

County of Northampton, Virginia



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013

ABOUT THE COVER

OUR ROOTS IN THE COMMUNITY RUN DEEP

Listed on the National Register of Historic Places, Barrier Islands Center is housed at the Historic Almshouse Farm and comprises three noteworthy buildings. The oldest, known as the Quarter Kitchen, dates all the way back to 1725 (bottom picture). Two almshouses, one from the 1880s (middle picture) and the other built in 1910 (top picture), showcase architecture and construction techniques from those eras.

Yet it's the lives of the former Barrier Islands residents and their descendants that give these buildings their soul. When those families were forced to uproot themselves from the only life they knew and move to the Shore, sadly, they weren't exactly welcomed warmly into the community. So having a place today that's dedicated to not only preserving but celebrating their legacy – well, you can imagine the pride they now feel.

Then there's the farm. Though we're quickly accessible off the Shore's main highway, you wouldn't know it by the view from our front porch. Eighteen acres of farmland surround the center; we lease it to a respected local farmer who grows wheat and soybeans using no-till farming practices to protect the land.

We'd like to think that virtually everyone who lives on the Shore has eaten food made from those crops or attended one of our events. There's the annual Oyster Roast and Art & Music on the Farm. "Once Upon a Time" and several other summer camps for kids. Art exhibits wine-tastings, decoy-making classes, and lectures on the Shore's food history – there's no end to the diversity of activities hosted by Barrier Islands Center. We're nothing if not flexible, something we've no doubt learned from the people whose lives we showcase here.

With the hurricane of 1933, Mother Nature sealed the fate of those Barrier Island families. But in accepting the need to leave the islands behind for safety of the mainland, many of those hardy folk didn't just pack up suitcases. They picked up entire houses, put them on barges, and floated them into their new lives.

Little did they know what a gift their wherewithal and indomitable spirit would be to the 21st century.

INTRODUCTORY SECTION

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COUNTY OF NORTHAMPTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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, 2013

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COUNTY OF NORTHAMPTON, VIRGINIA

Board of Supervisors

Willie C. Randall, Chairperson
Laurence J. Trala, Vice-Chairperson

Richard L. Hubbard
Larry E. LeMond

Oliver H. Bennett

County School Board

Dr. Richard Drury, Chairperson

Patty Mysko
Calvin Brickhouse

Kristin H. Webb
Paul E. Bibbins, Jr.
Ann Terry

Delores Lindsey
Mickey Merritt

Board of Social Services

Sally Bedsworth, Chairperson

Richard B. Sterrett

H. Spencer Murray

Other Officials

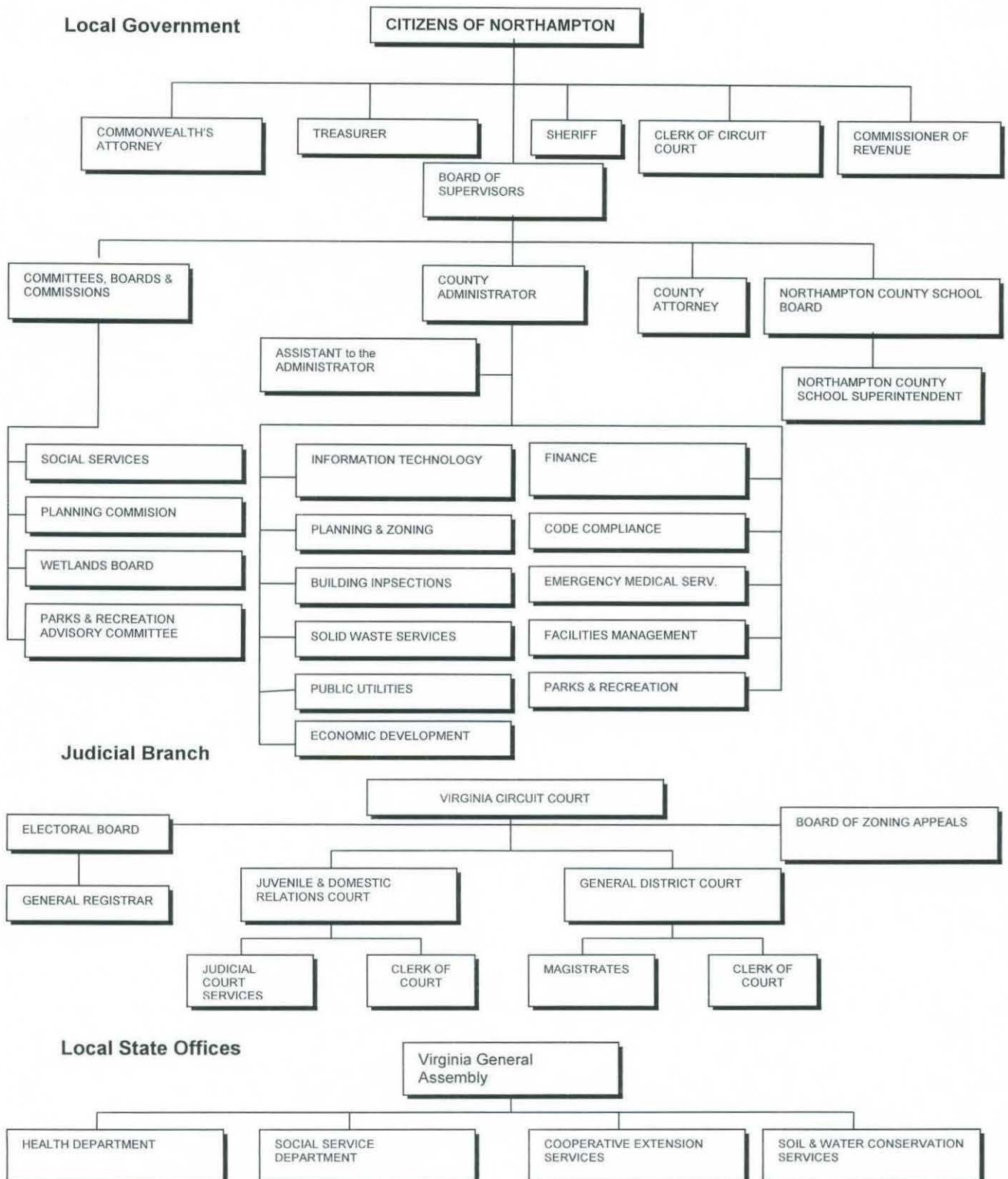
County Administrator
Clerk of the Circuit Court
County/Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Department of Social Services
Director of Finance
Registrar

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

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COUNTY OF NORTHAMPTON, VIRGINIA

ORGANIZATION CHART



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Northampton
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

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County of Northampton

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

December 11, 2013

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, 2013.

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, 2013. 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; Facilities Management; Building Inspections; Solid Waste Services; Public Utilities; Emergency Medical Services; Parks and Recreation and Economic Development.

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 and through December 31, 2013 it 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 1880's, the arrival of the railroad stimulated the local economy and literally changed the face of the Eastern Shore. Built down the spine of the peninsula, towns and villages sprang up along the line.



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

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



Unemployment

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

Average Annual Unemployment Rates

Calendar Year	Northampton County	Commonwealth of Virginia	United States
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
2012	8.8	5.9	8.1
Thur Oct. 2013	7.6	5.6	7.5

Source: Virginia Employment Commission

INCOME

Per capita personal income for Northampton County in 2012 was \$39,803, the latest year for which data was available. Selected per capita personal income data for Northampton County and other jurisdictions is as follows:

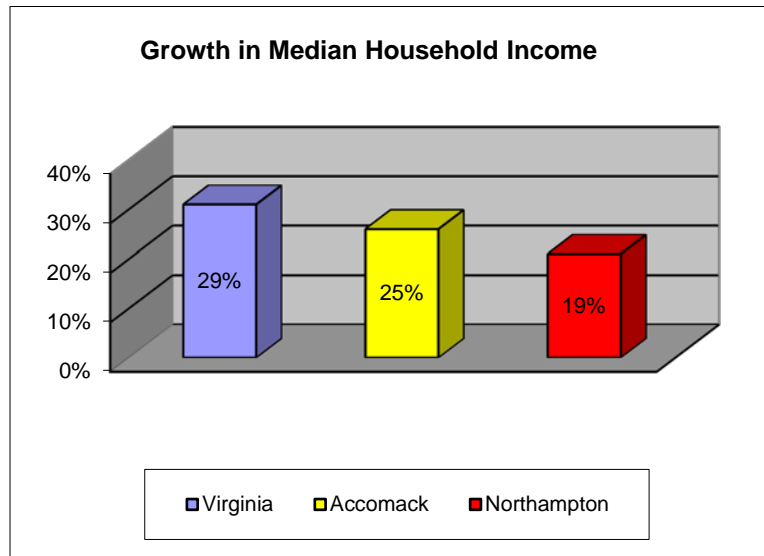
Per Capita Personal Income Selected Years

Year	Northampton County	Commonwealth of Virginia	United States
2000	21,049	31,120	29,469
2001	22,547	32,338	30,413
2002	23,001	33,018	30,814
2003	24,057	33,993	31,487
2004	24,660	36,175	33,041
2005	25,502	37,503	34,471
2006	26,481	39,540	36,714
2007	32,413	43,158	39,392
2008	33,514	44,075	40,166
2009	34,996	42,929	38,637
2010	34,898	44,134	39,791
2011	36,011	46,107	41,560
2012	39,803	48,377	43,735

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

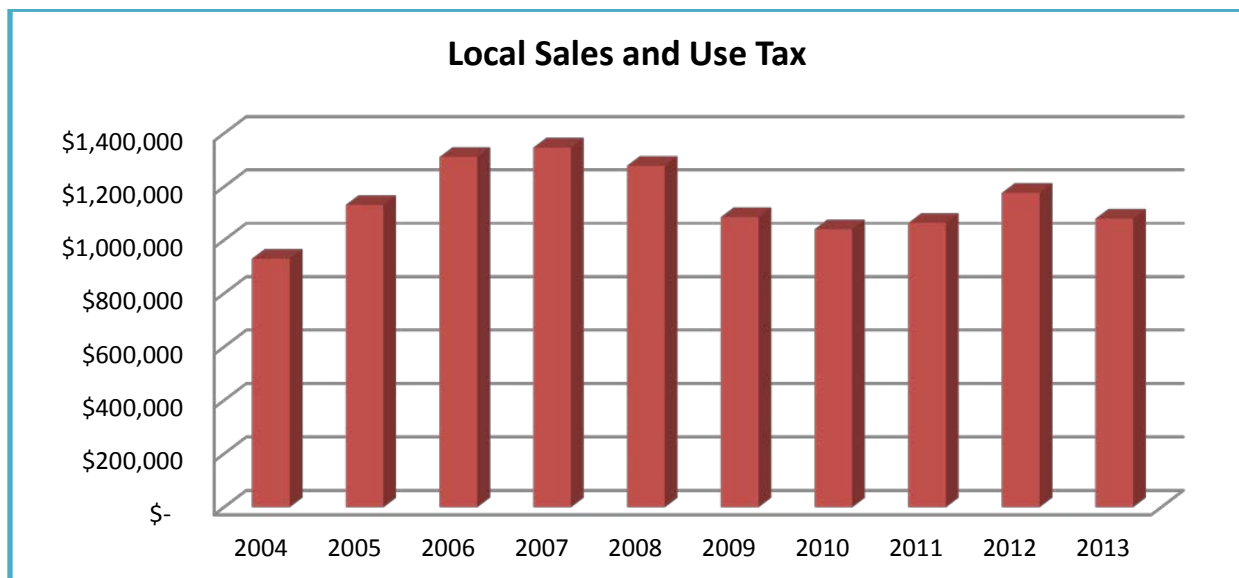
The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending June 30, 2013. Source: Labor Market Statistics, Quarterly Census of Employment and Wages Program

Industry	Employment	Percentage
Health Care & Social Assistance	913	20.5%
Local Government	863	19.4%
Agriculture, Forestry, Fishing & Hunting	793	17.8%
Accommodation and Food Services Retail Trade	517	11.6%
Retail Trade	472	10.6%
Manufacturing	306	6.9%
Other Service (except Public Administration)	121	2.9%
Construction	85	1.9%
Finance and Insurance	68	1.5%
State Government	68	1.5%
Professional, Scientific and Technical Services	52	1.3%
Wholesale Trade	48	1.0%
Management of Companies and Enterprises	43	0.9%
Federal Government	34	0.7%
Administrative and Support and Waste Management	32	0.7%
Transportation and Warehousing	27	0.4%
Real Estate and Rental and Leasing	24	0.4%
Total	4,466	100.0%

Source: Virginia Employment Commission

Taxable Sales Revenue

Northampton County has experienced a fluctuation in taxable sales over the ten years. Last year, sales decreased 8.22% compared to FY12. A portion of the county's state sales is allocated to the local towns. The percentage of this allocation that each town receives is based on the school age population that resides in that township.



Housing

According to the 2011 U.S. Census, there were 7,301 total housing units (including rental apartments) located in the County of Northampton. Of those occupied units, the following table presents data regarding their respective types of occupancy.

HOUSING UNITS BY OCCUPANCY	
	<u>2011</u>
Owner Occupied	5,323
Renter Occupied	<u>1,978</u>
Total:	7,301

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



The County's dependence on property tax revenue continues to increase. For FY13, property tax revenue is expected to generate 68% 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 2012 tax year. By comparison, in 2000, it was only 64%. For FY13, current year real estate tax revenues are expected to increase by 9.71% over FY12. Overall property tax revenue is expected to increase by 5.46%.

