u>\$ 1,536,516</u>	<u>\$ 1,597,329</u>	<u>\$ 1,577,257</u>	<u>\$ (20,072)</u>
Total revenue from the Commonwealth	<u>\$ 3,366,370</u>	<u>\$ 3,427,183</u>	<u>\$ 3,346,655</u>	<u>\$ (80,528)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 35,500</u>	<u>\$ 35,500</u>	<u>\$ 26,933</u>	<u>\$ (8,567)</u>
Categorical aid:				
Byrne Justice assistance grant	\$ 4,637	\$ 11,790	\$ 8,602	\$ (3,188)
ISTEA grant	-	-	139,418	139,418
Emergency preparedness grant	-	-	28,400	28,400
State homeland security grant	-	-	11,784	11,784
Highway safety grant	-	-	23,019	23,019
Disaster relief public assistance	-	7,257	48,586	41,329
Coastal zone management program	-	-	21,984	21,984
Total categorical aid	<u>\$ 4,637</u>	<u>\$ 19,047</u>	<u>\$ 281,793</u>	<u>\$ 262,746</u>
Total revenue from the federal government	<u>\$ 40,137</u>	<u>\$ 54,547</u>	<u>\$ 308,726</u>	<u>\$ 254,179</u>
Total General Fund	<u>\$ 22,615,038</u>	<u>\$ 22,737,965</u>	<u>\$ 23,120,149</u>	<u>\$ 382,184</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 64,000	\$ 64,000	\$ 18,136	\$ (45,864)
Total charges for services	\$ 64,000	\$ 64,000	\$ 18,136	\$ (45,864)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 200	\$ 200	\$ -
Total miscellaneous revenue	\$ -	\$ 200	\$ 200	\$ -
Recovered costs:				
Extradition costs	\$ 500	\$ 500	\$ 1,590	\$ 1,090
Total recovered costs	\$ 500	\$ 500	\$ 1,590	\$ 1,090
Total revenue from local sources	\$ 64,500	\$ 64,700	\$ 19,926	\$ (44,774)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,879,656	\$ 1,879,656	\$ 1,911,965	\$ 32,309
Other categorical aid:				
Local jails	\$ 300,000	\$ 300,000	\$ 230,605	\$ (69,395)
Total categorical aid	\$ 2,179,656	\$ 2,179,656	\$ 2,142,570	\$ (37,086)
Total revenue from the Commonwealth	\$ 2,179,656	\$ 2,179,656	\$ 2,142,570	\$ (37,086)
Total Eastern Shore Regional Jail Fund	\$ 2,244,156	\$ 2,244,356	\$ 2,162,496	\$ (81,860)
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 1,321	\$ 1,321	\$ 13,498	\$ 12,177
Total miscellaneous revenue	\$ 1,321	\$ 1,321	\$ 13,498	\$ 12,177
Total revenue from local sources	\$ 1,321	\$ 1,321	\$ 13,498	\$ 12,177
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,073,317	\$ 1,073,317	\$ 761,865	\$ (311,452)
Total categorical aid	\$ 1,073,317	\$ 1,073,317	\$ 761,865	\$ (311,452)
Total revenue from the Commonwealth	\$ 1,073,317	\$ 1,073,317	\$ 761,865	\$ (311,452)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,712,963	\$ 1,712,963	\$ 1,427,325	\$ (285,638)
Total categorical aid	\$ 1,712,963	\$ 1,712,963	\$ 1,427,325	\$ (285,638)
Total revenue from the federal government	\$ 1,712,963	\$ 1,712,963	\$ 1,427,325	\$ (285,638)
Total Virginia Public Assistance Fund	\$ 2,787,601	\$ 2,787,601	\$ 2,202,688	\$ (584,913)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Forfeited Asset Sharing Fund:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 9,432	\$ 9,432
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 898	\$ 898
Total Forfeited Asset Sharing Fund	\$ -	\$ -	\$ 10,330	\$ 10,330
CDBG Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 35,800	\$ 2,104	\$ (33,696)
Program income	-	-	4,920	4,920
Total miscellaneous revenue	\$ -	\$ 35,800	\$ 7,024	\$ (28,776)
Total revenue from local sources	\$ -	\$ 35,800	\$ 7,024	\$ (28,776)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Other state funds	\$ -	\$ -	\$ 20,000	\$ 20,000
Total categorical aid	\$ -	\$ -	\$ 20,000	\$ 20,000
Total revenue from the Commonwealth	\$ -	\$ -	\$ 20,000	\$ 20,000
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 1,241,964	\$ 412,456	\$ (829,508)
Other categorical aid	-	-	38,000	38,000
Total categorical aid	\$ -	\$ 1,241,964	\$ 450,456	\$ (791,508)
Total revenue from the federal government	\$ -	\$ 1,241,964	\$ 450,456	\$ (791,508)
Total CDBG Projects Fund	\$ -	\$ 1,277,764	\$ 477,480	\$ (800,284)
HMGP Home Elevation Project Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 38,223	\$ -	\$ (38,223)
Total miscellaneous revenue	\$ -	\$ 38,223	\$ -	\$ (38,223)
Total revenue from local sources	\$ -	\$ 38,223	\$ -	\$ (38,223)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund: (Continued)				
Intergovernmental revenues:				
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	\$ -	\$ 363,968	\$ -	\$ (363,968)
Parks and Recreation Project Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
US Dept. of Housing and Urban Development	\$ -	\$ 187,777	\$ -	\$ (187,777)
Total Parks and Recreation Project Fund	\$ -	\$ 187,777	\$ -	\$ (187,777)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 42,596	\$ 42,596
Recovered costs:				
Other recovered costs	\$ 3,261,100	\$ 3,605,681	\$ 3,605,720	\$ 39
Total revenue from local sources	\$ 3,261,100	\$ 3,605,681	\$ 3,648,316	\$ 42,635
Total Debt Service Fund	\$ 3,261,100	\$ 3,605,681	\$ 3,648,316	\$ 42,635
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 720,032	\$ 344	\$ (719,688)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 7,942	\$ -	\$ (7,942)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ -	\$ 352,760	\$ 472,629	\$ 119,869
Total revenue from local sources	\$ -	\$ 1,080,734	\$ 472,973	\$ (607,761)
Revenue from the Commonwealth:				
Categorical aid:				
Department of Mines, Minerals and Energy	\$ -	\$ 150,000	\$ -	\$ (150,000)
Department of Emergency Management	-	1,369,334	-	(1,369,334)
Total categorical aid	\$ -	\$ 1,519,334	\$ -	\$ (1,519,334)
Total revenue from the Commonwealth	\$ -	\$ 1,519,334	\$ -	\$ (1,519,334)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Capital Improvements Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Department of Mines, Minerals and Energy	\$ -	\$ -	\$ 53,995	\$ 53,995
Total County Capital Improvements Fund	\$ -	\$ 2,600,068	\$ 526,968	\$ (2,073,100)
 Total Primary Government	 \$ 30,907,895	 \$ 35,805,180	 \$ 32,148,427	 \$ (3,656,753)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 350,820	\$ 429,669	\$ 373,461	\$ (56,208)
Total revenue from local sources	\$ 350,820	\$ 429,669	\$ 373,461	\$ (56,208)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 7,466,737	\$ 7,654,729	\$ 7,654,729	\$ -
Total revenues from local governments	\$ 7,466,737	\$ 7,654,729	\$ 7,654,729	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,734,542	\$ 1,741,555	\$ 1,717,316	\$ (24,239)
Basic school aid	4,090,494	4,227,745	4,230,025	2,280
ISAP	7,859	7,859	7,859	-
Remedial summer education	-	-	1,120	1,120
Regular foster care	13,573	13,573	-	(13,573)
Special education foster care	-	(756)	13,710	14,466
Gifted and talented	36,673	37,717	37,717	-
Remedial education	208,875	214,825	214,825	-
Adult education	2,638	2,638	-	(2,638)
English as a second language	91,021	83,750	83,750	-
Special education	541,321	556,741	556,741	-
Textbook payment	32,336	33,257	33,257	-
Virginia preschool initiative	219,000	219,000	219,000	-
Social security fringe benefits	227,211	233,683	233,683	-
Retirement fringe benefits	205,686	211,545	211,545	-
Group life insurance fringe benefits	7,972	8,199	8,199	-
SOL algebra	21,323	22,809	22,809	-
Early reading intervention	13,375	13,375	7,430	(5,945)
GED pass-thru grant	-	60,727	60,686	(41)
Homebound special education	1,922	1,669	1,669	-
Project graduation	-	3,000	-	(3,000)
Vocational educational	118,788	126,812	125,770	(1,042)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education regional payments	\$ 16,661	\$ 10,340	\$ 8,366	\$ (1,974)
At risk payments	327,864	336,934	336,934	-
Special education - Jails	4,575	2,700	-	(2,700)
Primary class size	219,579	234,181	234,181	-
Technology	180,000	180,000	166,872	(13,128)
Alternative education	64,757	64,757	64,757	-
Jobs for Virginia graduates	-	21,000	21,000	-
Other state funds	110,969	102,836	108,781	5,945
Mentor teacher programs	2,155	11,590	9,435	(2,155)
Total categorical aid	<u>\$ 8,501,169</u>	<u>\$ 8,784,061</u>	<u>\$ 8,737,437</u>	<u>\$ (46,624)</u>
Total revenue from the Commonwealth	<u>\$ 8,501,169</u>	<u>\$ 8,784,061</u>	<u>\$ 8,737,437</u>	<u>\$ (46,624)</u>
Total School Operating Fund	<u>\$ 16,318,726</u>	<u>\$ 16,868,459</u>	<u>\$ 16,765,627</u>	<u>\$ (102,832)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 150,000	\$ 160,621	\$ 148,455	\$ (12,166)
Total charges for services	<u>\$ 150,000</u>	<u>\$ 160,621</u>	<u>\$ 148,455</u>	<u>\$ (12,166)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 9,245	\$ -	\$ (9,245)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 9,245</u>	<u>\$ -</u>	<u>\$ (9,245)</u>
Total revenue from local sources	<u>\$ 150,000</u>	<u>\$ 169,866</u>	<u>\$ 148,455</u>	<u>\$ (21,411)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,864	\$ 189,336	\$ 13,861	\$ (175,475)
Total categorical aid	<u>\$ 10,864</u>	<u>\$ 189,336</u>	<u>\$ 13,861</u>	<u>\$ (175,475)</u>
Total revenue from the Commonwealth	<u>\$ 10,864</u>	<u>\$ 189,336</u>	<u>\$ 13,861</u>	<u>\$ (175,475)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 724,332	\$ 499,053	\$ 680,536	\$ 181,483
Summer food program grant	-	-	18,400	18,400
USDA commodities	-	-	44,199	44,199
Total categorical aid	<u>\$ 724,332</u>	<u>\$ 499,053</u>	<u>\$ 743,135</u>	<u>\$ 244,082</u>
Total revenue from the federal government	<u>\$ 724,332</u>	<u>\$ 499,053</u>	<u>\$ 743,135</u>	<u>\$ 244,082</u>
Total School Cafeteria Fund	<u>\$ 885,196</u>	<u>\$ 858,255</u>	<u>\$ 905,451</u>	<u>\$ 47,196</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2012 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit-School Board: (Continued)				
School Grants Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 871,257	\$ 1,017,436	\$ 679,186	\$ (338,250)
Title I Part A ARRA	-	13,824	13,824	-
Title I Part C (Migrant)	141,441	295,014	80,477	(214,537)
Other federal grants	-	276,412	267,633	(8,779)
Title II Part A	181,937	291,488	178,674	(112,814)
Title II Part D	5,645	5,946	301	(5,645)
Title II Part D ARRA	-	5,023	5,023	-
Title III Part A	21,718	54,989	20,079	(34,910)
Title VI-B Special education	424,079	649,757	453,324	(196,433)
Title VI-B Special education ARRA	-	78,199	78,199	-
Title VI-B preschool	15,255	37,845	10,415	(27,430)
Title VI-B preschool ARRA	-	5,305	5,305	-
Title VI-B rural and low income schools	43,555	49,882	8,985	(40,897)
1003 G school improvement grant	358,334	2,927,055	1,498,623	(1,428,432)
CTE/Perkins grant	54,570	53,243	37,762	(15,481)
Consortium incentive grants	-	22,197	23,662	1,465
Education JOBS allocation	318,067	325,772	319,190	(6,582)
Total categorical aid	\$ 2,435,858	\$ 6,109,387	\$ 3,680,662	\$ (2,428,725)
Total revenue from the federal government	\$ 2,435,858	\$ 6,109,387	\$ 3,680,662	\$ (2,428,725)
Total School Grants Fund	\$ 2,435,858	\$ 6,109,387	\$ 3,680,662	\$ (2,428,725)
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 171,513	\$ 171,513
Total revenue from local sources	\$ -	\$ -	\$ 171,513	\$ 171,513
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 171,513	\$ 171,513
Total Discretely Presented Component Unit - School Board	\$ 19,639,780	\$ 23,836,101	\$ 21,523,253	\$ (2,312,848)