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. COMPLETED

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 unreserved 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, 2013, unreserved, undesignated general fund balance was \$8,059,217 or 19.35%. If at any time the unreserved fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level. The adopted Debt Service Policy established a limit of 4% for debt as a percentage of assessed value of real estate. The ratio of debt service expenditures as a percent of governmental fund expenditures is similarly limited to 12%.

Awards & Acknowledgements

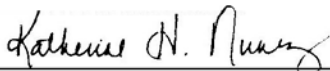
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Northampton for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate 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

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FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Northampton, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Northampton, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, 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* in considering County of Northampton, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 11, 2013

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Management's Discussion and Analysis

As management of the County of Northampton (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. 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 v through xiv of this report.

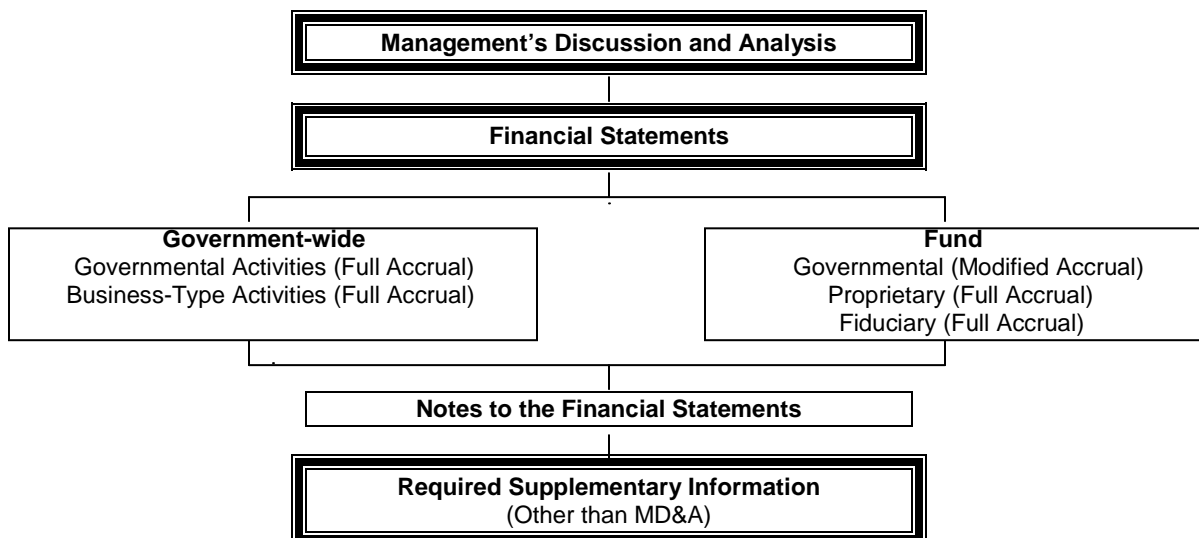
Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$24,616,145 (*net position*). The County's investment in capital assets, net of related debt decreased from \$13,813,629 to \$13,198,763. Unrestricted net position decreased by \$614,866 from FY12.
- At June 30, 2013, unreserved, unassigned General Fund balance was \$8,059,217 or 19.35% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance increased by \$1,460,818 from FY2012.
- On a government-wide basis for governmental activities the County had expenses net of program revenues of \$22,197,405 which were \$24,338 less than the general revenues of \$22,221,743.
- On a government-wide basis for business-type activities the County had revenues net of program expenses of \$29,838.
- During fiscal year 2013, the County entered into a \$160,034 capital lease agreement as lessee for financing the acquisition of three new sheriff's vehicles, one economic development vehicle, one public utilities vehicle, one building department vehicle, and one solid waste zero turn mower. The School Board also entered into a \$391,422 capital lease for the acquisition of 3 school buses and other equipment.

Using the Comprehensive Annual Financial Report

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

Components of the Financial Section



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

Government-wide Financial Statements

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

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

The Statement of Net Position presents information on all the County's assets and liabilities. As discussed earlier, the difference between assets and liabilities is reported as net position. Net Position is presented in three categories: 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 Position as a financial indicator.

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

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-61 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 62 of this report.

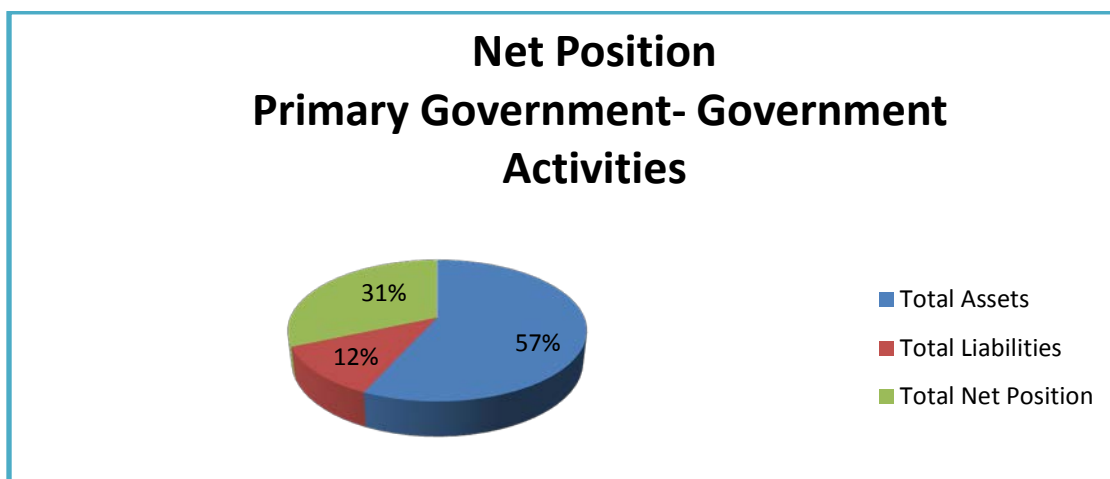
The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66-88 of this report.

Government-wide Financial Analysis

The following table presents the condensed Statement of Net Position:

Northampton County, VA Summary Statement of Net Position

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2012	2013	2012	2013	2012	2013
Current and Other Assets	\$ 16,652,474	\$ 17,487,447	\$ -	\$ 92,787	\$ 2,645,653	\$ 2,512,930
Capital Assets (net)	53,754,841	51,446,910	-	-	3,137,748	3,168,499
Total Assets	70,607,315	68,934,357	-	92,787	5,783,401	5,681,429
Long-term Liabilities	44,281,612	40,719,509	-	-	1,674,020	1,163,585
Other Liabilities	1,422,022	3,575,896	27,136	90,085	1,647,926	2,246,744
Total Liabilities	45,703,634	44,295,405	27,136	90,085	3,321,946	3,410,329
Deferred inflows of resources	-	25,509	-	-	-	-
Net Position:						
Net investment in capital assets	13,813,629	13,198,763	-	-	2,170,630	2,291,953
Restricted	2,690,446	2,299,456	-	-	-	-
Unrestricted	8,399,606	9,115,224	(27,136)	2,702	290,825	(20,853)
Total Net Position	\$ 24,903,681	\$ 24,613,443	\$(27,136)	\$ 2,702	\$2,461,455	\$ 2,271,100



The Primary Government's governmental combined net position decreased by \$290,238 to \$24,613,443 from \$24,903,681. The Primary Government's governmental unrestricted net position increased from \$8,399,606 to \$9,115,224. This was largely due to collection of delinquent general property tax and a decrease in expenditures. Due to the implementation of the planned operations, the proprietary fund ended the year with assets in excess of its liabilities by \$2,702. The component unit's net position totaled \$2,271,100 which was primarily invested in capital assets.

Northampton County, VA
Summary Statement of Changes in Net Position

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues						
Charges for Service	\$ 1,011,689	\$ 1,409,438	\$ 0	\$174,910	\$ 319,968	\$ 390,564
Operating Grants & Contributions	6,586,173	5,604,379	0	0	13,175,095	13,229,233
Capital Grants & Contributions	139,418	1,482,705	0	0	0	0
General Revenues						
Real Estate & Personal Property Taxes	15,640,011	16,777,134	0	0	0	0
Other Taxes	2,492,889	2,543,533	0	0	0	0
Unrestricted Revenue from use of money and property	128,069	62,378	0	0		
Grants and Contributions not restricted to specific programs	1,796,398	1,844,798	0	0	0	0
			0	0	0	0
Miscellaneous	190,464	246,097	(7,136)	0	373,461	429,913
Transfers	(199,406)	747,803	199,406	18,710	7,182,100	7,963,501
Total Revenues	27,785,705	30,718,265	192,270	193,620	21,050,624	22,013,221
Expenses:						
General Administration	2,421,964	2,580,737	0	0	0	0
Judicial Administration	791,212	776,261	0	0	0	0
Public Safety	3,875,834	9,453,598	0	0	0	0
Public Works	2,171,427	2,173,368	0	0	0	0
Public Utilities	0	0	95,162	163,782	0	0
Health & Welfare	3,182,812	2,878,538	0	0	0	0
Education	8,009,717	8,731,218	0	0	19,865,211	22,203,566
Parks, Recreation, and Cultural	343,025	320,558	0	0	0	0
Community Development	1,414,090	1,299,259	0	0	0	0
Interest on long-term debt	1,598,507	2,480,390	0	0	0	0
Total Expenses	23,808,588	30,693,927	95,162	163,782	20,188,017	22,203,566
Change in Net Position	3,977,050	24,338	97,108	29,838	862,607	190,355
Net Position, Beginning, As Adjusted	20,926,631	24,589,105*	(124,244)	(27,136)	1,598,848	2,461,455
Net Position, Ending	\$24,903,681	\$ 24,613,443	\$(27,136)	\$ 2,702	\$ 2,461,455	\$ 2,271,100

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

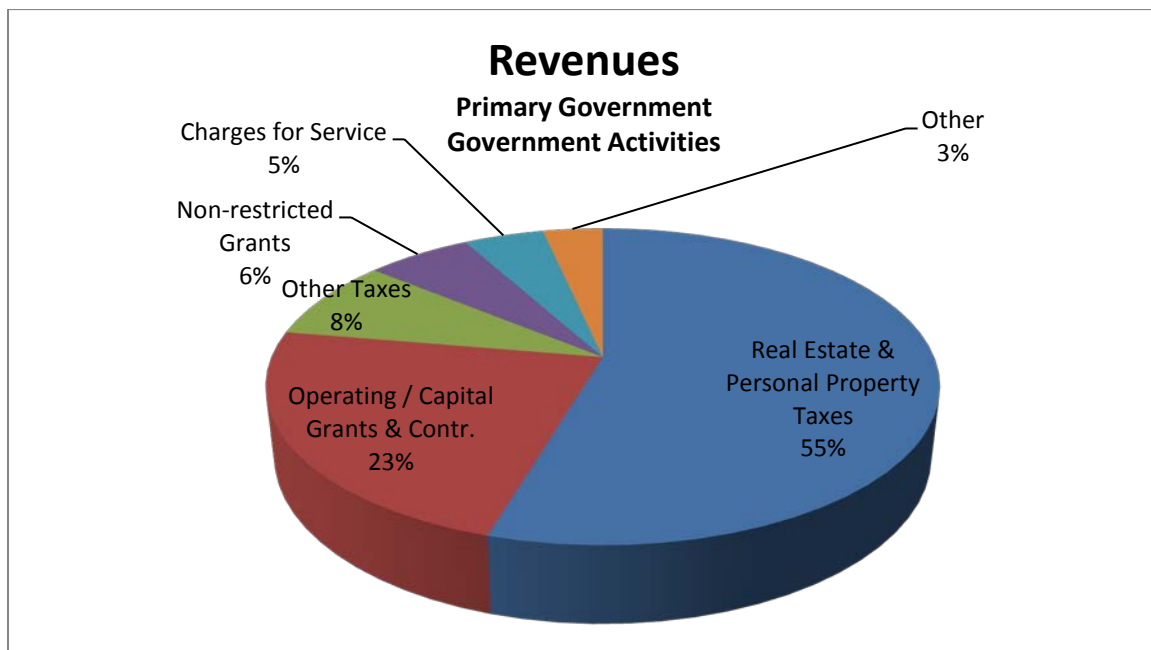
Revenues

For the fiscal year ended June 30, 2013, revenues generated by the Primary Government's governmental activities totaled \$30,718,265. General property taxes, the County's largest revenue source, were \$16,777,134. Included in this total are real and personal property levies, which are due on December 5th each year. The real estate tax rate for FY13 was \$0.54 per \$100 of assessed value. This was an increase from the FY11 rate of \$0.49 per \$100 of assessed value. Eight cents of the real estate tax rate has been earmarked for debt service on the 2012 refinance of the 2002 bond issue and the 2005, 2006 and 2007 bank-qualified financings.

FY13 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 FY13.

The other local tax category includes sales tax, consumer utilities tax, motor vehicle licenses, occupancy tax, recordation tax, and food and beverage tax. This category of income reflects an overall increase of \$50,544 from the previous year which was \$2,492,889. This increase was largely due to an increase in Motor Vehicle License Tax, Recordation Tax, and Food and Beverage Tax. Business License Tax continues to 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 \$8,496,522. Program revenues in the governmental funds include a "charges for services" category that totaled \$1,409,438 and includes charges for waste disposal, recreation programs, and building permits. This category increased by \$397,749 from the previous fiscal year. The majority of this increase is due partly to Ambulance Fees billings which generated \$207,846 of revenue for the county as compared to \$29,315 revenue generated in FY12.