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Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 25,120	\$ 33,950	\$ 43,389	\$ (9,439)
General and financial administration:				
County administrator	\$ 419,770	\$ 419,879	\$ 369,575	\$ 50,304
County attorney	72,612	72,612	70,520	2,092
Commissioner of revenue	200,456	201,286	201,282	4
General reassessment	181,890	202,910	202,903	7
Treasurer	267,623	267,623	249,034	18,589
Finance	317,378	320,878	280,992	39,886
Department of information technology	220,523	237,468	226,298	11,170
Contingency	105,741	42,717	-	42,717
Other general and financial administration	162,471	162,471	155,906	6,565
Total general and financial administration	\$ 1,948,464	\$ 1,927,844	\$ 1,756,510	\$ 171,334
Board of elections:				
Electoral board and officials	\$ 158,140	\$ 158,140	\$ 134,443	\$ 23,697
Total board of elections	\$ 158,140	\$ 158,140	\$ 134,443	\$ 23,697
Total general government administration	\$ 2,131,724	\$ 2,119,934	\$ 1,934,342	\$ 185,592
Judicial administration:				
Courts:				
Circuit court	\$ 24,932	\$ 24,932	\$ 23,471	\$ 1,461
General district court	5,952	6,042	6,036	6
Magistrate	4,100	4,100	3,452	648
Juvenile and domestic relations district court	2,785	3,675	3,666	9
Clerk of the circuit court	282,294	282,294	269,000	13,294
Victim and witness assistance	19,831	20,024	19,980	44
Total courts	\$ 339,894	\$ 341,067	\$ 325,605	\$ 15,462
Commonwealth's attorney:				
Commonwealth's attorney	\$ 260,919	\$ 261,402	\$ 259,121	\$ 2,281
Total commonwealth's attorney	\$ 260,919	\$ 261,402	\$ 259,121	\$ 2,281
Total judicial administration	\$ 600,813	\$ 602,469	\$ 584,726	\$ 17,743
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,672,785	\$ 1,768,631	\$ 1,696,975	\$ 71,656
Total law enforcement and traffic control	\$ 1,672,785	\$ 1,768,631	\$ 1,696,975	\$ 71,656