Expenses

For the fiscal year ended June 30, 2013, expenses for governmental activities totaled \$30,693,927, a increase of \$6,885,339 from FY12. The reason for the increase in expenses over FY12 is due to the recovered cost received in FY12 from the state for the amount of \$3,605,720 for the construction of the jail. The recovered cost reduced FY12 expenses by \$3,605,720.

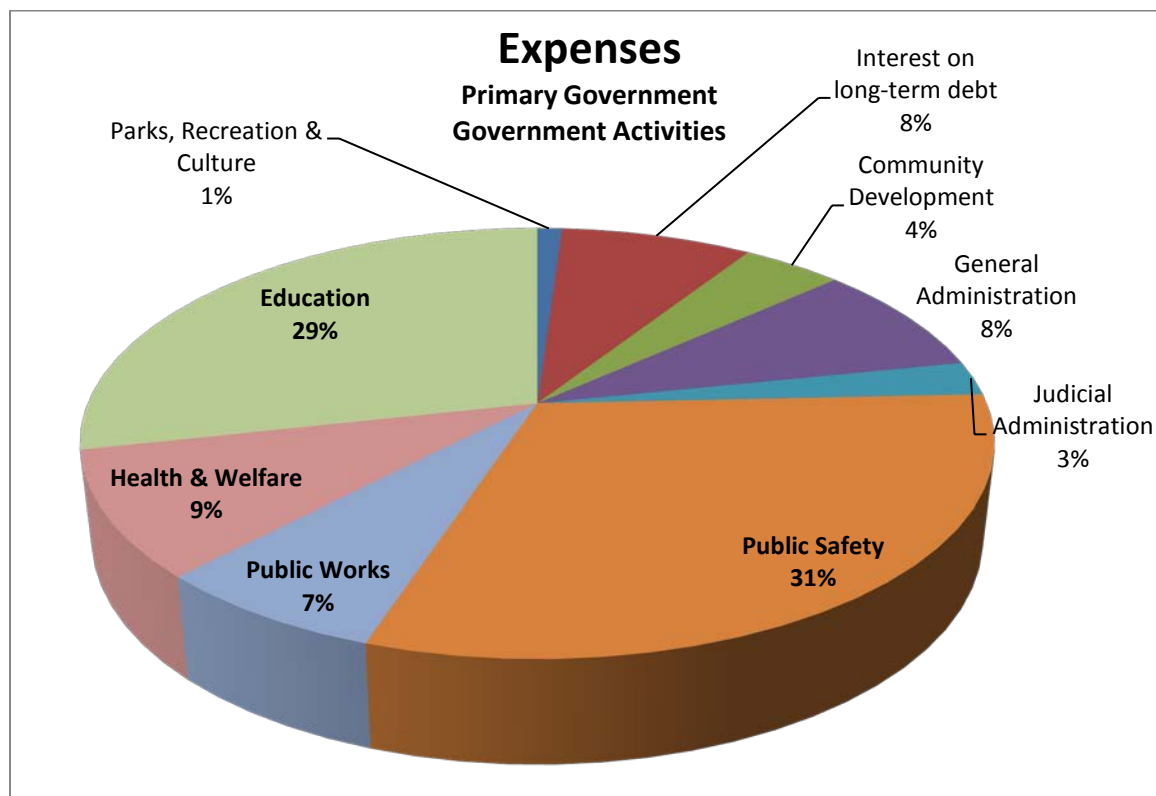
Personnel expenses for FY13 included a 5% pay increase for full-time employees due to VRS changes; all VRS eligible employees will now be responsible for a 5% contribution to the VRS in addition to the 10.18% contribution made by the county. Therefore, the county increased full-time employees pay rate by 5% to compensate for the 5% required VRS contribution. 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. For FY13, retirement contributions paid by the county is now reduced to 10.18% of the employees' salary from 12.86% in FY12. Group life insurance coverage was increased from .28 % in FY12 to 1.19% in FY13.

Education expenses increased by \$721,501 in FY13 compared to FY12. The county increased their contribution to the schools by this amount. This is a 9% increase when compared to the FY 12 contribution.

General Administration expenses increased in FY13 by \$158,773 or 6.5% when compared to FY12. This increase is due to the addition of the new department, Economic Development.

There was an increase in the interest on long-term debt. This was due to the FY13 refinance of the county debt. There were upfront fees paid by the county to refinance its long term debt while not extending the life of the debt. This refinance will save the county over six million dollars over the life of the debt when compared to the old debt terms.

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



Financial Analysis of the Government's Funds

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

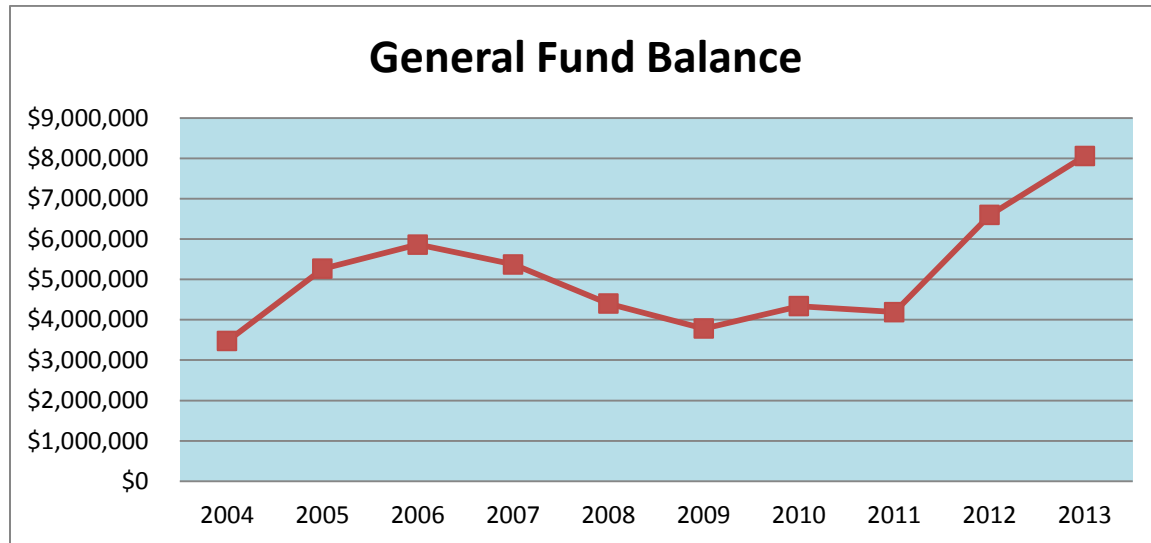
For the fiscal year ended June 30, 2013, the County's governmental funds reflect a combined fund balance of \$14,787,974, most of which is reserved for specific purposes such as capital outlay and debt service. This is an increase of \$1,288,818 from FY12. Fund balance in the General Fund increased by \$1,460,818 mainly due to the aggressive delinquent tax collection efforts and the County departments limiting 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 Budget; however the Board of Supervisors determine that the use of fund balance for FY12 to assist in the budget development was in keeping with their financial policies and goals to maintain a reasonable tax structure while staying in guidelines of its adopted policy. In FY13, adjustments were made to General Property Tax rates to balance the operating budget without utilizing the fund balance.

The Social Service and School Funds have not historically accumulated a separate fund balance (except for sick leave liability, a small amount assigned 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 13, the Board took action that any unspent appropriations in the School Operating Fund for FY 12 will be recorded as reserved fund balance within that fund for the purpose of funding the projected sick leave liability for FY13 and any remaining funds once that obligation is met shall be utilized for funding projects in the adopted School's Capital Improvement Plan.

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

In the General Fund, unassigned fund balance is \$8,058,543 compared to \$6,598,399 for 2012. 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, 2013, unassigned General Fund balance was 19.35% 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 \$119,396 in additional appropriations. Highlights of the budget amendments are as follows:

- \$50,000 additional appropriation due to sale of land owned by the county and the balance of additional appropriation was mainly due to 2 additional grants received for public safety and the additional funding received from the State Compensation board to be allocated to fill vacant positions in the Sheriff's Department.

Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$51,446,910 (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, 2012	Net Increase/ (Decrease)	Balance June 30, 2013
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,240,874	\$	\$ 2,240,874
Construction in Progress	294,714	(110,210)	184,504
Jointly Owned Land	134,600	-	134,600
Other Capital Assets:			
Buildings	47,797,350	66,223	47,863,573
Furniture and Other Equipment	1,085,672	230,582	1,316,254
Improvements other than buildings	3,898,169	135,731	4,033,900
Jointly Owned Improvements	14,221,590		14,221,590
Less: Accumulated Depreciation	(15,918,128)	(2,630,257)	(18,548,385)
Net Capital Assets	\$ 53,754,841	\$ (2,307,931)	\$ 51,446,910

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 38-39 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 FY13, 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 2013, the County

entered into a \$160,034 capital lease agreement as lessee for financing the acquisition of three new sheriff's vehicles, one economic development vehicle, one public utilities vehicle, one building department vehicle, and zero turn mower. The School Board also entered into a \$263,828 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 13.3 %. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY13, this ratio was approximately 1.2%.

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, 2013 is as follows:

Incurred by County:

Lease revenue bonds	\$ 26,745,000
Add deferred amounts:	
For issuance premium	4,860,791
Capital leases	341,477
Landfill post-closure liability	3,323,764
Compensated absences	762,265
Net OPEB obligation	269,000
Subtotal	\$ 36,302,297

Incurred by School Board:

State literary fund loans	\$ 109,175
General obligation bonds	6,065,655
Add deferred amounts:	
For issuance premium	126,049
Subtotal	\$ 6,300,879

Grand Total Governmental Obligations	\$ 42,603,176
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Additional information on the County's long-term debt can be found in Note 8 on pages 41-48 of this report.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Leslie Lewis, Director of Finance. PO Box 66, Eastville, VA 23347, telephone 757-678-0444, e-mail llewis@co.northampton.va.us 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 Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 12,849,962	\$ -	\$ 12,849,962	\$ 932,049
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,455,077	-	1,455,077	-
Accounts receivable	202,023	92,787	294,810	217,811
Due from other governmental units	833,845	-	833,845	1,317,346
Prepaid items	674	-	674	45,724
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	2,145,866	-	2,145,866	-
Capital assets (net of accumulated depreciation):				
Land	2,375,474	-	2,375,474	130,505
Buildings and improvements	46,617,357	-	46,617,357	161,902
Improvements other than buildings	1,060,622	-	1,060,622	619,062
Machinery and equipment	1,208,953	-	1,208,953	2,257,030
Construction in progress	184,504	-	184,504	-
Total assets	<u>\$ 68,934,357</u>	<u>\$ 92,787</u>	<u>\$ 69,027,144</u>	<u>\$ 5,681,429</u>
LIABILITIES				
Accounts payable	\$ 559,930	\$ 5,233	\$ 565,163	\$ 239,055
Accrued liabilities	792,848	3,616	796,464	1,517,863
Accrued interest payable	339,451	-	339,451	-
Unearned revenue	-	6,323	6,323	22,040
Reconciled overdraft	-	74,913	74,913	-
Long-term liabilities:				
Due within one year	1,883,667	-	1,883,667	467,786
Due in more than one year	40,719,509	-	40,719,509	1,163,585
Total liabilities	<u>\$ 44,295,405</u>	<u>\$ 90,085</u>	<u>\$ 44,385,490</u>	<u>\$ 3,410,329</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 25,509</u>	<u>\$ -</u>	<u>\$ 25,509</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 13,198,763	\$ -	\$ 13,198,763	\$ 2,291,953
Restricted for:				
Forfeited assets	62,355	-	62,355	-
HMGP home elevation projects	39,957	-	39,957	-
CDBG projects	29,439	-	29,439	-
Purchase of development rights	21,839	-	21,839	-
Debt service and bond covenants	2,145,866	-	2,145,866	-
Unrestricted (deficit)	9,115,224	2,702	9,117,926	(20,853)
Total net position	<u>\$ 24,613,443</u>	<u>\$ 2,702</u>	<u>\$ 24,616,145</u>	<u>\$ 2,271,100</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, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,580,737	\$ -	\$ 191,218	\$ -
Judicial administration	776,261	562,536	433,861	-
Public safety	9,453,598	348,892	3,109,932	1,303,455
Public works	2,173,368	451,294	13,094	-
Health and welfare	2,878,538	-	1,816,508	-
Education	8,731,218	-	-	-
Parks, recreation, and cultural	320,558	46,528	-	-
Community development	1,299,259	188	39,766	179,250
Interest on long-term debt	2,480,390	-	-	-
Total governmental activities	<u>\$ 30,693,927</u>	<u>\$ 1,409,438</u>	<u>\$ 5,604,379</u>	<u>\$ 1,482,705</u>
Business-type activities:				
Public utilities	<u>\$ 163,782</u>	<u>\$ 174,910</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities	<u>\$ 163,782</u>	<u>\$ 174,910</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 30,857,709</u></u>	<u><u>\$ 1,584,348</u></u>	<u><u>\$ 5,604,379</u></u>	<u><u>\$ 1,482,705</u></u>
COMPONENT UNITS:				
School Board	<u>\$ 22,203,566</u>	<u>\$ 390,564</u>	<u>\$ 13,229,233</u>	<u>\$ -</u>
Total component units	<u><u>\$ 22,203,566</u></u>	<u><u>\$ 390,564</u></u>	<u><u>\$ 13,229,233</u></u>	<u><u>\$ -</u></u>
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Motor vehicle licenses				
Restaurant food taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Northampton County				
Payment from Northampton County School Board				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,389,519)	\$ -	\$ (2,389,519)	\$ -
220,136	-	220,136	-
(4,691,319)	-	(4,691,319)	-
(1,708,980)	-	(1,708,980)	-
(1,062,030)	-	(1,062,030)	-
(8,731,218)	-	(8,731,218)	-
(274,030)	-	(274,030)	-
(1,080,055)	-	(1,080,055)	-
(2,480,390)	-	(2,480,390)	-
<u>\$ (22,197,405)</u>	<u>\$ -</u>	<u>\$ (22,197,405)</u>	<u>\$ -</u>
\$ -	\$ 11,128	\$ 11,128	\$ -
\$ -	\$ 11,128	\$ 11,128	\$ -
<u>\$ (22,197,405)</u>	<u>\$ 11,128</u>	<u>\$ (22,186,277)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (8,583,769)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,583,769)</u>
\$ 16,777,134	\$ -	\$ 16,777,134	\$ -
1,080,525	-	1,080,525	-
316,666	-	316,666	-
396,464	-	396,464	-
287,372	-	287,372	-
462,506	-	462,506	-
62,378	-	62,378	-
246,097	-	246,097	429,913
1,844,798	-	1,844,798	-
-	-	-	7,963,501
766,513	-	766,513	-
(18,710)	18,710	-	-
<u>\$ 22,221,743</u>	<u>\$ 18,710</u>	<u>\$ 22,240,453</u>	<u>\$ 8,393,414</u>
\$ 24,338	\$ 29,838	\$ 54,176	\$ (190,355)
24,589,105	(27,136)	24,561,969	2,461,455
<u>\$ 24,613,443</u>	<u>\$ 2,702</u>	<u>\$ 24,616,145</u>	<u>\$ 2,271,100</u>

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2013

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 8,224,772	\$ 81,475	\$ 1,577,915	\$ 2,990,807	\$ 197,554	\$ 13,072,523
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,455,077	-	-	-	-	1,455,077
Accounts receivable	201,718	305	-	-	-	202,023
Due from other funds	8,020	-	-	-	-	8,020
Due from other governmental units	468,674	213,422	-	33,685	118,064	833,845
Prepaid items	674	-	-	-	-	674
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	-	2,145,866	-	-	2,145,866
Total assets	<u>\$ 10,358,935</u>	<u>\$ 295,202</u>	<u>\$ 3,723,781</u>	<u>\$ 3,024,492</u>	<u>\$ 315,618</u>	<u>\$ 17,718,028</u>
LIABILITIES						
Liabilities:						
Accounts payable	\$ 391,028	\$ 119,948	\$ -	\$ 2,250	\$ 46,704	\$ 559,930
Accrued liabilities	624,412	112,837	-	-	55,599	792,848
Reconciled overdraft	-	-	-	-	230,581	230,581
Unearned revenue	-	62,417	-	-	-	62,417
Total liabilities	<u>\$ 1,015,440</u>	<u>\$ 295,202</u>	<u>\$ -</u>	<u>\$ 2,250</u>	<u>\$ 332,884</u>	<u>\$ 1,645,776</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 1,284,278	\$ -	\$ -	\$ -	\$ -	1,284,278
Total deferred inflows of resources	<u>\$ 1,284,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,284,278</u>
Fund balances:						
Nonspendable	\$ 674	\$ -	\$ -	\$ -	\$ -	674
Restricted	-	-	2,145,866	-	153,590	2,299,456
Committed	-	-	1,577,915	3,022,242	-	4,600,157
Unassigned	8,058,543	-	-	-	(170,856)	7,887,687
Total fund balances	<u>\$ 8,059,217</u>	<u>\$ -</u>	<u>\$ 3,723,781</u>	<u>\$ 3,022,242</u>	<u>\$ (17,266)</u>	<u>\$ 14,787,974</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,358,935</u>	<u>\$ 295,202</u>	<u>\$ 3,723,781</u>	<u>\$ 3,024,492</u>	<u>\$ 315,618</u>	<u>\$ 17,718,028</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 Position
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,787,974
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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	\$ 69,995,295	
Less: accumulated depreciation	<u>(18,548,385)</u>	51,446,910

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,258,769
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unearned revenue in the funds.	62,417
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable	\$ (37,906,670)	
Accrued interest payable	(339,451)	
Net OPEB obligation	(269,000)	
Capital leases	(341,477)	
Landfill post-closure liability	(3,323,764)	
Compensated absences	<u>(762,265)</u>	<u>(42,942,627)</u>

Net position of governmental activities	\$ <u>24,613,443</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, 2013

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 17,199,372	\$ -	\$ -	\$ -	\$ -	\$ 17,199,372
Other local taxes	2,543,533	-	-	-	-	2,543,533
Permits, privilege fees, and regulatory licenses	128,550	-	-	-	-	128,550
Fines and forfeitures	378,652	-	-	-	-	378,652
Revenue from the use of money and property	12,252	-	50,110	16	-	62,378
Charges for services	889,740	12,496	-	-	-	902,236
Miscellaneous	95,459	-	-	-	169,082	264,541
Recovered costs	92,673	1,491	161,139	-	-	255,303
Intergovernmental revenues:						
Local government	-	-	-	766,513	-	766,513
Commonwealth	3,439,090	2,140,985	-	-	630,892	6,210,967
Federal	55,820	-	-	1,303,455	1,361,640	2,720,915
Total revenues	\$ 24,835,141	\$ 2,154,972	\$ 211,249	\$ 2,069,984	\$ 2,161,614	\$ 31,432,960
EXPENDITURES						
Current:						
General government administration	\$ 1,968,506	\$ -	\$ -	\$ -	\$ -	\$ 1,968,506
Judicial administration	607,948	-	-	-	-	607,948
Public safety	3,771,592	3,443,012	-	-	-	7,214,604
Public works	2,001,046	-	-	-	-	2,001,046
Health and welfare	512,419	-	-	-	2,288,001	2,800,420
Education	7,984,224	-	-	-	-	7,984,224
Parks, recreation, and cultural	298,448	-	-	-	-	298,448
Community development	1,065,639	-	-	-	232,125	1,297,764
Capital projects	-	-	-	1,645,089	2,645	1,647,734
Debt service:						
Principal retirement	117,448	-	36,587,593	-	-	36,705,041
Interest and other fiscal charges	6,496	-	1,561,091	-	-	1,567,587
Bond issuance costs	-	-	893,416	-	-	893,416
Total expenditures	\$ 18,333,766	\$ 3,443,012	\$ 39,042,100	\$ 1,645,089	\$ 2,522,771	\$ 64,986,738
Excess (deficiency) of revenues over (under) expenditures	\$ 6,501,375	\$ (1,288,040)	\$ (38,830,851)	\$ 424,895	\$ (361,157)	\$ (33,553,778)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 365,567	\$ 1,496,484	\$ 3,498,075	\$ 252,229	\$ 547,321	\$ 6,159,676
Transfers out	(5,560,590)	(208,840)	(252,229)	-	(156,727)	(6,178,386)
Issuance of refunding bonds	-	-	29,720,000	-	-	29,720,000
Bond premium issuance	-	-	4,986,840	-	-	4,986,840
Issuance of capital lease	154,466	-	-	-	-	154,466
Total other financing sources (uses)	\$ (5,040,557)	\$ 1,287,644	\$ 37,952,686	\$ 252,229	\$ 390,594	\$ 34,842,596
Net change in fund balances	\$ 1,460,818	\$ (396)	\$ (878,165)	\$ 677,124	\$ 29,437	\$ 1,288,818
Fund balances - beginning	6,598,399	396	4,601,946	2,345,118	(46,703)	13,499,156
Fund balances - ending	\$ 8,059,217	\$ -	\$ 3,723,781	\$ 3,022,242	\$ (17,266)	\$ 14,787,974

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, 2013

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

Net change in fund balances - total governmental funds	\$	1,288,818
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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	\$	346,336	
Depreciation expense		<u>(2,654,267)</u>	(2,307,931)

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

The following is a summary of items supporting this adjustment:

Increase (decrease) in unavailable property taxes	\$	(422,238)	
Increase (decrease) in unearned telephone commissions revenue		<u>(18,444)</u>	(440,682)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	\$	(34,861,306)	
Principal payments		36,705,041	
Increase in landfill post-closure liability		(38,844)	
Amortization of deferred bond discount		<u>(150,670)</u>	1,654,221

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$	(85,232)	
(Increase) decrease in net OPEB obligation		(55,000)	
(increase) decrease in accrued interest payable		<u>(29,856)</u>	<u>(170,088)</u>

Change in net position of governmental activities	\$	<u><u>24,338</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Fund
 June 30, 2013

	Enterprise Fund
	Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable, net of allowance for uncollectibles	92,787
Total current assets	\$ 92,787
Total assets	\$ 92,787
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,233
Accrued liabilities	3,616
Unearned revenue	6,323
Reconciled overdraft payable	74,913
Total current liabilities	\$ 90,085
Total liabilities	\$ 90,085
NET POSITION	
Unrestricted	\$ 2,702
Total net position	\$ 2,702

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended June 30, 2013

	Enterprise Fund Public Utilities Fund
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 64,147
Wastewater revenues	110,763
Total operating revenues	<u>\$ 174,910</u>
OPERATING EXPENSES	
Personnel	\$ 59,330
Fringe benefits	21,167
Contractual services	41,717
Other charges	41,568
Total operating expenses	<u>\$ 163,782</u>
Operating income (loss)	<u>\$ 11,128</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers:	
Transfers in	18,710
Change in net position	<u>\$ 29,838</u>
Total net position - beginning	(27,136)
Total net position - ending	<u><u>\$ 2,702</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, 2013

	Enterprise Fund Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 82,123
Payments to suppliers	(20,336)
Payments to employees	(80,497)
Net cash provided by (used for) operating activities	<u>\$ (18,710)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 18,710
Net cash provided by (used for) noncapital financing activities	<u>\$ 18,710</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
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)	\$ 11,128
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ (92,787)
Increase (decrease) in accounts payable	1,357
Increase (decrease) in accrued liabilities	391
Increase (decrease) in reconciled overdraft	61,201
Total adjustments	<u>\$ (29,838)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (18,710)</u></u>

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 290,170
Accounts receivables	156,077
Due from other governmental funds	31,424
Total assets	\$ <u>477,671</u>
 LIABILITIES	
Accounts payable	\$ 33,534
Accrued liabilities	32,021
Due to other funds	8,020
Amounts held for social services clients	112,750
Amounts held for others	290,346
Due to external parties	1,000
Total liabilities	\$ <u>477,671</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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, 2013.

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, 2013.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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 unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

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

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

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

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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. The County reports the following Fiduciary Funds: IDA Operating, Virginia Broadband Authority, Special Welfare, NC Tourism Commission, 911 Local, 911 Wireline, Local Sales Tax and Building Inspection Fees.
3. Proprietary Funds – account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds – Enterprise funds distinguish operating revenues and expenses from 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.

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.

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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 \$461,079 at June 30, 2013 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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 Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

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

K. Use of Estimates

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

L. Net Position

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

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

M. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County has implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. The Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances was required.

N. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reported a deferred inflows of resources for property taxes unavailable at June 30, 2013.

The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the government funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

O. Items Previously Reported as Assets and Liabilities, Statement No. 65 of Governmental Accounting Standards Board

The County early implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

P. Net Position Flow Assumption

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

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

Q. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

R. 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.

S. Restricted Assets

Restricted assets of \$2,145,866 represent amounts set aside in a sinking fund for debt service at June 30, 2013.

T. Fund Equity

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

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

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

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

T. Fund Equity (Continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by the County Administrator to which the governing body 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 for a specific purpose (such as the purchase of capital assets, construction, or other purposes).

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

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 674	\$ -	\$ -	\$ -	\$ 674
Restricted:					
Debt sinking fund	\$ -	\$ 2,145,866	\$ -	\$ -	\$ 2,145,866
Forfeited asset sharing	-	-	-	62,355	62,355
HMGP home elevation project	-	-	-	39,957	39,957
CDBG projects	-	-	-	29,439	29,439
Purchase of development rights	-	-	-	21,839	21,839
Total Restricted Fund Balance	\$ -	\$ 2,145,866	\$ -	\$ 153,590	\$ 2,299,456
Committed:					
Capital projects	\$ -	\$ -	\$ 3,022,242	\$ -	\$ 3,022,242
Debt service	-	1,577,915	-	-	1,577,915
Total Committed Fund Balance	\$ -	\$ 1,577,915	\$ 3,022,242	\$ -	\$ 4,600,157
Unassigned Fund Balance	\$ 8,058,543	\$ -	\$ -	\$ (170,856)	\$ 7,887,687
Total Fund Balances	\$ 8,059,217	\$ 3,723,781	\$ 3,022,242	\$ (17,266)	\$ 14,787,974

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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 exceeded appropriations in the Debt Service fund at June 30, 2013.