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 12,611	\$ 12,955	\$ 12,758	\$ 197
Fire prevention	155,399	155,399	147,678	7,721
Emergency medical services	964,197	974,754	941,366	33,388
Total fire and rescue services	<u>\$ 1,132,207</u>	<u>\$ 1,143,108</u>	<u>\$ 1,101,802</u>	<u>\$ 41,306</u>
Correction and detention:				
Judicial court services	\$ 37,300	\$ 37,300	\$ 21,880	\$ 15,420
Total correction and detention	<u>\$ 37,300</u>	<u>\$ 37,300</u>	<u>\$ 21,880</u>	<u>\$ 15,420</u>
Inspections:				
Building	\$ 211,185	\$ 211,185	\$ 132,026	\$ 79,159
Total inspections	<u>\$ 211,185</u>	<u>\$ 211,185</u>	<u>\$ 132,026</u>	<u>\$ 79,159</u>
Other protection:				
Animal control	\$ 126,967	\$ 126,967	\$ 126,470	\$ 497
Other emergency services	249,066	277,466	270,459	7,007
Contribution to animal control facility	25,200	25,200	24,850	350
Total other protection	<u>\$ 401,233</u>	<u>\$ 429,633</u>	<u>\$ 421,779</u>	<u>\$ 7,854</u>
Total public safety	<u>\$ 3,454,710</u>	<u>\$ 3,589,857</u>	<u>\$ 3,374,462</u>	<u>\$ 215,395</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,244,666	\$ 1,245,626	\$ 1,243,776	\$ 1,850
Administration	78,142	78,152	78,149	3
Total sanitation and waste removal	<u>\$ 1,322,808</u>	<u>\$ 1,323,778</u>	<u>\$ 1,321,925</u>	<u>\$ 1,853</u>
Maintenance of general buildings and grounds:				
General properties	\$ 536,162	\$ 545,047	\$ 525,996	\$ 19,051
Total maintenance of general buildings and grounds	<u>\$ 536,162</u>	<u>\$ 545,047</u>	<u>\$ 525,996</u>	<u>\$ 19,051</u>
Total public works	<u>\$ 1,858,970</u>	<u>\$ 1,868,825</u>	<u>\$ 1,847,921</u>	<u>\$ 20,904</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, 2012 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 57,855	\$ 57,855	\$ 57,855	\$ -
Total mental health and mental retardation	\$ 57,855	\$ 57,855	\$ 57,855	\$ -
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	208,000	208,000	104,000	104,000
Total welfare	\$ 209,800	\$ 209,800	\$ 105,800	\$ 104,000
Total health and welfare	\$ 620,974	\$ 620,974	\$ 516,974	\$ 104,000
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 21,136	\$ 21,136	\$ 20,723	\$ 413
Contribution to County School Board	7,466,737	7,654,729	7,654,729	-
Total education	\$ 7,487,873	\$ 7,675,865	\$ 7,675,452	\$ 413
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 146,822	\$ 151,332	\$ 133,306	\$ 18,026
Harbors and boat ramps	69,922	71,422	26,740	44,682
Total parks and recreation	\$ 216,744	\$ 222,754	\$ 160,046	\$ 62,708
Library:				
Contribution to regional library	\$ 106,420	\$ 106,420	\$ 106,420	\$ -
Contribution to local library	15,500	15,500	15,500	-
Total library	\$ 121,920	\$ 121,920	\$ 121,920	\$ -
Total parks, recreation, and cultural	\$ 338,664	\$ 344,674	\$ 281,966	\$ 62,708
Community development:				
Planning and community development:				
Community development	\$ 54,027	\$ 54,027	\$ 54,027	\$ -
Planning and zoning	480,333	480,333	433,668	46,665
Code compliance	122,923	122,923	114,180	8,743
Economic development	85,000	75,000	5,522	69,478
Wetlands board	2,100	2,100	1,362	738
Planning commission	6,952	6,952	4,373	2,579
Other economic development	236,951	241,951	272,009	(30,058)
Total planning and community development	\$ 988,286	\$ 983,286	\$ 885,141	\$ 98,145
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 28,508	\$ 28,508	\$ 28,508	\$ -
Total environmental management	\$ 28,508	\$ 28,508	\$ 28,508	\$ -
Cooperative extension program:				
Extension office	\$ 81,251	\$ 81,251	\$ 68,562	\$ 12,689
Total cooperative extension program	\$ 81,251	\$ 81,251	\$ 68,562	\$ 12,689
Total community development	\$ 1,098,045	\$ 1,093,045	\$ 982,211	\$ 110,834

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 165,496	\$ 165,496	\$ 116,965	\$ 48,531
Interest and other fiscal charges	17,763	17,763	4,158	13,605
Total debt service	<u>\$ 183,259</u>	<u>\$ 183,259</u>	<u>\$ 121,123</u>	<u>\$ 62,136</u>
Total General Fund	<u>\$ 17,775,032</u>	<u>\$ 18,098,902</u>	<u>\$ 17,319,177</u>	<u>\$ 779,725</u>
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 3,493,095	\$ 3,458,066	\$ 3,171,569	\$ 286,497
Total correction and detention	<u>\$ 3,493,095</u>	<u>\$ 3,458,066</u>	<u>\$ 3,171,569</u>	<u>\$ 286,497</u>
Total Eastern Shore Regional Jail Fund	<u>\$ 3,493,095</u>	<u>\$ 3,458,066</u>	<u>\$ 3,171,569</u>	<u>\$ 286,497</u>
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,033,095	\$ 2,033,095	\$ 2,001,403	\$ 31,692
Public assistance	660,500	660,500	351,361	309,139
Other welfare services	523,136	523,136	254,915	268,221
Total welfare and social services	<u>\$ 3,216,731</u>	<u>\$ 3,216,731</u>	<u>\$ 2,607,679</u>	<u>\$ 609,052</u>
Total health and welfare	<u>\$ 3,216,731</u>	<u>\$ 3,216,731</u>	<u>\$ 2,607,679</u>	<u>\$ 609,052</u>
Total Virginia Public Assistance Fund	<u>\$ 3,216,731</u>	<u>\$ 3,216,731</u>	<u>\$ 2,607,679</u>	<u>\$ 609,052</u>
Purchase of Development Rights Fund:				
Community development:				
Planning and community development:				
Purchase of development rights	<u>\$ 25,012</u>	<u>\$ 45,287</u>	<u>\$ 5,000</u>	<u>\$ 40,287</u>
Total Purchase of Development Rights Fund	<u>\$ 25,012</u>	<u>\$ 45,287</u>	<u>\$ 5,000</u>	<u>\$ 40,287</u>
CDBG Projects Fund:				
Community development:				
Planning and community development:				
East Fairview CDBG project	\$ -	\$ 7,197	\$ 9,567	\$ (2,370)
West Fairview CDBG project	-	243,481	-	243,481
CDBG Regional broadband project	-	193,379	192,968	411
Wastewater project	-	-	20,000	(20,000)
Culls Community CDBG project	-	810,970	161,026	649,944
Total community development	<u>\$ -</u>	<u>\$ 1,255,027</u>	<u>\$ 383,561</u>	<u>\$ 871,466</u>
Total CDBG Projects Fund	<u>\$ -</u>	<u>\$ 1,255,027</u>	<u>\$ 383,561</u>	<u>\$ 871,466</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund:				
Community development:				
Planning and community development:				
Home elevation improvements	\$ -	\$ 434,192	\$ -	\$ 434,192
Total community development	\$ -	\$ 434,192	\$ -	\$ 434,192
Total HMGP Home Elevation Project Fund	\$ -	\$ 434,192	\$ -	\$ 434,192
Parks and Recreation Project Fund:				
Capital projects:				
Parks and recreation improvements	\$ -	\$ 49,049	\$ 16,606	\$ 32,443
Total capital projects	\$ -	\$ 49,049	\$ 16,606	\$ 32,443
Total Parks and Recreation Project Fund	\$ -	\$ 49,049	\$ 16,606	\$ 32,443
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,660,251	\$ 2,660,251	\$ 2,413,715	\$ 246,536
Interest and other fiscal charges	1,645,796	1,645,796	1,591,625	54,171
Other debt service	2,309,815	2,309,815	(5,872)	2,315,687
Total Debt Service Fund	\$ 6,615,862	\$ 6,615,862	\$ 3,999,468	\$ 2,616,394
Capital Projects Funds:				
Capital Improvements Fund:				
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 1,219,601	\$ -	\$ 1,219,601
Administrative building renovations	-	1,737,393	1,681,327	56,066
Emergency services equipment	-	1,351,425	47,869	1,303,556
School capital assets	-	745,525	433,829	311,696
Judicial court services	-	225,710	225,709	1
Contingencies	-	278,535	-	278,535
Jail construction	-	3	-	3
Solid waste transfer station and other construction	-	485,710	158,553	327,157
Property acquisition	-	-	90,951	(90,951)
Total capital projects	\$ -	\$ 6,043,902	\$ 2,638,238	\$ 3,405,664
Debt service:				
Interest and other fiscal charges	\$ -	\$ 31,002	\$ -	\$ 31,002
Total debt service	\$ -	\$ 31,002	\$ -	\$ 31,002
Total Capital Improvements Fund	\$ -	\$ 6,074,904	\$ 2,638,238	\$ 3,436,666
Total Primary Government	\$ 31,125,732	\$ 39,248,020	\$ 30,141,298	\$ 9,106,722