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, 2013 (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, 2013 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, 2013 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 984,520
State Non-Arbitrage Pool	<u>1,834,305</u>
Total	<u><u>\$ 2,818,825</u></u>

External Investment Pool

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

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

COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)****NOTE 4—DUE FROM OTHER GOVERNMENTS:**

At June 30, 2013, the County has amounts due from other governments as follows:

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
Local sales tax	\$ 206,135	\$ -
Local communication sales tax	82,175	-
Victim witness	6,121	-
Mobile home titling tax	3,020	-
Recordation tax	8,495	-
VPA funds	11,289	-
State sales tax	-	272,563
Constitutional officer reimbursements	283,405	-
Health department fees	2,500	-
Fire program funds	3,850	-
MVC Rolling stock tax	1,883	-
Auto rental tax	777	-
Transportation safety grant	4,515	-
Emergency management	33,685	-
Jail funds	54,020	-
E-911 funds		
Federal Government:		
School fund grants	-	1,044,783
Housing and Urban Development grant	59,725	-
VPA funds	47,050	-
Other federal grants	25,200	-
Total due from other governments	\$ <u>833,845</u>	\$ <u>1,317,346</u>

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COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)****NOTE 5—INTERFUND OBLIGATIONS:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2013, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
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, 2013:

Primary Government:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 2,240,874	\$ -	\$ -	\$ 2,240,874
Construction in progress	294,714	186,595	296,805	184,504
Jointly owned land	134,600	-	-	134,600
Total capital assets not subject to depreciation	<u>\$ 2,670,188</u>	<u>\$ 186,595</u>	<u>\$ 296,805</u>	<u>\$ 2,559,978</u>
Capital assets subject to depreciation:				
Buildings	\$ 47,797,350	\$ 66,223	\$ -	\$ 47,863,573
Improvements other than buildings	1,085,672	230,582	-	1,316,254
Machinery and equipment	3,898,169	159,741	24,010	4,033,900
Jointly owned assets	14,221,590	-	-	14,221,590
Total capital assets being depreciated	<u>\$ 67,002,781</u>	<u>\$ 456,546</u>	<u>\$ 24,010</u>	<u>\$ 67,435,317</u>
Accumulated depreciation:				
Buildings	\$ (7,624,854)	\$ (1,848,311)	\$ -	\$ (9,473,165)
Improvements other than buildings	(215,582)	(40,050)	-	(255,632)
Machinery and equipment	(2,554,779)	(294,178)	(24,010)	(2,824,947)
Jointly owned assets	(5,522,913)	(471,728)	-	(5,994,641)
Total accumulated depreciation	<u>\$ (15,918,128)</u>	<u>\$ (2,654,267)</u>	<u>\$ (24,010)</u>	<u>\$ (18,548,385)</u>
Total capital assets being depreciated, net	<u>\$ 51,084,653</u>	<u>\$ (2,197,721)</u>	<u>\$ -</u>	<u>\$ 48,886,932</u>
Governmental capital assets, net	<u>\$ 53,754,841</u>	<u>\$ (2,011,126)</u>	<u>\$ 296,805</u>	<u>\$ 51,446,910</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

Component Unit – School Board

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</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	877,208	40,565	-	917,773
Machinery and equipment	4,590,628	603,984	122,111	5,072,501
Total capital assets being depreciated	\$ 7,719,594	\$ 644,549	\$ 122,111	\$ 8,242,032
Accumulated depreciation:				
Buildings	\$ (2,074,174)	\$ (15,682)	\$ -	\$ (2,089,856)
Improvements other than buildings	(240,638)	(58,073)	-	(298,711)
Machinery and equipment	(2,397,539)	(540,043)	(122,111)	(2,815,471)
Total accumulated depreciation	\$ (4,712,351)	\$ (613,798)	\$ (122,111)	\$ (5,204,038)
Total capital assets being depreciated, net	\$ 3,007,243	\$ 30,751	\$ -	\$ 3,037,994
Governmental capital assets, net	\$ 3,137,748	\$ 30,751	\$ -	\$ 3,168,499

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	678,915
Judicial administration		175,114
Public safety		956,556
Public works		223,962
Health and welfare		56,549
Education		541,606
Parks, recreation and cultural		20,150
Community development		<u>1,415</u>
Total Governmental activities	\$	<u><u>2,654,267</u></u>
Component Unit School Board	\$	<u><u>613,798</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Northampton, Virginia for the year ended June 30, 2013, is that school financed assets in the amount of \$8,226,949 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 365,567	\$ 5,560,590
Eastern Shore Regional Jail	1,496,484	208,840
Debt Service	3,498,075	252,229
Capital Projects	252,229	-
Other Governmental Funds	547,321	156,727
Total Governmental Funds	\$ 6,159,676	\$ 6,178,386
Enterprise Fund:		
Public Utilities	18,710	-
Total-All Funds	\$ 6,178,386	\$ 6,178,386

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, 2013 is as follows:

	<u>Balance at July 1, 2012</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Lease revenue bonds	\$ 32,741,616	\$ 28,430,000	\$ 34,426,616	\$ 26,745,000	\$ 1,570,000
Add deferred amounts:	-				
For issuance premium	-	4,860,791		4,860,791	
Unamortized bond discount	(150,670)	-	(150,670)	-	-
Capital leases	451,577	154,466	264,566	341,477	175,310
Landfill post-closure liability	3,284,920	38,844	-	3,323,764	-
Compensated absences	677,033	152,935	67,703	762,265	76,227
Net OPEB obligation	214,000	78,000	23,000	269,000	-
Total incurred by County	\$ 37,218,476	\$ 33,715,036	\$ 34,631,215	\$ 36,302,297	\$ 1,821,537
Incurred by School Board:					
State literary fund loans	\$ 121,306	\$ -	\$ 12,131	\$ 109,175	\$ 12,130
General obligation bonds	5,387,383	1,290,000	611,728	6,065,655	50,000
Add deferred amounts:					
For issuance premium	-	126,049	-	126,049	-
Revenue notes payable	1,390,000	-	1,390,000	-	-
Total incurred by School Board	\$ 6,898,689	\$ 1,416,049	\$ 2,013,859	\$ 6,300,879	\$ 62,130
Total Governmental Obligations	\$ 44,117,165	\$ 35,131,085	\$ 36,645,074	\$ 42,603,176	\$ 1,883,667

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (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	
	Principal	Interest	Principal	Interest
2014	\$ 175,310	\$ 5,058	\$ 1,570,000	\$ 1,186,725
2015	113,766	2,581	1,620,000	1,138,069
2016	52,401	740	1,680,000	1,080,631
2017	-	-	1,745,000	1,012,516
2018	-	-	1,830,000	932,332
2019	-	-	1,920,000	838,938
2020	-	-	2,020,000	737,975
2021	-	-	2,125,000	631,759
2022	-	-	1,890,000	528,875
2023	-	-	1,985,000	429,578
2024	-	-	1,970,000	328,231
2025	-	-	2,065,000	227,934
2026	-	-	930,000	155,662
2027	-	-	980,000	111,281
2028	-	-	365,000	81,703
2029	-	-	380,000	66,087
2030	-	-	395,000	49,854
2031	-	-	410,000	35,019
2032	-	-	425,000	21,653
2033	-	-	440,000	7,425
Total	\$ <u>341,477</u>	\$ <u>8,379</u>	\$ <u>26,745,000</u>	\$ <u>9,602,247</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (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		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 12,130	\$ 3,275	\$ 50,000	\$ 56,861
2015	12,130	2,911	60,000	45,780
2016	12,130	2,547	484,060	42,623
2017	12,130	2,184	65,000	39,341
2018	12,131	1,820	70,000	35,933
2019	12,131	1,456	2,217,167	32,647
2020	12,131	1,092	75,000	29,609
2021	12,131	728	80,000	26,070
2022	12,131	364	85,000	21,904
2023	-	-	2,299,428	18,036
2024	-	-	90,000	14,943
2025	-	-	95,000	12,596
2026	-	-	95,000	10,530
2027	-	-	95,000	8,345
2028	-	-	100,000	5,227
2029	-	-	105,000	1,601
Total	\$ <u>109,175</u>	\$ <u>16,377</u>	\$ <u>6,065,655</u>	\$ <u>402,046</u>

COUNTY OF NORTHAMPTON, VIRGINIANOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (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 Obligations:</u>	
<u>Lease Revenue Bonds:</u>	
 \$28,430,000 2012 Series VRA Lease Revenue Refunding Bonds issued August 2, 2012, maturing annually October 1, 2012-2032, in varying amounts. Interest payable annually at various interest rates from 2.273% to 5.125%. Face amount of bonds outstanding, \$26,745,000 plus unamortized issuance premium of \$4,860,791.	 \$ <u>31,605,791</u>
 Total Lease Revenue bonds	 \$ <u>31,605,791</u>
 <u>Capital Leases:</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%.	 \$ 122,395
 \$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%.	 27,237
 \$154,466 equipment lease purchase agreement (payable from the General Fund) issued June 28, 2013, due in bi-annual installments of \$26,570 through 2016. Interest payable semi-annually at a rate of 3.10%.	 154,466
 \$703,446 equipment lease purchase agreement (payable from the General Fund) issued August 22, 2008, due in quarterly installments of various amounts through 2013. Interest payable quarterly at a rate of 2.6%.	 <u>37,379</u>
 Total Capital Leases	 \$ <u>341,477</u>
 Landfill post-closure liability	 \$ 3,323,764
 Compensated absences (payable from the General Fund)	 762,265
 Net OPEB obligation (payable from the General Fund)	 <u>269,000</u>
 Total Long-Term Obligations Incurred by County	 \$ <u><u>36,302,297</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (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:</u>	
General Obligation Bonds	
\$1,290,000 School Bonds issued November 15, 2012, maturing annually July 15, 2013-2028, in varying amounts. Interest payable semi-annually at various interest rates from 2.050% through 5.050%. Face amount of bonds outstanding, \$1,290,000 plus unamortized issuance premium of \$126,049.	\$ 1,416,049
2001 Series Qualified Zone Academy Bonds issued December 31, 2001, with entire principal maturing on December 21, 2015.	419,060
\$2,142,167 2003 Series Qualified Zone Academy Bonds issued December 29, 2003, with entire principal maturing on December 29, 2018.	2,142,167
\$2,214,428 2006 Series Qualified Zone Academy Bonds issued December 28, 2006, with entire principal maturing on December 29, 2022.	<u>2,214,428</u>
Total general obligation bonds	\$ <u>6,191,704</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>109,175</u>
Total State Literary Fund Loans	\$ <u>109,175</u>
Total School Board Long-Term Debt Issued, payable from the General Fund	\$ <u>6,300,879</u>
Total Governmental Obligations	\$ <u>42,603,176</u>

COUNTY OF NORTHAMPTON, VIRGINIANOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (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, Promethean boards and equipment via lease agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
Asset:		
2 Modular classroom buildings	\$ 703,446	\$ -
5 Public safety vehicles	106,084	-
4 Public safety vehicles	109,622	-
7 Public safety vehicles	136,432	
6 School buses	-	456,014
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
3 School buses	-	257,316
17 Promethean boards	-	97,019
1 Bobcat loader	-	37,087
Less: Accumulated depreciation	<u>(401,791)</u>	<u>(812,336)</u>
	<u>\$ 653,793</u>	<u>\$ 1,165,137</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Capital Leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30,	Governmental Activities	Component Unit- School Board
2014	\$ 180,368	\$ 425,953
2015	116,347	246,486
2016	53,141	156,515
2017	-	82,053
Total minimum lease payments	\$ 349,856	\$ 911,007
Less: amount representing interest	(8,379)	(34,461)
Present value of minimum lease payments	\$ <u>341,477</u>	\$ <u>876,546</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, 2013:

	Balance at July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2013	Amounts Due Within One Year
Compensated absences (payable from the School Fund)	\$ 579,808	\$ 101,998	\$ 57,981	\$ 623,825	\$ 62,383
Capital leases	967,118	391,422	481,994	876,546	405,403
Net OPEB obligation	101,000	186,000	156,000	131,000	-
Total	\$ <u>1,647,926</u>	\$ <u>679,420</u>	\$ <u>695,975</u>	\$ <u>1,631,371</u>	\$ <u>467,786</u>

COUNTY OF NORTHAMPTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (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 Leases:</u>	
\$391,422 school equipment lease purchase agreement (payable from the School Fund) issued September 26, 2012, due in semi-annual installments of \$41,027 through 2017. Interest payable semi-annually at a rate of 3.25%.	\$ 314,201
\$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.	73,948
\$456,014 school equipment lease purchase agreement (payable from the School Fund) issued July 18, 2008, due in annual installments of \$102,934 through 2013. Interest payable annually at a rate of 4.1739%.	98,810
\$352,016 school equipment lease purchase agreement (payable from the School Fund) issued September 2, 2011, due in bi-annual installments of \$37,231 through 2016. Interest payable quarterly at a rate of 3.2354%.	214,754
\$426,964 school equipment lease purchase agreement (payable from the School Fund) issued November 15, 2010, due in bi-annual installments of \$44,986 through 2015. Interest payable annually at a rate of 3.2135%.	<u>174,833</u>
Total Capital Leases	\$ <u>876,546</u>
Compensated absences (payable from the School Fund)	623,825
Net OPEB obligation (payable from the School Fund)	<u>131,000</u>
Total Long-Term Obligations Incurred by School Board	<u><u>\$ 1,631,371</u></u>

	<u>Component Unit Obligation</u>	
<u>Year Ending June 30</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 405,403	\$ 20,550
2015	237,769	8,717
2016	152,511	4,004
2017	<u>80,863</u>	<u>1,190</u>
Total	<u><u>\$ 876,546</u></u>	<u><u>\$ 34,461</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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, 2013, 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 \$3,323,764 reported as a long-term liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$2,323,764 is based on what it would cost to perform all postclosure care in fiscal year 2013 and the amount of \$1,000,000 represents corrective action costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County closed the current landfill site in fiscal year 2011.

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

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

NOTE 10—UNEARNED AND UNAVAILABLE REVENUE:

Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The County reports unavailable revenue totaling \$1,284,278 and unearned revenue of \$62,417 at June 30, 2013 which is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,258,769 at June 30, 2013.

Unavailable Prepaid Property Taxes: Property taxes due subsequent to June 30, 2013, but paid in advance by the tax payers totaled \$25,509 at June 30, 2013.

Unearned Revenue: Unearned revenue representing unspent jail telephone commission funds not available for funding of current expenditures totaled \$62,417 at June 30, 2013.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (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.

The County is committed on a construction contract with Branscome Eastern Shore related to the Eastville Waste Collection Center. The total contract is \$475,000 and no funds have been expended on the contract as of June 30, 2013.

NOTE 12—LITIGATION:

At June 30, 2013, 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, 2013 (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 service 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 were vested as of January 1, 2013 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 Plan 1 members who were not vested on January 1, 2013 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 at 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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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, 2013 (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 Plan 2, 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://www.varetire.org/Pdf/Publications/2012-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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2013 were 10.18% and 12.16% of annual covered payroll, respectively.

The School Board's professional employees contributed \$1,057,393, \$579,023 and \$380,946 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011 respectively and these contributions represented 11.66%, 6.33% and 3.93% for 2013, 2012, and 2011, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of \$1,125,264 (which includes the portion of the employee share which was \$370,641) was equal to the County's required and actual contributions.

COUNTY OF NORTHAMPTON, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)****NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)****C. Annual Pension Cost (Continued)**

For fiscal year 2013, the School Board's annual pension cost of \$102,448 (which includes the portion of the employee share which was \$29,851) was equal to the School Board's required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2013	\$ 754,623	100%	\$ -
June 30, 2012	529,346	100%	-
June 30, 2011	511,996	100%	-
School Board:			
Non-Professional:			
June 30, 2013	\$ 72,597	100%	\$ -
June 30, 2012	42,726	100%	-
June 30, 2011	43,277	100%	-

(1) Employer portion only

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 14—DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 80.81% funded. The actuarial accrued liability for benefits was \$25,491,422, and the actuarial value of assets was \$20,600,181, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,891,241. The covered payroll (annual payroll of active employees covered by the plan) was \$6,919,534, and ratio of the UAAL to the covered payroll was 70.69%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board Non-Professional plan was 77.66% funded. The actuarial accrued liability for benefits was \$3,508,640, and the actuarial value of assets was \$2,724,838, resulting in an unfunded actuarial accrued liability (UAAL) of \$783,802. The covered payroll (annual payroll of active employees covered by the plan) was \$634,039 and ratio of the UAAL to the covered payroll was 123.62%.

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

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, 2013 (CONTINUED)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:

A. Post-retirement Medical Plan for Employee

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 \$78,000 for fiscal year 2013. The annual estimated employer contributions for fiscal year 2013 were \$23,000.

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

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

		<u>Primary Government</u>
Annual required contribution	\$	78,000
Interest on net OPEB obligation		9,000
Adjustment to annual required contribution		<u>(9,000)</u>
Annual OPEB cost (expense)	\$	78,000
Contributions made		<u>(23,000)</u>
Increase in net OPEB obligation		55,000
Net OPEB obligation-beginning of year		<u>214,000</u>
Net OPEB obligation-end of year	\$	<u><u>269,000</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

A. Post-retirement Medical Plan for Employee (Continued)

Annual OPEB Cost and Net OPEB Obligation:

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Three Year Trend Information for County

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2011	\$ 73,000	16.44%	\$ 152,000
6/30/2012	74,000	16.22%	214,000
6/30/2013	78,000	29.49%	269,000

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, most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at 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, 2013 (CONTINUED)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

A. Post-retirement Medical Plan for Employee (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. The general inflation rate is assumed to be 2.50%.

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, 2013 (CONTINUED)****NOTE 16—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)****A. Post-retirement Medical Plan for Employee (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 \$186,000 for fiscal year 2013. The annual employer contributions for fiscal year 2013 were \$156,000.

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	\$ 186,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	<u>(4,000)</u>
Annual OPEB cost (expense)	\$ 186,000
Contributions made	<u>(156,000)</u>
Increase in net OPEB obligation	30,000
Net OPEB obligation-beginning of year	<u>101,000</u>
Net OPEB obligation-end of year	<u><u>\$ 131,000</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Three Year Trend Information for School Board

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Schools:			
6/30/2011	\$ 179,000	82.68%	\$ 66,000
6/30/2012	183,000	80.87%	101,000
6/30/2013	186,000	83.87%	131,000

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

A. Post-retirement Medical Plan for Employee (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, most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at 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. The general inflation rate is assumed to be 2.50%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

B. Health Insurance Credit Program Through Virginia Retirement System

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.

Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, June 30, 2012, and June 30, 2011 was \$100,661, \$54,884 and \$58,160, respectively, and equaled the required contributions for the year.

NOTE 17—RESTATEMENT OF BEGINNING NET POSITION:

The following adjustment was made to beginning net position at June 30, 2013:

		Primary Government- Governmental Activities
Net position as previously reported at June 30, 2012	\$	24,903,681
Adjustment to expense issuance costs on debt previously deferred and amortized in accordance with implementation of GASB 65 on July 1, 2012		<u>(314,576)</u>
Net position as restated at July 1, 2012	\$	<u><u>24,589,105</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 (CONTINUED)

NOTE 18–UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 60, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.” This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 16,548,401	\$ 16,548,401	\$ 17,199,372	\$ 650,971
Other local taxes	2,701,547	2,701,547	2,543,533	(158,014)
Permits, privilege fees, and regulatory licenses	153,745	153,745	128,550	(25,195)
Fines and forfeitures	205,000	205,000	378,652	173,652
Revenue from the use of money and property	108,150	108,150	12,252	(95,898)
Charges for services	788,656	788,656	889,740	101,084
Miscellaneous	1,000	67,584	95,459	27,875
Recovered costs	124,308	124,308	92,673	(31,635)
Intergovernmental revenues:				
Commonwealth	3,399,161	3,424,285	3,439,090	14,805
Federal	35,500	35,500	55,820	20,320
Total revenues	<u>\$ 24,065,468</u>	<u>\$ 24,157,176</u>	<u>\$ 24,835,141</u>	<u>\$ 677,965</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,464,272	\$ 2,220,618	\$ 1,968,506	\$ 252,112
Judicial administration	625,669	625,266	607,948	17,318
Public safety	3,851,652	3,961,083	3,771,592	189,491
Public works	1,973,133	2,022,782	2,001,046	21,736
Health and welfare	516,974	516,974	512,419	4,555
Education	7,984,224	7,984,224	7,984,224	-
Parks, recreation, and cultural	331,985	341,385	298,448	42,937
Community development	1,029,896	1,210,631	1,065,639	144,992
Debt service:				
Principal retirement	116,238	116,238	117,448	(1,210)
Interest and other fiscal charges	4,247	7,206	6,496	710
Total expenditures	<u>\$ 18,898,290</u>	<u>\$ 19,006,407</u>	<u>\$ 18,333,766</u>	<u>\$ 672,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,167,178</u>	<u>\$ 5,150,769</u>	<u>\$ 6,501,375</u>	<u>\$ 1,350,606</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,500	\$ 82,678	\$ 365,567	\$ 282,889
Transfers out	(5,404,813)	(5,404,813)	(5,560,590)	(155,777)
Issuance of capital lease	160,135	160,135	154,466	(5,669)
Total other financing sources (uses)	<u>\$ (5,167,178)</u>	<u>\$ (5,162,000)</u>	<u>\$ (5,040,557)</u>	<u>\$ 121,443</u>
Net change in fund balances	\$ -	\$ (11,231)	\$ 1,460,818	\$ 1,472,049
Fund balances - beginning	-	24,000	6,598,399	6,574,399
Fund balances - ending	<u>\$ -</u>	<u>\$ 12,769</u>	<u>\$ 8,059,217</u>	<u>\$ 8,046,448</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, 2013

	<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	\$ 16,500	\$ 16,500	\$ 12,496	\$ (4,004)
Miscellaneous	200	200	-	(200)
Recovered costs	500	1,326	1,491	165
Intergovernmental revenues:				
Commonwealth	2,153,202	2,153,202	2,140,985	(12,217)
Total revenues	<u>\$ 2,170,402</u>	<u>\$ 2,171,228</u>	<u>\$ 2,154,972</u>	<u>\$ (16,256)</u>
EXPENDITURES				
Current:				
Public safety	\$ 3,666,886	\$ 3,667,712	\$ 3,443,012	\$ 224,700
Total expenditures	<u>\$ 3,666,886</u>	<u>\$ 3,667,712</u>	<u>\$ 3,443,012</u>	<u>\$ 224,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,496,484)</u>	<u>\$ (1,496,484)</u>	<u>\$ (1,288,040)</u>	<u>\$ 208,444</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,496,484	\$ 1,496,484	\$ 1,496,484	\$ -
Transfers out	<u>-</u>	<u>-</u>	<u>(208,840)</u>	<u>(208,840)</u>
Total other financing sources (uses)	<u>1,496,484</u>	<u>1,496,484</u>	<u>1,287,644</u>	<u>(208,840)</u>
Net change in fund balances	\$ -	\$ -	\$ (396)	\$ (396)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>396</u>	<u>396</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Schedule of Pension Funding Progress
For the Year Ended June 30, 2013

Primary Government:
County Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2012	\$ 20,600,181	\$ 25,491,422	\$ 4,891,241	80.81%	\$ 6,919,534	\$ 70.69%
6/30/2011	20,154,951	23,756,149	3,601,198	84.84%	6,447,215	55.86%
6/30/2010	19,348,364	22,564,574	3,216,210	85.75%	6,547,235	49.12%
6/30/2009	18,716,520	20,112,262	1,395,742	93.06%	6,669,877	20.93%
6/30/2008	17,915,476	18,973,610	1,058,134	94.42%	6,925,859	15.28%
6/30/2007	15,954,510	16,485,147	530,637	96.78%	6,078,684	8.73%
6/30/2006	14,056,456	14,711,742	655,286	95.55%	5,199,477	12.60%
6/30/2005	13,095,343	14,101,363	1,006,020	92.87%	4,692,429	21.44%

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2012	\$ 2,724,838	\$ 3,508,640	\$ 783,802	77.66%	\$ 634,039	\$ 123.62%
6/30/2011	2,856,665	3,445,539	588,874	82.91%	648,684	90.78%
6/30/2010	2,966,684	3,335,960	369,276	88.93%	719,418	51.33%
6/30/2009	3,053,283	3,158,137	104,854	96.68%	720,752	14.55%
6/30/2008	3,191,242	3,205,059	13,817	99.57%	947,915	1.46%
6/30/2007	2,944,282	3,076,698	132,416	95.70%	971,806	13.63%
6/30/2006	2,638,972	2,620,369	(18,603)	100.71%	863,505	-2.15%
6/30/2005	2,523,111	2,707,044	183,933	93.21%	654,004	28.12%

Schedule of OPEB Funding Progress for Retiree Health Plan
For the Year Ended June 30, 2013

Primary Government:

County Retiree Health Plan:

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

Discretely Presented Component Unit:

School Board Retiree Health Plan:

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

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 50,110	\$ 50,110
Recovered costs	161,000	161,000	161,139	139
Total revenues	\$ 161,000	\$ 161,000	\$ 211,249	\$ 50,249
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,784,435	\$ 37,491,275	\$ 36,587,593	\$ 903,682
Interest and other fiscal charges	1,468,514	1,468,514	1,561,091	(92,577)
Bond issuance costs	-	-	893,416	(893,416)
Total expenditures	\$ 4,252,949	\$ 38,959,789	\$ 39,042,100	\$ (82,311)
Excess (deficiency) of revenues over (under) expenditures	\$ (4,091,949)	\$ (38,798,789)	\$ (38,830,851)	\$ (32,062)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,342,298	\$ 3,342,298	\$ 3,498,075	\$ 155,777
Transfers out	(252,229)	(252,229)	(252,229)	-
Issuance of refunding bonds	-	29,720,000	29,720,000	-
Premium on refunding bonds issued	-	4,986,840	4,986,840	-
Total other financing sources (uses)	\$ 3,090,069	\$ 37,796,909	\$ 37,952,686	\$ 155,777
Net change in fund balances	\$ (1,001,880)	\$ (1,001,880)	\$ (878,165)	\$ 123,715
Fund balances - beginning	1,001,880	1,001,880	4,601,946	3,600,066
Fund balances - ending	\$ -	\$ -	\$ 3,723,781	\$ 3,723,781