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 1,882,371	\$ 1,882,371	\$ 706,013	\$ 1,176,358
Total administration of schools	\$ 1,882,371	\$ 1,882,371	\$ 706,013	\$ 1,176,358
Instruction costs:				
Elementary and secondary schools	\$ 10,488,445	\$ 10,969,829	\$ 13,485,748	\$ (2,515,919)
Total instruction costs	\$ 10,488,445	\$ 10,969,829	\$ 13,485,748	\$ (2,515,919)
Operating costs:				
Pupil transportation	\$ 1,514,792	\$ 1,540,899	\$ 949,127	\$ 591,772
Operation and maintenance of school plant	2,000,332	2,000,332	1,071,340	928,992
Total operating costs	\$ 3,515,124	\$ 3,541,231	\$ 2,020,467	\$ 1,520,764
Contribution to County Capital Projects Fund	\$ -	\$ 352,760	\$ 472,629	\$ (119,869)
Total education	\$ 15,885,940	\$ 16,746,191	\$ 16,684,857	\$ 61,334
Debt service:				
Principal retirement	\$ 393,739	\$ 393,739	\$ 393,739	\$ -
Interest and other fiscal charges	39,047	39,047	39,047	-
Total debt service	\$ 432,786	\$ 432,786	\$ 432,786	\$ -
Total School Operating Fund	\$ 16,318,726	\$ 17,178,977	\$ 17,117,643	\$ 61,334
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 885,196	\$ 858,453	\$ 805,455	\$ 52,998
USDA commodities	-	-	44,199	(44,199)
Total school food services	\$ 885,196	\$ 858,453	\$ 849,654	\$ 8,799
Total education	\$ 885,196	\$ 858,453	\$ 849,654	\$ 8,799
Total School Cafeteria Fund	\$ 885,196	\$ 858,453	\$ 849,654	\$ 8,799
School Grants Fund:				
Education:				
Instruction	\$ 2,435,858	\$ 6,109,387	\$ 3,671,150	\$ 2,438,237
Total School Grants Fund	\$ 2,435,858	\$ 6,109,387	\$ 3,671,150	\$ 2,438,237
School Retiree Health Insurance Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 167,414	\$ (167,414)
Total education	\$ -	\$ -	\$ 167,414	\$ (167,414)
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 167,414	\$ (167,414)
Total Discretely Presented Component Unit - School Board	\$ 19,639,780	\$ 24,146,817	\$ 21,805,861	\$ 2,340,956

Statistical Section

Contents

Tables

Financial Trends

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

1-4

Revenue Capacity

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

5-8

Debt Capacity

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

9-10

Demographic and Economic Information

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

11-12

Operating Information

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

13-15

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

COUNTY OF NORTHAMPTON, VIRGINIA

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 13,813,629	\$ 11,716,567	\$ 8,893,564	\$ 12,200,548
Restricted	2,690,446	2,279,410	2,016,857	1,027,524
Unrestricted	8,399,606	6,930,654	10,914,539	734,791
Total governmental activities net assets	<u>\$ 24,903,681</u>	<u>\$ 20,926,631</u>	<u>\$ 21,824,960</u>	<u>\$ 13,962,863</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ -	\$ 7,136	\$ 8,849	\$ 10,562
Unrestricted	(27,136)	(131,380)	(16,115)	(17,828)
Total business-type activities net assets	<u>\$ (27,136)</u>	<u>\$ (124,244)</u>	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>
Primary government				
Invested in capital assets, net of related debt	\$ 13,813,629	\$ 11,723,703	\$ 8,902,413	\$ 12,211,110
Restricted	2,690,446	2,279,410	2,016,857	1,027,524
Unrestricted	8,372,470	6,799,274	10,898,424	716,963
Total primary government net assets	<u>\$ 24,876,545</u>	<u>\$ 20,802,387</u>	<u>\$ 21,817,694</u>	<u>\$ 13,955,597</u>

Table 1

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 3,337,644	\$ 5,878,385	\$ 4,007,409	\$ 2,891,713	\$ 926,041	\$ (1,788,739)
753,414	474,573	349,601	184,152	72,285	317,773
2,784,343	3,102,846	1,396,523	1,060,779	(774,921)	1,758,612
<u>\$ 6,875,401</u>	<u>\$ 9,455,804</u>	<u>\$ 5,753,533</u>	<u>\$ 4,136,644</u>	<u>\$ 223,405</u>	<u>\$ 287,646</u>
\$ 12,275	\$ -	\$ -	\$ -	\$ -	\$ -
(19,541)	-	-	-	-	-
<u>\$ (7,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,349,919	\$ 5,878,385	\$ 4,007,409	\$ 2,891,713	\$ 926,041	\$ (1,788,739)
753,414	474,573	349,601	184,152	72,285	317,773
2,764,802	3,102,846	1,396,523	1,060,779	(774,921)	1,758,612
<u>\$ 6,868,135</u>	<u>\$ 9,455,804</u>	<u>\$ 5,753,533</u>	<u>\$ 4,136,644</u>	<u>\$ 223,405</u>	<u>\$ 287,646</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2011	2010	2009
Expenses				
Governmental activities:				
General government administration	\$ 2,421,964	\$ 1,880,236	\$ 1,609,696	\$ 2,062,347
Judicial administration	791,212	755,107	700,167	1,118,587
Public safety	3,875,834	7,220,089	7,006,458	7,067,742
Public works	2,171,427	3,046,144	1,345,320	2,771,451
Health and welfare	3,182,812	3,352,694	4,192,321	3,855,439
Education	8,009,717	8,807,476	8,307,555	9,710,756
Parks, recreation, cultural	343,025	352,034	300,973	293,853
Community development	1,414,090	1,849,353	900,746	1,368,325
Interest on long-term debt	1,598,507	1,630,403	1,657,839	2,176,369
Total governmental activities expenses	\$ 23,808,588	\$ 28,893,536	\$ 26,021,075	\$ 30,424,869
Business-type activities:				
Public utilities	\$ 95,162	\$ 171,219	\$ 83,596	\$ 86,402
Total business-type activities expenses	\$ 95,162	\$ 171,219	\$ 83,596	\$ 86,402
Total Primary government expenses	\$ 23,903,750	\$ 29,064,755	\$ 26,104,671	\$ 30,511,271
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ -	\$ -	\$ -	\$ 117,117
Judicial administration	309,943	246,548	236,585	1,532
Public safety	182,244	180,166	294,899	369,089
Public works	448,334	397,766	330,862	303,654
Parks, recreation, culture	71,060	43,447	49,180	18,662
Community development	108	372	-	283,323
Operating grants and contributions	6,586,173	7,542,861	6,591,543	6,792,581
Capital grants and contributions	139,418	150,000	6,269,953	9,518,123
Total governmental activities program revenues	\$ 7,737,280	\$ 8,561,160	\$ 13,773,022	\$ 17,404,081
Business-type activities:				
Charges for services	\$ -	\$ 54,241	\$ 57,489	\$ 26,663
Total business-type activities program revenues	\$ -	\$ 54,241	\$ 57,489	\$ 26,663
Total primary government program revenue	\$ 7,737,280	\$ 8,615,401	\$ 13,830,511	\$ 17,430,744
Net(Expense)/Revenue				
Governmental activities	\$ (16,071,308)	\$ (20,332,376)	\$ (12,248,053)	\$ (13,020,788)
Business-type activities	(95,162)	(116,978)	(26,107)	(59,739)
Total primary government net expense	\$ (16,166,470)	\$ (20,449,354)	\$ (12,274,160)	\$ (13,080,527)

Table 2
Page 1 of 2

	2008	2007	2006	2005	2004	2003
\$	2,750,816	\$ 1,836,811	\$ 1,625,617	\$ 1,538,130	\$ 1,441,694	\$ 1,368,561
	1,223,208	1,081,364	966,440	870,211	764,934	724,729
	6,753,142	4,571,938	3,489,595	3,391,928	3,704,083	3,135,178
	1,461,183	1,575,481	1,653,659	939,072	873,439	853,656
	3,934,795	3,733,684	3,391,314	3,517,236	3,141,005	2,888,067
	8,410,381	7,707,296	7,578,332	6,037,215	5,298,083	4,868,519
	370,596	325,906	350,309	355,501	351,289	390,731
	1,732,461	1,604,728	1,626,484	1,467,840	1,445,528	1,798,733
	2,326,326	2,054,896	1,696,123	1,100,212	952,427	894,337
\$	<u>28,962,908</u>	<u>\$ 24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>	<u>\$ 17,972,482</u>	<u>\$ 16,922,511</u>
\$	25,566	\$ -	\$ -	\$ -	\$ -	\$ -
\$	<u>25,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>28,988,474</u>	<u>\$ 24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>	<u>\$ 17,972,482</u>	<u>\$ 16,922,511</u>
\$	139,233	\$ 108,788	\$ 62,593	\$ 58,566	\$ 47,039	\$ 39,756
	4,573	67,234	2,379	932	2,597	36,582
	373,412	296,998	284,759	222,903	175,361	148,686
	58,655	78,759	63,672	177,928	166,019	309,007
	15,440	14,820	14,156	13,798	14,599	13,010
	348,133	364,856	374,874	614,077	274,038	261,740
	7,169,684	5,567,059	4,927,797	5,124,701	5,582,173	4,670,244
	151,205	4,060,879	469,055	250,729	239,964	737,977
\$	<u>8,260,335</u>	<u>\$ 10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>	<u>\$ 6,501,790</u>	<u>\$ 6,217,002</u>
\$	18,300	\$ -	\$ -	\$ -	\$ -	\$ -
\$	<u>18,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>8,278,635</u>	<u>\$ 10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>	<u>\$ 6,501,790</u>	<u>\$ 6,217,002</u>
\$	(20,702,573)	\$ (13,932,711)	\$ (16,178,588)	\$ (12,753,711)	\$ (11,470,692)	\$ (10,705,509)
	(7,266)	-	-	-	-	-
\$	<u>(20,709,839)</u>	<u>\$ (13,932,711)</u>	<u>\$ (16,178,588)</u>	<u>\$ (12,753,711)</u>	<u>\$ (11,470,692)</u>	<u>\$ (10,705,509)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
General property taxes	\$ 15,640,011	\$ 15,457,110	\$ 15,591,694	\$ 15,323,293
Local sales and use tax	1,177,340	1,064,382	1,041,256	1,086,465
Communication sales tax	-	-	-	507,013
Consumer utility tax	313,641	316,147	512,946	320,085
Business license taxes	40,968	44,943	42,978	16,355
Franchise taxes	-	-	-	-
Hotel and meals taxes	265,688	258,405	483,995	530,968
E-911 taxes	-	-	-	-
Other local taxes	695,252	682,452	494,685	445,393
Unrestricted revenues from use of money and property	128,069	79,445	86,717	208,654
Miscellaneous	190,464	76,049	87,554	303,303
Grants and contributions not restricted to specific programs	1,796,331	1,794,768	1,666,792	1,307,051
Gain(loss) on disposal of capital assets	-	-	-	119,409
Transfers	(199,406)	436,301	(26,107)	(59,739)
Total governmental activities	\$ 20,048,358	\$ 20,210,002	\$ 19,982,510	\$ 20,108,250
Business-type activities:				
Miscellaneous	\$ (7,136)	\$ -	\$ -	\$ -
Transfers	199,406	-	26,107	59,739
Total business-type activities	\$ 192,270	\$ -	\$ 26,107	\$ 59,739
Total primary government	\$ 20,240,628	\$ 20,210,002	\$ 20,008,617	\$ 20,167,989
Change in Net Assets				
Governmental activities	\$ 3,977,050	\$ (122,374)	\$ 7,734,457	\$ 7,087,462
Business-type activities	97,108	(116,978)	-	-
Total primary government	\$ 4,074,158	\$ (239,352)	\$ 7,734,457	\$ 7,087,462

Table 2

Page 2 of 2

	2008	2007	2006	2005	2004	2003
\$	12,226,724	\$ 12,122,410	\$ 11,229,030	\$ 10,132,568	\$ 7,582,255	\$ 8,000,548
	1,279,051	1,346,943	1,311,705	1,132,340	930,749	1,085,043
	558,021	239,287	-	-	-	-
	305,629	405,185	639,003	685,523	729,553	-
	20,424	13,725	15,174	16,637	14,124	-
	-	12,037	5,879	14,002	15,472	-
	552,122	358,832	438,483	417,525	429,485	-
	-	-	156,632	121,222	119,594	-
	483,882	558,807	588,299	764,278	462,992	1,331,404
	767,134	796,109	795,440	354,403	166,745	193,137
	390,500	210,872	242,363	221,952	128,149	150,696
	1,526,036	1,565,029	1,724,185	1,471,448	706,531	1,363,241
	12,647	-	-	-	(6,889)	-
	-	-	-	-	-	-
\$	<u>18,122,170</u>	<u>\$ 17,629,236</u>	<u>\$ 17,146,193</u>	<u>\$ 15,331,898</u>	<u>\$ 11,278,760</u>	<u>\$ 12,124,069</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>18,122,170</u>	<u>\$ 17,629,236</u>	<u>\$ 17,146,193</u>	<u>\$ 15,331,898</u>	<u>\$ 11,278,760</u>	<u>\$ 12,124,069</u>
\$	(2,580,403)	\$ 3,696,525	\$ 967,605	\$ 2,578,187	(191,932)	\$ 1,418,560
	(7,266)	-	-	-	-	-
\$	<u>(2,587,669)</u>	<u>\$ 3,696,525</u>	<u>\$ 967,605</u>	<u>\$ 2,578,187</u>	<u>(191,932)</u>	<u>\$ 1,418,560</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund				
Reserved	\$ -	\$ -	\$ 246,159	\$ 87,818
Unreserved	-	-	4,336,539	3,783,923
Restricted	-	1,334,815	-	-
Unassigned	<u>6,598,399</u>	<u>4,191,411</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ 6,598,399</u>	<u>\$ 5,526,226</u>	<u>\$ 4,582,698</u>	<u>\$ 3,871,741</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ 2,016,857	\$ 1,722,914
Unreserved, reported in:				
Special revenue funds	-	-	55,070	65,165
Debt service funds	-	-	-	440,816
Capital projects funds	-	-	7,518,666	10,300,626
Nonspendable	-	624,228	-	-
Restricted	2,690,446	1,123,573	-	-
Committed	4,378,522	4,410,088	-	-
Unassigned	<u>(168,211)</u>	<u>(176,288)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,900,757</u>	<u>\$ 5,981,601</u>	<u>\$ 9,590,593</u>	<u>\$ 12,529,521</u>

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

Table 3

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 75,584	\$ 175,776	\$ 42,385	\$ 23,144	\$ 9,058	\$ -
4,399,830	5,370,220	5,863,933	5,266,780	3,472,125	3,573,885
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,475,414</u>	<u>\$ 5,545,996</u>	<u>\$ 5,906,318</u>	<u>\$ 5,289,924</u>	<u>\$ 3,481,183</u>	<u>\$ 3,573,885</u>
\$ 1,581,003	\$ 1,319,773	\$ 1,194,801	\$ 1,029,352	\$ 9,391,026	\$ 10,595,182
43,601	53,883	73,584	93,785	115,207	94,654
1,161,023	415,849	456,825	428,397	-	-
12,573,719	15,749,848	11,114,139	11,811,825	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 15,359,346</u>	<u>\$ 17,539,353</u>	<u>\$ 12,839,349</u>	<u>\$ 13,363,359</u>	<u>\$ 9,506,233</u>	<u>\$ 10,689,836</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2012	2011	2010
REVENUES			
General property taxes	\$ 15,691,764	\$ 15,420,768	\$ 15,077,656
Other local taxes	2,492,889	2,366,329	2,892,710
Permits, privilege fees, and regulatory licenses	134,793	125,374	192,564
Fines and forfeitures	162,917	117,466	114,132
Revenue from the use of money and property	128,069	111,289	78,806
Charges for services	713,979	625,459	604,829
Miscellaneous	109,602	76,049	87,554
Recovered costs	3,719,863	346,093	428,125
Intergovernmental revenues	8,994,551	9,923,930	8,258,638
Total revenues	<u>\$ 32,148,427</u>	<u>\$ 29,112,757</u>	<u>\$ 27,735,014</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,934,342	\$ 1,714,692	\$ 1,770,821
Judicial administration	584,726	592,779	584,458
Public safety	6,546,031	6,594,780	6,119,994
Public works	1,847,921	1,777,069	1,725,082
Health and welfare	3,124,653	3,312,480	4,104,825
Education	7,675,452	7,625,997	7,656,078
Parks, recreation, and cultural	281,966	258,761	313,905
Community development	1,370,772	1,849,972	1,003,195
Capital projects	2,654,844	3,849,415	2,492,436
Debt service:			
Principal retirement	2,530,680	2,523,955	3,825,226
Interest and other fiscal charges	1,589,911	1,784,540	1,810,090
Total expenditures	<u>\$ 30,141,298</u>	<u>\$ 31,884,440</u>	<u>\$ 31,406,110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,007,129</u>	<u>\$ (2,771,683)</u>	<u>\$ (3,671,096)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 5,659,288	\$ 6,089,652	\$ 6,449,976
Transfers out	(5,858,694)	(6,089,652)	(6,476,083)
Sale of capital assets	-	-	-
Bonds issued	-	-	1,390,000
Issuance of capital leases	183,606	106,219	79,232
Sale of industrial park property	-	-	-
Total other financing sources (uses)	<u>\$ (15,800)</u>	<u>\$ 106,219</u>	<u>\$ 1,443,125</u>
Net change in fund balances	\$ 1,991,329	\$ (2,665,464)	\$ (2,227,971)
Fund balances - beginning	11,507,827	14,173,291	16,401,262
Fund balances - ending	<u>\$ 13,499,156</u>	<u>\$ 11,507,827</u>	<u>\$ 14,173,291</u>
Debt Service as a percentage of noncapital expenditures	<u>15.07%</u>	<u>15.28%</u>	<u>23.62%</u>

N/A - This information was unavailable.