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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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 719,724	\$ 16	\$ (719,708)
Miscellaneous	-	7,942	-	(7,942)
Intergovernmental revenues:				
Local government	155,952	333,729	766,513	432,784
Commonwealth	-	150,000	-	(150,000)
Federal	-	1,369,334	1,303,455	(65,879)
Total revenues	<u>\$ 155,952</u>	<u>\$ 2,580,729</u>	<u>\$ 2,069,984</u>	<u>\$ (510,745)</u>
EXPENDITURES				
Capital projects	\$ 155,952	\$ 3,961,164	\$ 1,645,089	\$ 2,316,075
Debt service:				
Interest and other fiscal charges	-	31,002	-	31,002
Total expenditures	<u>\$ 155,952</u>	<u>\$ 3,992,166</u>	<u>\$ 1,645,089</u>	<u>\$ 2,347,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (1,411,437)</u>	<u>\$ 424,895</u>	<u>\$ 1,836,332</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 252,229	\$ 252,229	\$ -
Issuance of capital lease	-	300	-	(300)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 252,529</u>	<u>\$ 252,229</u>	<u>\$ (300)</u>
Net change in fund balances	\$ -	\$ (1,158,908)	\$ 677,124	\$ 1,836,032
Fund balances - beginning	-	7,157,314	2,345,118	(4,812,196)
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,998,406</u>	<u>\$ 3,022,242</u>	<u>\$ (2,976,164)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
	<hr/>	<hr/>	<hr/>
ASSETS			
Cash and cash equivalents	\$ 9,319	\$ 62,355	\$ 21,839
Due from other governmental units	58,339	-	-
Total assets	<u>\$ 67,658</u>	<u>\$ 62,355</u>	<u>\$ 21,839</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,359	\$ -	\$ -
Accrued liabilities	53,299	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 67,658</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ -	\$ 62,355	\$ 21,839
Unassigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 62,355</u>	<u>\$ 21,839</u>
Total liabilities and fund balances	<u>\$ 67,658</u>	<u>\$ 62,355</u>	<u>\$ 21,839</u>

CDBG Projects Fund		HMGP Home Elevation Project Fund		Parks and Recreation Project Fund		Total	
\$	64,084	\$	39,957	\$	-	\$	197,554
	-		-		59,725		118,064
\$	<u>64,084</u>	\$	<u>39,957</u>	\$	<u>59,725</u>	\$	<u>315,618</u>
\$	32,345	\$	-	\$	-	\$	46,704
	2,300		-		-		55,599
	-		-		230,581		230,581
\$	<u>34,645</u>	\$	<u>-</u>	\$	<u>230,581</u>	\$	<u>332,884</u>
\$	29,439	\$	39,957	\$	-	\$	153,590
	-		-		(170,856)		(170,856)
\$	<u>29,439</u>	\$	<u>39,957</u>	\$	<u>(170,856)</u>	\$	<u>(17,266)</u>
\$	<u>64,084</u>	\$	<u>39,957</u>	\$	<u>59,725</u>	\$	<u>315,618</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, 2013

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
REVENUES			
Miscellaneous	\$ 90,074	\$ 38,187	\$ -
Intergovernmental revenues:			
Commonwealth	624,943	551	1,798
Federal	1,182,390	-	-
Total revenues	<u>\$ 1,897,407</u>	<u>\$ 38,738</u>	<u>\$ 1,798</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 2,288,001	\$ -	\$ -
Community development	-	-	4,000
Capital projects	-	-	-
Total expenditures	<u>\$ 2,288,001</u>	<u>\$ -</u>	<u>\$ 4,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (390,594)</u>	<u>\$ 38,738</u>	<u>\$ (2,202)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 547,321	\$ -	\$ -
Transfers out	(156,727)	-	-
Total other financing sources (uses)	<u>\$ 390,594</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 38,738	\$ (2,202)
Fund balances - beginning	-	23,617	24,041
Fund balances - ending	<u>\$ -</u>	<u>\$ 62,355</u>	<u>\$ 21,839</u>

Exhibit 18

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Total
\$ 5,478	\$ 35,343	\$ -	\$ 169,082
3,600	-	-	630,892
179,250	-	-	1,361,640
<u>\$ 188,328</u>	<u>\$ 35,343</u>	<u>\$ -</u>	<u>\$ 2,161,614</u>
\$ -	\$ -	\$ -	\$ 2,288,001
228,125	-	-	232,125
-	-	2,645	2,645
<u>\$ 228,125</u>	<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ 2,522,771</u>
<u>\$ (39,797)</u>	<u>\$ 35,343</u>	<u>\$ (2,645)</u>	<u>\$ (361,157)</u>
\$ -	\$ -	\$ -	\$ 547,321
-	-	-	(156,727)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,594</u>
\$ (39,797)	\$ 35,343	\$ (2,645)	\$ 29,437
69,236	4,614	(168,211)	(46,703)
<u>\$ 29,439</u>	<u>\$ 39,957</u>	<u>\$ (170,856)</u>	<u>\$ (17,266)</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, 2013

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 90,074	\$ 90,074
Intergovernmental revenues:				
Commonwealth	883,510	883,510	624,943	(258,567)
Federal	1,324,370	1,324,370	1,182,390	(141,980)
Total revenues	<u>\$ 2,207,880</u>	<u>\$ 2,207,880</u>	<u>\$ 1,897,407</u>	<u>\$ (310,473)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,677,701	\$ 2,677,701	\$ 2,288,001	\$ 389,700
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,677,701</u>	<u>\$ 2,677,701</u>	<u>\$ 2,288,001</u>	<u>\$ 389,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (469,821)</u>	<u>\$ (469,821)</u>	<u>\$ (390,594)</u>	<u>\$ 79,227</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 547,321	\$ 547,321	\$ 547,321	\$ -
Transfers out	<u>(77,500)</u>	<u>(77,500)</u>	<u>(156,727)</u>	<u>(79,227)</u>
Total other financing sources (uses)	<u>\$ 469,821</u>	<u>\$ 469,821</u>	<u>\$ 390,594</u>	<u>\$ (79,227)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Forfeited Asset Sharing Fund				Purchase of Development Rights Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 38,187	\$ 38,187	\$ -	\$ -	\$ -	\$ -
-	10,656	551	(10,105)	-	-	1,798	1,798
-	-	-	-	-	-	-	-
\$ -	\$ 10,656	\$ 38,738	\$ 28,082	\$ -	\$ -	\$ 1,798	\$ 1,798
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	40,287	4,000	36,287
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,287	\$ 4,000	\$ 36,287
\$ -	\$ 10,656	\$ 38,738	\$ 28,082	\$ -	\$ (40,287)	\$ (2,202)	\$ 38,085
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(15,726)	-	15,726	-	-	-	-
\$ -	\$ (15,726)	\$ -	\$ 15,726	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (5,070)	\$ 38,738	\$ 43,808	\$ -	\$ (40,287)	\$ (2,202)	\$ 38,085
-	5,070	23,617	18,547	-	40,287	24,041	(16,246)
\$ -	\$ -	\$ 62,355	\$ 62,355	\$ -	\$ -	\$ 21,839	\$ 21,839

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, 2013

	CDBG Projects Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 35,800	\$ 5,478	\$ (30,322)
Intergovernmental revenues:				
Commonwealth	-	3,600	3,600	-
Federal	-	848,028	179,250	(668,778)
Total revenues	<u>\$ -</u>	<u>\$ 887,428</u>	<u>\$ 188,328</u>	<u>\$ (699,100)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	909,723	228,125	681,598
Capital projects	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 909,723</u>	<u>\$ 228,125</u>	<u>\$ 681,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (22,295)</u>	<u>\$ (39,797)</u>	<u>\$ (17,502)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (22,295)	\$ (39,797)	\$ (17,502)
Fund balances - beginning	-	22,295	69,236	46,941
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,439</u>	<u>\$ 29,439</u>

HMGP Home Elevation Project Fund				Parks and Recreation Project Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ 54,610	\$ 35,343	\$ (19,267)	\$ -	\$ -	\$ -	\$ -
-	109,906	-	(109,906)	-	-	-	-
-	527,202	-	(527,202)	-	187,777	-	(187,777)
<u>\$ -</u>	<u>\$ 691,718</u>	<u>\$ 35,343</u>	<u>\$ (656,375)</u>	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	761,942	-	761,942	-	-	-	-
-	-	-	-	-	35,053	2,645	32,408
<u>\$ -</u>	<u>\$ 761,942</u>	<u>\$ -</u>	<u>\$ 761,942</u>	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ 2,645</u>	<u>\$ 32,408</u>
<u>\$ -</u>	<u>\$ (70,224)</u>	<u>\$ 35,343</u>	<u>\$ 105,567</u>	<u>\$ -</u>	<u>\$ 152,724</u>	<u>\$ (2,645)</u>	<u>\$ (155,369)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (70,224)	\$ 35,343	\$ 105,567	\$ -	\$ 152,724	\$ (2,645)	\$ (155,369)
-	70,224	4,614	(65,610)	-	-	(168,211)	(168,211)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,957</u>	<u>\$ 39,957</u>	<u>\$ -</u>	<u>\$ 152,724</u>	<u>\$ (170,856)</u>	<u>\$ (323,580)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	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	\$ 27,786	\$ (49,436)	\$ 120,770	\$ 56,341
Accounts receivable	-	64,418	-	-
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 27,786</u>	<u>\$ 14,982</u>	<u>\$ 120,770</u>	<u>\$ 56,341</u>
LIABILITIES				
Accounts payable	\$ -	\$ 4,531	\$ -	\$ -
Accrued liabilities	-	9,451	-	-
Due to other funds	-	-	8,020	-
Amounts held for social services clients	-	-	112,750	-
Amounts held for others	27,786	-	-	56,341
Due to external parties	-	1,000	-	-
Total liabilities	<u>\$ 27,786</u>	<u>\$ 14,982</u>	<u>\$ 120,770</u>	<u>\$ 56,341</u>

911 Local Fund	911 Wireline Fund	Local Sales Tax Fund	Building Inspection Fees Fund	Total
\$ 79,473	\$ 105,777	\$ (52,049)	\$ 1,508	\$ 290,170
5,523	86,136	-	-	156,077
1,094	8,996	21,334	-	31,424
<u>\$ 86,090</u>	<u>\$ 200,909</u>	<u>\$ (30,715)</u>	<u>\$ 1,508</u>	<u>\$ 477,671</u>
\$ 5,453	\$ 23,550	\$ -	\$ -	\$ 33,534
-	21,152	-	1,418	32,021
-	-	-	-	8,020
-	-	-	-	112,750
80,637	156,207	(30,715)	90	290,346
-	-	-	-	1,000
<u>\$ 86,090</u>	<u>\$ 200,909</u>	<u>\$ (30,715)</u>	<u>\$ 1,508</u>	<u>\$ 477,671</u>

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
IDA Operating Fund:				
Assets:				
Cash and cash equivalents	\$ 15,545	\$ 12,241	\$ -	\$ 27,786
Total assets	<u>\$ 15,545</u>	<u>\$ 12,241</u>	<u>\$ -</u>	<u>\$ 27,786</u>
Liabilities:				
Amounts held for others	\$ 15,545	\$ 12,241	\$ -	\$ 27,786
Virginia Broadband Authority Fund:				
Assets:				
Cash and cash equivalents	\$ (2,488)	\$ 45,660	\$ 92,608	\$ (49,436)
Accounts receivable	-	64,418	-	64,418
Total assets	<u>\$ (2,488)</u>	<u>\$ 110,078</u>	<u>\$ 92,608</u>	<u>\$ 14,982</u>
Liabilities:				
Accounts payable	\$ -	\$ 4,531	\$ -	\$ 4,531
Accrued liabilities	5,737	9,451	5,737	9,451
Due to external parties	(8,225)	96,096	86,871	1,000
Total liabilities	<u>\$ (2,488)</u>	<u>\$ 110,078</u>	<u>\$ 92,608</u>	<u>\$ 14,982</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 145,565	\$ 341,595	\$ 366,390	\$ 120,770
Total assets	<u>\$ 145,565</u>	<u>\$ 341,595</u>	<u>\$ 366,390</u>	<u>\$ 120,770</u>
Liabilities:				
Due to other funds	\$ 8,020	\$ -	\$ -	\$ 8,020
Amounts held for social services clients	137,545	341,595	366,390	112,750
Total liabilities	<u>\$ 145,565</u>	<u>\$ 341,595</u>	<u>\$ 366,390</u>	<u>\$ 120,770</u>
NC Tourism Commission Fund:				
Assets:				
Cash and cash equivalents	\$ 56,341	\$ -	\$ -	\$ 56,341
Liabilities:				
Amounts held for others	\$ 56,341	\$ -	\$ -	\$ 56,341
911 Local Fund:				
Assets:				
Cash and cash equivalents	\$ 13,295	\$ 99,129	\$ 32,951	\$ 79,473
Accounts receivable	-	5,523	-	5,523
Due from other governmental units	-	1,094	-	1,094
Total assets	<u>\$ 13,295</u>	<u>\$ 105,746</u>	<u>\$ 32,951</u>	<u>\$ 86,090</u>
Liabilities:				
Accounts payable	\$ -	\$ 5,453	\$ -	\$ 5,453
Amounts held for others	13,295	100,293	32,951	80,637
Total liabilities	<u>\$ 13,295</u>	<u>\$ 105,746</u>	<u>\$ 32,951</u>	<u>\$ 86,090</u>