Table 4

2009	2008	2007	2006	2005	2004	2003
\$ 14,963,530	\$ 12,170,249	\$ 11,798,754	\$ 11,031,798	\$ 10,074,541	\$ 8,281,143	\$ 7,776,393
2,906,279	3,199,129	2,934,816	3,155,175	3,151,527	2,701,969	2,416,447
238,126	293,445	322,274	336,333	505,390	158,704	144,202
114,630	136,138	107,828	61,393	55,166	37,639	39,756
213,130	786,364	832,703	804,699	372,303	166,745	193,137
560,304	273,121	239,436	146,333	308,234	296,991	420,909
17,302	122,907	132,274	187,918	135,433	79,239	87,245
180,390	176,043	61,292	94,276	105,276	77,541	102,289
17,892,885	9,150,652	7,665,511	7,322,733	7,032,403	6,685,978	6,933,496
\$ 37,086,576	\$ 26,308,048	\$ 24,094,888	\$ 23,140,658	\$ 21,740,273	\$ 18,485,949	\$ 18,113,874
\$ 1,961,150	\$ 2,665,789	\$ 1,908,408	\$ 1,759,304	\$ 1,604,512	\$ 1,484,111	\$ 1,359,167
940,492	1,054,686	913,982	964,096	849,032	772,334	737,665
6,135,182	6,007,989	4,547,495	3,587,210	3,374,709	3,761,497	3,063,436
1,983,356	1,368,205	1,884,483	1,128,292	976,451	841,572	863,019
3,776,353	3,891,270	3,695,260	3,353,479	3,500,850	3,134,558	2,891,090
9,903,796	8,361,729	7,363,024	7,218,237	5,724,062	5,096,499	4,690,463
273,887	396,876	308,779	336,579	535,900	424,853	374,745
1,347,828	1,670,771	1,620,683	1,604,750	1,440,409	1,471,624	1,792,881
2,339,000	2,277,295	5,730,156	20,383,413	5,981,567	3,228,330	270,362
12,188,497	1,639,477	1,519,387	1,370,202	1,280,712	1,223,886	1,386,408
2,072,831	4,071,173	2,003,577	1,649,882	1,110,625	929,700	1,078,971
\$ 42,922,372	\$ 33,405,260	\$ 31,495,234	\$ 43,355,444	\$ 26,378,829	\$ 22,368,964	\$ 18,508,207
\$ (5,835,796)	\$ (7,097,212)	\$ (7,400,346)	\$ (20,214,786)	\$ (4,638,556)	\$ (3,883,015)	\$ (394,333)
\$ 5,054,754	\$ 6,954,429	\$ 3,239,820	\$ 3,460,757	\$ 2,989,731	\$ 2,279,937	\$ 5,582,348
(5,114,493)	(6,954,429)	(3,239,820)	(3,460,757)	(2,989,731)	(2,279,937)	(5,582,348)
263,687	12,647	-	-	-	-	-
1,378,350	-	11,345,428	20,000,000	9,822,050	2,142,167	11,199,389
820,000	502,116	394,600	307,170	177,950	233,400	-
-	3,331,860	-	-	-	-	-
\$ 2,402,298	\$ 3,846,623	\$ 11,740,028	\$ 20,307,170	\$ 10,000,000	\$ 2,375,567	\$ 11,199,389
\$ (3,433,498)	\$ (3,250,589)	\$ 4,339,682	\$ 92,384	\$ 5,361,444	\$ (1,507,448)	\$ 10,805,056
19,834,760	23,085,349	18,745,667	18,653,283	13,291,839	14,263,721	3,353,776
\$ 16,401,262	\$ 19,834,760	\$ 23,085,349	\$ 18,745,667	\$ 18,653,283	\$ 12,756,273	\$ 14,158,832
36.04%	18.80%	14.30%	13.40%	12.10%	11.50%	13.60%

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	December 31, 2012			December 31, 2003		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bay Creek South LLC	\$ 49,453,700	1	1.77 %	\$ -	-	- %
Bay Creek LLC	20,992,200	2	0.75	2,066,100	10	0.21
Daniel A. Hoffer	16,549,000	3	0.59	3,231,100	4	0.33
Baymark Construction Corporation	16,250,000	4	0.58	-	-	-
Bayshore Concrete Products Corporation	13,571,500	5	0.49	-	-	-
Beco Tower Hill LLC	12,043,100	6	0.43	-	-	-
The Nature Conservancy	11,320,600	7	0.41	-	-	-
Ballard Bothers Fish Company	11,294,900	8	0.40	3,017,100	5	0.31
Cherrydale by the See LLC	7,826,100	9	0.28	-	-	-
C A Turner Jr Family Limited Partnership	7,675,500	10	0.28	-	-	-
HCMF Partnership	-	-	-	3,628,900	1	0.37
K Mart	-	-	-	3,588,500	2	0.37
Virginia Realty	-	-	-	3,384,400	3	0.35
Perdue Farms	-	-	-	2,430,600	6	0.25
Woodlee Terrace Development Co.	-	-	-	2,352,200	7	0.24
Hertigage Acres, Ltd	-	-	-	2,176,600	8	0.22
Shore Landvest, Inc.	-	-	-	2,095,000	9	0.21
	<u>\$ 166,976,600</u>		<u>5.99 %</u>	<u>\$ 27,970,500</u>		<u>2.86 %</u>

Source: Northampton County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2003	\$ 9,037,107	\$ (69,591)	\$ 8,967,516	\$ 8,174,270	90.45%	\$ 657,165	\$ 8,831,435	98.48%
2004	9,539,424	(48,486)	9,490,938	8,824,551	92.51%	561,786	9,386,337	98.90%
2005	11,376,690	(46,209)	11,330,481	10,610,313	93.26%	623,513	11,233,826	99.15%
2006	12,442,870	(70,530)	12,372,340	11,479,322	92.26%	761,237	12,240,559	98.93%
2007	12,910,798	(38,931)	12,871,867	12,200,316	94.50%	524,521	12,724,837	98.86%
2008	13,853,742	(19,231)	13,834,511	12,998,714	93.83%	562,836	13,561,550	98.03%
2009	16,846,757	(168,103)	16,678,654	15,371,677	91.24%	503,828	15,875,505	95.18%
2010	16,515,472	(136,186)	16,379,286	15,217,406	92.14%	506,483	15,723,889	96.00%
2011	15,149,699	(127,344)	15,022,355	14,145,065	93.37%	466,411	14,611,476	97.26%
2012	15,401,065	(141,860)	15,259,205	14,384,322	93.40%	-	14,384,322	94.27%

Source: Northampton County Treasurer's Department

COUNTY OF NORTHAMPTON, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended	Real Property (1)					Motor Vehicles and Tangibles	
	Residential Property	Commercial Property	Raw Land	Public Service Property	Tax Rate per \$100		Tax Rate per \$100
2003	\$ 577,957,000	\$ 76,215,600	\$ 185,509,700	\$ 33,440,494	\$ 0.66	\$ 94,815,640	\$ 4.10
2004	607,966,460	76,535,700	186,070,500	34,164,203	0.67	102,055,175	4.10
2005	855,315,500	91,047,000	237,722,500	44,915,633	0.65	109,683,570	4.10
2006	872,005,386	94,831,800	232,798,300	40,121,774	0.70	112,332,279	4.10
2007	924,544,333	107,725,200	224,584,800	25,334,451	0.70	118,071,322	4.10
2008	1,041,162,452	109,343,300	221,384,100	23,221,600	0.70	121,233,258	4.10
2009	1,730,453,549	163,617,300	595,142,800	48,255,100	0.49	111,995,167	4.10
2010	2,104,602,800	179,176,900	584,621,300	42,929,400	0.49	84,183,800	4.10
2011	1,814,315,428	179,176,900	584,621,300	42,929,400	0.49	112,030,400	4.10
2012	1,858,006,256	179,480,200	580,084,700	52,452,600	0.49	116,314,694	4.10

Source: Northampton County Commissioner of Revenue Department

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

Table 7

Personal Property (1)						Total Taxable Assessed Value	Direct Tax Rate per \$100
Public Service Property	Tax Rate per \$100	Machinery and Tools	Tax Rate per \$100	Merchant's Capital	Tax Rate per \$100		
\$ 465,829	\$ 4.10	\$ 3,329,100	\$ 2.25	\$ 1,315,900	\$ 6.25	\$ 973,049,263	\$ 1.010
134,931	4.10	4,058,200	2.25	1,261,600	6.25	1,012,246,769	1.030
496,898	4.10	4,804,700	2.25	1,049,438	6.25	1,345,035,239	0.943
217,240	4.10	4,033,356	2.25	1,189,900	6.25	1,357,530,035	0.991
25,117	4.10	3,841,317	2.25	1,269,800	6.25	1,405,396,340	0.995
380,200	4.10	3,375,700	2.25	1,418,500	6.25	1,521,519,110	0.981
1,825,600	4.10	2,495,150	2.25	1,530,600	6.25	2,655,315,266	0.650
1,148,100	4.10	2,703,300	2.25	-	0.00	2,999,365,600	0.594
1,148,100	4.10	2,827,200	2.25	-	0.00	2,737,048,728	0.642
383,100	4.10	2,746,500	2.25	-	0.00	2,789,468,050	0.603

COUNTY OF NORTHAMPTON, VIRGINIA

Table 8

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

Fiscal Year	Real Estate	Motor Vehicles and Tangibles	Machinery and Tools	Merchant's Capital	Total Direct Rate
2003	\$ 0.592	\$ 0.401	\$ 0.008	\$ 0.008	1.009
2004	0.599	0.414	0.009	0.008	1.030
2005	0.594	0.336	0.008	0.005	0.943
2006	0.639	0.340	0.007	0.005	0.991
2007	0.639	0.345	0.006	0.006	0.996
2008	0.642	0.328	0.005	0.006	0.981
2009	0.468	0.176	0.002	0.004	0.650
2010	0.477	0.115	0.002	-	0.594
2011	0.491	0.149	0.002	-	0.642
2012	0.501	0.100	0.002	-	0.603

Source: Northampton County Commissioner of Revenue Department

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

Overlapping Rates

Fiscal Year	Town of Eastville		Town of Cape Charles		Town of Exmore		Town of Belle Haven
	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate
2003	\$ 0.0275	\$ 0.2500	\$ 0.3700	2.00	\$ 0.1200	\$ 0.4500	0.0400
2004	0.0275	0.2500	0.3700	2.00	0.1600	0.4500	0.0400
2005	0.0275	0.2500	0.3700	2.00	0.1600	0.4500	0.0400
2006	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2007	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2008	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2009	0.0175	0.2500	0.1628	2.00	0.1200	0.4900	0.0400
2010	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0400
2011	0.0175	0.2500	0.1628	2.00	0.1200	0.4900	0.0850
2012	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds				Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Less: Amounts Restricted to Repaying Principal	Total	Per Capita(a)	
2003	\$ 21,397,448	\$ 868,842	\$ 20,528,606	\$ 1,564.08	2.11%
2004	22,389,915	892,485	21,497,430	1,618.17	2.12%
2005	31,074,133	1,029,352	30,044,781	2,258.50	2.23%
2006	49,822,099	1,194,801	48,627,298	3,589.26	3.58%
2007	59,762,711	1,319,773	58,442,938	4,294.43	4.16%
2008	56,625,638	1,581,003	55,044,635	4,107.50	3.62%
2009	46,119,447	1,722,914	44,396,533	3,309.47	1.67%
2010	43,895,337	2,017,357	45,912,694	3,411.81	1.53%
2011	41,747,232	2,017,357	43,764,589	3,535.96	1.60%
2012	39,489,635	2,017,357	41,506,992	3,332.56	1.49%

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

(a) See Table 7 for property value data

(b) Population data can be found in Table 11

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	General Obligation Bonds	Capital Leases Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2003	\$ 21,397,448	\$ -	\$ 21,397,448	6.87%	\$ 1,630.28
2004	22,389,915	159,215	22,549,130	7.10%	1,697.34
2005	31,074,133	194,284	31,268,417	9.53%	2,350.48
2006	49,822,099	383,286	50,205,385	14.53%	3,705.74
2007	59,762,711	663,515	60,426,226	17.41%	4,440.17
2008	56,625,638	973,227	57,598,865	16.23%	4,298.10
2009	46,119,447	1,093,239	47,212,686	12.99%	3,519.40
2010	43,895,337	784,845	44,680,182	9.91%	3,320.22
2011	41,747,232	528,290	42,275,522	9.49%	3,415.65
2012	39,489,635	451,577	39,941,212	9.06%	3,206.84

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

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (4)	Unemployment Rate (3)
2002	13,125	\$ 298,318	\$ 22,729	42.4	2,093	5.20%
2003	13,125	311,509	23,734	42.4	2,048	6.60%
2004	13,285	317,604	23,907	42.4	2,005	3.90%
2005	13,303	328,052	24,660	42.4	1,954	5.00%
2006	13,548	345,501	25,502	42.4	1,899	4.30%
2007	13,609	347,057	25,502	42.4	1,757	3.90%
2008	13,401	354,872	26,481	42.4	1,877	4.10%
2009	13,415	363,318	27,083	42.4	1,853	5.50%
2010	13,457	450,993	33,514	42.4	1,788	7.90%
2011	12,377	445,708	36,011	42.4	1,667	8.00%

Sources:

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

Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Shore Memorial Hospital	500-999	1	0.11 %	500-999	2	0.10 %
Northampton County Schools	250-499	2	0.05	500-999	1	0.10
County of Northampton	100-249	3	0.05	100-249	5	0.02
Bayshore Concrete Products Company	100-249	4	0.02	250-499	3	0.05
Chesapeake Bay Bridge Tunnel	100-249	5	0.02	100-249	6	0.02
Lfc Agricultural Services Inc.	100-249	6	0.02	-	-	-
Heritage Hall	100-249	7	0.02	100-249	7	0.02
New Raveena Inc	50-99	8	0.01	-	-	-
Therapeutic Interventions	50-99	9	0.01	-	-	-
Food Lion	50-99	10	0.01	-	-	-
Eastern Shore Community Services	-	-	-	100-249	4	0.02
K.B.R. Technical Services	-	-	-	100-249	8	0.02
K Mart Corporation	-	-	-	50-99	9	0.01
Broadwater Academy	-	-	-	50-99	10	0.01
Total	1,400		0.33 %	1,850		0.38 %

Source: Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government	22	20	19	19	19	18	17	18	17	16
Judicial	7	7	7	8	9	10	10	8	8	7
Public Safety	98	89	101	101	102	101	67	66	62	59
Public Works	5	5	9	10	11	11	11	12	10	10
Public Utilities	1	1	1	2	1	-	-	-	-	-
Health and Welfare	46	41	34	34	34	35	40	40	37	37
Parks, Recreation & Cultural	1	1	1	1	1	1	1	1	1	1
Community Development	10	11	12	13	13	12	13	14	13	13
TOTAL	<u>190</u>	<u>175</u>	<u>184</u>	<u>188</u>	<u>190</u>	<u>188</u>	<u>159</u>	<u>159</u>	<u>148</u>	<u>143</u>

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2012	2011	2010	2009
General Administration				
Treasurer				
Tax bills printed	46,100	46,000	48,000	45,000
Deposits	3,875	3,850	3,800	3,800
Finance				
Paychecks and direct deposit notices	7,665	7,650	7,652	7,758
Accounts payable checks	3,580	3,550	3,508	3,534
Judicial Administration				
Clerk of the Circuit Court				
Criminal cases commenced	N/A	N/A	N/A	N/A
Law cases commenced	N/A	N/A	N/A	N/A
Deeds recorded	N/A	N/A	N/A	N/A
Public Safety				
Sheriff				
Calls for service	N/A	N/A	N/A	3,372
Arrests made	N/A	N/A	N/A	838
Traffic summons	N/A	N/A	N/A	2,177
Civil processes	N/A	N/A	N/A	4,597
EMS				
EMS dispatched	2,760	2,702	2,692	2,572
Avg weekday response time in minutes	9	9	10	10
Avg night/week-end response time in minutes	12	12	14	15
Local prisoner days	55,000	53,077	33,100	29,097
Inmate transports	300	255	315	321
Out of state extraditions	15	13	9	12
Building inspections				
Plan reviews/Permits issued	189	190	324	350
Inspections	879	549	1,049	1,500
Public Works				
Solid waste services				
Tons received at landfill	18,665	15,318	17,000	16,992
Per capital waster generation (lbs/p/d)	5.72	5.44	4.62	7.11
Tipping fee per ton	\$ 63.00	\$ 63.00	\$ 61.00	\$ 61.00
Community Development				
Code compliance				
Abandoned vehicle/Inoperable vehicles	170	240	200	110
Overgrown grass	76	46	50	30
Dangerous structures	55	24	40	27
Assignment 911 addresses			80	82

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2008	2007	2006	2005	2004	2003
40,000	35,000	26,800	26,300	20,808	20,400
30,000	1,895	1,655	1,500	1,353	1,326
7,134	6,860	4,382	4,310	4,238	4,115
3,979	3,653	3,890	3,698	3,504	3,100
539	414	500	379	387	362
599	266	350	188	122	57
2,769	5,272	5,000	4,649	4,607	4,610
3,384	2,397	2,011	2,067	2,684	2,314
977	799	1,036	682	926	716
1,777	2,382	1,416	983	635	430
4,266	4,989	5,377	6,395	6,194	5,770
2,439	2,169	1,980	1,965	2,048	1,949
10	9	8	8	N/A	N/A
14	14	14	13	N/A	N/A
33,882	28,300	29,900	26,710	22,800	21,500
397	250	300	322	300	585
14	10	12	10	4	3
398	400	500	510	566	550
1,667	1,488	2,000	1,644	2,504	1,500
19,652	14,137	11,188	16,055	20,591	19,762
8.22	5.92	4.69	6.70	6.10	6.50
\$ 51.00	\$ 51.00	\$ 51.00	\$ 51.00	\$ 41.00	\$ 41.00
503	214	200	130	N/A	N/A
29	37	25	23	N/A	N/A
7	24	50	28	N/A	N/A
87	150	N/A	N/A	N/A	N/A

COUNTY OF NORTHAMPTON, VIRGINIA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2012	2011	2010	2009	2008
General Administration					
County Administration					
Eastville historic buildings	1	1	1	1	1
Eastville Inn	1	1	1	1	1
Temporary Admin. Bldg-Old Middle School	-	1	1	-	-
Former Middle School	1	-	-	-	-
1899 Courthouse building	1	1	-	-	-
Old Jail Building	1	1	-	-	-
Judicial Administration					
1899 Courthouse building	-	-	1	1	1
2006 Courthouse	-	-	1	1	1
Public Safety					
Willow Oak sheriff administration building	-	-	-	-	1
Old jail building	-	-	1	1	1
Temporary housing unit	-	-	-	-	1
THU (Converted to Sheriff's Admin)	1	1	1	1	-
Eastern Shore Regional Jail	1	1	1	1	1
Sheriff's vehicles	40	37	33	33	28
Public Works					
Landfill	1	1	1	1	1
Transfer station	1	1	1	1	-
Convenience centers	4	4	4	4	4
Community Development					
Social services building (old)	1	1	1	1	1
Social services building (new)	1	1	1	1	1
Parks, Recreation and Cultural					
Parks	1	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1	1
Schools					
Attendance centers, Elementary	2	2	2	2	2
Attendance centers, Middle	-	-	-	-	1
Attendance centers, Secondary	1	1	1	1	1
Number of classrooms, Elementary	88	88	88	87	87
Number of classrooms, Middle	-	-	-	-	43
Number of classrooms, Secondary	51	51	51	51	49

Sources: Various departments in the County of Northampton.

Table 15

2007	2006	2005	2004	2003
1	1	1	1	1
1	1	1	1	1
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1	1	1	1	1
1	-	-	-	-
1	1	1	1	1
1	1	1	1	1
1	1	1	-	-
-	-	-	-	-
-	-	-	-	-
35	29	30	25	N/A
1	1	1	1	1
-	-	-	-	-
3	2	-	-	-
1	1	1	1	1
1	1	1	-	-
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
87	87	87	87	87
43	43	43	43	43
49	49	49	49	49

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Northampton, Virginia's basic financial statements and have issued our report thereon dated December 11, 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

Management of County of Northampton, Virginia is responsible for establishing and maintaining effective 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 certain matters that we have reported to management of the County of Northampton, Virginia, in a separate letter dated December 11, 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 11, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

**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, 2012. 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, 2012.

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 the 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 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, 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 11, 2012

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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	\$ 38
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	265,407
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	435
Low-Income Home Energy Assistance	93.568	0600409/0600410	29,939
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	0770109/0770110	126,344
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	70,315
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	904
Foster Care - Title IV-E	93.658	1100109/1100110	188,755
Adoption Assistance	93.659	1100109/1100110	16,556
Social Services Block Grant	93.667	1000109/1000110	201,419
Chafee Foster Care Independence Program	93.674	9150108-9150110	5,143
Children's Health Insurance Program	93.767	0540109/0540110	8,817
Medical Assistance Program	93.778	1200109/1200110	193,612
Total Department of Health and Human Services			\$ 1,107,684
Department of Agriculture:			
Direct Payments:			
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	\$ 267,633
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution--School (Child Nutrition Cluster)	10.555	N/A	\$ 43,539
Department of Education:			
National school lunch program (Child Nutrition Cluster)	10.555	1790100-40623	567,704
Sub-total CFDA 10.555			\$ 611,243
Department of Agriculture:			
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	N/A	\$ 660
Direct Payments:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	18,400
Sub-total CFDA 10.559			\$ 19,060
Pass Through Payments:			
Department of Education:			
National school breakfast program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 103,947
Child Nutrition Discretionary Grants Limited Availability	10.579	1790100-40593	8,885

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	\$ 319,642
Total Department of Agriculture			\$ 1,330,410
Department of Commerce			
Pass-through Payments:			
Department of Environmental Quality			
Coastal Zone Management Administration Awards	11.419	10NOS4190205	\$ 21,984
Total Department of Commerce - pass through payments			\$ 21,984
Department of Justice:			
Direct payments:			
Forfeited Assets	16.xxx	N/A	\$ 898
Total Department of Justice - direct payments			\$ 898
Pass-through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	3900100-81100	\$ 3,965
ARRA -Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	4,637
Total Department of Justice - pass through payments			\$ 8,602
Total Department of Justice			\$ 9,500
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
Disaster Grants Public Assistance	97.036	7760200-40249	\$ 48,586
State Homeland Security Program	97.073	7750100-52749	65,778
Total Department of Homeland Security - pass through payments			\$ 114,364
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
CDBG Cluster:			
Community Development Block Grants/State's Program	14.228	53330500-50790,50797	\$ 220,751
ARRA - Community Development Block Grants/State's Program	14.255	53330500-50790,50797	229,705
Total Department of Housing and Urban Development - pass through payments			\$ 450,456

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Direct Payments:			
Highway Planning and Construction (ISTEA)	20.205	N/A	\$ 139,418
Total Department of Transportation - direct payments			\$ 139,418
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700-51279,51280	\$ 23,019
Department of Emergency Services:			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants	20.703	7750100-52601	28,400
Total Department of Transportation - pass through payments			\$ 51,419
Total Department of Transportation			\$ 190,837
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 679,186
ARRA - Title I Grants to Local Educational Agencies	84.389	1790100-42913	13,824
Migrant Education - State Grant Program	84.011	1790100-42910	80,477
Migrant Education - State Grant Program	84.144	1790100-42910	23,662
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	37,762
Special Education Cluster:			
Special Education Grants to States	84.027	1790100-43071-61234	453,324
Special Education Preschool Grants	84.173	1790100-82521	10,415
ARRA - Special Education Grants to States	84.391	1790100-61245	78,199
ARRA - Special Education Preschool Grants	84.392	1790100-61247	5,305
Educational Technology State Grants	84.318	1790100-61600	301
Rural education	84.358	1790100-43481	8,985
English Language Acquisition Grants	84.365	1790100-60512	20,079
School Improvement Grants	84.377	1790100-43040	1,498,623
ARRA - State Fiscal Stabilization Fund - Government Services	84.397	1790100-60897	5,023
ARRA - Education Jobs Fund	84.410	1790100-62700	319,190
Improving Teacher Quality State Grants	84.367	1790100-61480	178,674
Total Department of Education - pass through payments			\$ 3,413,029
Total Expenditures of Federal Awards			\$ 6,638,264

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, 2012

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, 2012. 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 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	308,726
Capital Projects Fund		53,995
Special Revenue Funds:		
Virginia Public Assistance Fund		1,427,325
Forfeited Asset Sharing Fund		898
CDBG Projects Fund		450,456
Total primary government	\$	<u>2,241,400</u>

Component Unit Public Schools:

School Cafeteria Fund	\$	743,135
School Grants Fund		3,680,662
Total component unit public schools	\$	<u>4,423,797</u>

Total federal expenditures per basic financial statements	\$	<u><u>6,665,197</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	6,638,264
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Add: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards		<u>26,933</u>
	\$	<u><u>6,665,197</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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 none reported

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 none reported

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
84.410	ARRA - Education Jobs Fund
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? X yes 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, 2012

There were no prior year Federal award findings.