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
911 Wireline Fund:				
Assets:				
Cash and cash equivalents	\$ 148,801	\$ 806,764	\$ 849,788	\$ 105,777
Due from other governmental units	-	8,996	-	8,996
Accounts receivable	101,487	86,136	101,487	86,136
Total assets	<u>\$ 250,288</u>	<u>\$ 901,896</u>	<u>\$ 951,275</u>	<u>\$ 200,909</u>
Liabilities:				
Accounts payable	\$ 19,795	\$ 23,550	\$ 19,795	\$ 23,550
Accrued liabilities	32,320	21,152	32,320	21,152
Amounts held for others	198,173	857,194	899,160	156,207
Total liabilities	<u>\$ 250,288</u>	<u>\$ 901,896</u>	<u>\$ 951,275</u>	<u>\$ 200,909</u>
Local Sales Tax Fund:				
Assets:				
Cash and cash equivalents	\$ (50)	\$ 129,964	\$ 181,963	\$ (52,049)
Due from other governmental units	-	21,334	-	21,334
Total assets	<u>\$ (50)</u>	<u>\$ 151,298</u>	<u>\$ 181,963</u>	<u>\$ (30,715)</u>
Liabilities:				
Amounts held for others	<u>\$ (50)</u>	<u>\$ 151,298</u>	<u>\$ 181,963</u>	<u>\$ (30,715)</u>
Building Inspection Fees Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 1,633</u>	<u>\$ 1,690</u>	<u>\$ 1,815</u>	<u>\$ 1,508</u>
Liabilities:				
Accrued liabilities	\$ 1,543	\$ 1,690	\$ 1,815	\$ 1,418
Amounts held for others	90	-	-	90
Total liabilities	<u>\$ 1,633</u>	<u>\$ 1,690</u>	<u>\$ 1,815</u>	<u>\$ 1,508</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 378,642	\$ 1,437,043	\$ 1,525,515	\$ 290,170
Accounts receivable	101,487	156,077	101,487	156,077
Due from other governmental units	-	31,424	-	31,424
Total assets	<u>\$ 480,129</u>	<u>\$ 1,624,544</u>	<u>\$ 1,627,002</u>	<u>\$ 477,671</u>
Liabilities:				
Accounts payable	\$ 19,795	\$ 33,534	\$ 19,795	\$ 33,534
Accrued liabilities	39,600	32,293	39,872	32,021
Due to other funds	8,020	-	-	8,020
Amounts held for others	283,394	1,121,026	1,114,074	290,346
Due to external parties	(8,225)	96,096	86,871	1,000
Amounts held for social services clients	137,545	341,595	366,390	112,750
Total liabilities	<u>\$ 480,129</u>	<u>\$ 1,624,544</u>	<u>\$ 1,627,002</u>	<u>\$ 477,671</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, 2013

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,347,644	\$ -	\$ 268,616	\$ 1,616,260
Receivables (net of allowance for uncollectibles):				
Accounts receivable	217,755	-	56	217,811
Due from other governmental units	272,563	1,005,010	39,773	1,317,346
Prepaid items	30,724	15,000	-	45,724
Total assets	<u>\$ 1,868,686</u>	<u>\$ 1,020,010</u>	<u>\$ 308,445</u>	<u>\$ 3,197,141</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 167,848	70,891	316	\$ 239,055
Accrued liabilities	1,330,764	135,273	51,826	1,517,863
Reconciled overdraft payable	-	684,211	-	684,211
Unearned revenue	6,040	5,000	11,000	22,040
Total liabilities	<u>\$ 1,504,652</u>	<u>\$ 895,375</u>	<u>\$ 63,142</u>	<u>\$ 2,463,169</u>
Fund balances:				
Nonspendable	\$ 30,724	15,000	\$ -	\$ 45,724
Restricted	-	-	-	-
Committed	333,310	109,635	245,303	688,248
Total fund balances	<u>\$ 364,034</u>	<u>\$ 124,635</u>	<u>\$ 245,303</u>	<u>\$ 733,972</u>
Total liabilities and fund balances	<u>\$ 1,868,686</u>	<u>\$ 1,020,010</u>	<u>\$ 308,445</u>	<u>\$ 3,197,141</u>

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

Total fund balances per above	\$ 733,972
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,168,499
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>(1,631,371)</u>
Net position of governmental activities	<u>\$ 2,271,100</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, 2013

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Charges for services	\$ -	\$ -	\$ 390,564	\$ 390,564
Miscellaneous	429,913	-	-	429,913
Intergovernmental revenues:				
Local government	7,963,501	-	-	7,963,501
Commonwealth	8,515,020	-	11,471	8,526,491
Federal	-	3,914,252	788,490	4,702,742
Total revenues	<u>\$ 16,908,434</u>	<u>\$ 3,914,252</u>	<u>\$ 1,190,525</u>	<u>\$ 22,013,211</u>
EXPENDITURES				
Current:				
Education	\$ 17,085,322	\$ 3,923,197	\$ 1,118,711	\$ 22,127,230
Debt service:				
Principal retirement	481,994	-	-	481,994
Interest and other fiscal charges	33,070	-	-	33,070
Total expenditures	<u>\$ 17,600,386</u>	<u>\$ 3,923,197</u>	<u>\$ 1,118,711</u>	<u>\$ 22,642,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (691,952)</u>	<u>\$ (8,945)</u>	<u>\$ 71,814</u>	<u>\$ (629,083)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ 391,422	\$ -	\$ -	\$ 391,422
Total other financing sources (uses)	<u>\$ 391,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,422</u>
Net change in fund balances	\$ (300,530)	\$ (8,945)	\$ 71,814	\$ (237,661)
Fund balances - beginning	664,564	133,580	173,489	971,633
Fund balances - ending	<u>\$ 364,034</u>	<u>\$ 124,635</u>	<u>\$ 245,303</u>	<u>\$ 733,972</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 \$ (237,661)

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.

30,751

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ (44,017)	
Issuance of capital lease	(391,422)	
Principal payments	481,994	
(Increase) decrease in Net OPEB obligation	<u>(30,000)</u>	<u>16,555</u>

Change in net position of governmental activities \$ (190,355)

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, 2013

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 380,820	\$ 541,818	\$ 429,913	\$ (111,905)
Intergovernmental revenues:				
Local government	7,963,501	7,963,501	7,963,501	-
Commonwealth	8,710,088	8,554,991	8,515,020	(39,971)
Federal	-	-	-	-
Total revenues	\$ 17,054,409	\$ 17,060,310	\$ 16,908,434	\$ (151,876)
EXPENDITURES				
Current:				
Education	\$ 16,695,297	\$ 17,270,397	\$ 17,085,322	\$ 185,075
Debt service:				
Principal retirement	481,994	481,994	481,994	-
Interest and other fiscal charges	33,070	33,070	33,070	-
Total expenditures	\$ 17,210,361	\$ 17,785,461	\$ 17,600,386	\$ 185,075
Excess (deficiency) of revenues over (under) expenditures	\$ (155,952)	\$ (725,151)	\$ (691,952)	\$ 33,199
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ 391,422	\$ 391,422	\$ -
Total other financing sources (uses)	\$ -	\$ 391,422	\$ 391,422	\$ -
Net change in fund balances	\$ (155,952)	\$ (333,729)	\$ (300,530)	\$ 33,199
Fund balances - beginning	155,952	333,729	664,564	330,835
Fund balances - ending	\$ -	\$ -	\$ 364,034	\$ 364,034

School Grants Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
4,111,596	5,845,379	3,914,252	(1,931,127)
\$ 4,111,596	\$ 5,845,379	\$ 3,914,252	\$ (1,931,127)
\$ 4,111,596	\$ 5,845,379	\$ 3,923,197	\$ 1,922,182
-	-	-	-
-	-	-	-
\$ 4,111,596	\$ 5,845,379	\$ 3,923,197	\$ 1,922,182
\$ -	\$ -	\$ (8,945)	\$ (8,945)
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (8,945)	\$ (8,945)
-	-	133,580	133,580
\$ -	\$ -	\$ 124,635	\$ 124,635

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Combining Balance Sheet - Nonmajor Special Revenue Funds
Discretely Presented Component Unit - School Board
June 30, 2013

	School Cafeteria Fund	School Retiree Health Insurance Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 242,650	\$ 25,966	\$ 268,616
Receivables (net of allowance for uncollectibles):			
Accounts receivable	56	-	56
Due from other governmental units	39,773	-	39,773
Total assets	<u>\$ 282,479</u>	<u>\$ 25,966</u>	<u>\$ 308,445</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 316	\$ -	\$ 316
Accrued liabilities	51,826	-	51,826
Unearned revenue	11,000	-	11,000
Total liabilities	<u>\$ 63,142</u>	<u>\$ -</u>	<u>\$ 63,142</u>
Fund balances:			
Committed	\$ 219,337	\$ 25,966	\$ 245,303
Total fund balances	<u>\$ 219,337</u>	<u>\$ 25,966</u>	<u>\$ 245,303</u>
Total liabilities and fund balances	<u>\$ 282,479</u>	<u>\$ 25,966</u>	<u>\$ 308,445</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, 2013

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 163,116	\$ 163,116	\$ 137,836	\$ (25,280)
Intergovernmental revenues:				
Commonwealth	13,216	11,746	11,471	(275)
Federal	686,691	686,691	788,490	101,799
Total revenues	<u>\$ 863,023</u>	<u>\$ 861,553</u>	<u>\$ 937,797</u>	<u>\$ 76,244</u>
EXPENDITURES				
Current:				
Education	<u>\$ 863,023</u>	<u>\$ 861,553</u>	<u>\$ 868,841</u>	<u>\$ (7,288)</u>
Total expenditures	<u>\$ 863,023</u>	<u>\$ 861,553</u>	<u>\$ 868,841</u>	<u>\$ (7,288)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,956</u>	<u>\$ 68,956</u>
Net change in fund balances	\$ -	\$ -	\$ 68,956	\$ 68,956
Fund balances - beginning	-	-	150,381	150,381
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,337</u>	<u>\$ 219,337</u>

School Retiree Health Insurance Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 252,728	\$ 252,728
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 252,728	\$ 252,728
\$ -	\$ -	\$ 249,870	\$ (249,870)
\$ -	\$ -	\$ 249,870	\$ (249,870)
\$ -	\$ -	\$ 2,858	\$ 2,858
\$ -	\$ -	\$ 2,858	\$ 2,858
-	-	23,108	23,108
\$ -	\$ -	\$ 25,966	\$ 25,966

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2013

Private Purpose Trust Funds					
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ASSETS					
Cash and cash equivalents	\$ 15,830	\$ 5	\$ 5,604	\$ 5,055	\$ 26,494
Total assets	<u>\$ 15,830</u>	<u>\$ 5</u>	<u>\$ 5,604</u>	<u>\$ 5,055</u>	<u>\$ 26,494</u>
NET POSITION					
Held in trust for scholarships	\$ 15,830	\$ 5	\$ 5,604	\$ 5,055	\$ 26,494
Total net position	<u>\$ 15,830</u>	<u>\$ 5</u>	<u>\$ 5,604</u>	<u>\$ 5,055</u>	<u>\$ 26,494</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2013

	Private Purpose Trust Funds				
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ADDITIONS					
Contributions:					
Miscellaneous	\$ 755	\$ -	\$ -	\$ -	\$ 755
Total contributions	\$ 755	\$ -	\$ -	\$ -	\$ 755
Investment earnings:					
Interest	\$ 27	\$ 5	\$ 11	\$ 8	\$ 51
Total additions	\$ 782	\$ 5	\$ 11	\$ 8	\$ 806
DEDUCTIONS					
Scholarships	\$ 500	\$ -	\$ -	\$ -	\$ 500
Total deductions	\$ 500	\$ -	\$ -	\$ -	\$ 500
Change in net position	\$ 282	\$ 5	\$ 11	\$ 8	\$ 306
Net position - beginning	15,548	-	5,593	5,047	26,188
Net position - ending	\$ 15,830	\$ 5	\$ 5,604	\$ 5,055	\$ 26,494

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SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,899,522	\$ 13,899,522	\$ 14,193,894	\$ 294,372
Real and personal public service corporation taxes	271,212	271,212	281,187	9,975
Personal property taxes	1,998,641	1,998,641	2,114,662	116,021
Mobile home taxes	20,026	20,026	23,856	3,830
Penalties	159,000	159,000	263,042	104,042
Interest	200,000	200,000	322,731	122,731
Total general property taxes	<u>\$ 16,548,401</u>	<u>\$ 16,548,401</u>	<u>\$ 17,199,372</u>	<u>\$ 650,971</u>
Other local taxes:				
Local sales and use taxes	\$ 1,314,617	\$ 1,314,617	\$ 1,080,525	\$ (234,092)
Consumers' utility taxes	323,900	323,900	316,666	(7,234)
Business license taxes	47,730	47,730	39,679	(8,051)
Motor vehicle licenses	275,000	275,000	396,464	121,464
Bank stock taxes	5,300	5,300	10,695	5,395
Taxes on recordation and wills	180,000	180,000	179,204	(796)
Hotel and motel room taxes	255,000	255,000	232,928	(22,072)
Restaurant food taxes	300,000	300,000	287,372	(12,628)
Total other local taxes	<u>\$ 2,701,547</u>	<u>\$ 2,701,547</u>	<u>\$ 2,543,533</u>	<u>\$ (158,014)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 4,561	\$ (1,439)
Permits and other licenses	147,745	147,745	123,989	(23,756)
Total permits, privilege fees, and regulatory licenses	<u>\$ 153,745</u>	<u>\$ 153,745</u>	<u>\$ 128,550</u>	<u>\$ (25,195)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 205,000	\$ 205,000	\$ 378,652	\$ 173,652
Total fines and forfeitures	<u>\$ 205,000</u>	<u>\$ 205,000</u>	<u>\$ 378,652</u>	<u>\$ 173,652</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 100,050	\$ 100,050	\$ 5,576	\$ (94,474)
Revenue from use of property	8,100	8,100	6,676	(1,424)
Total revenue from use of money and property	<u>\$ 108,150</u>	<u>\$ 108,150</u>	<u>\$ 12,252</u>	<u>\$ (95,898)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds

For The Year Ended June 30, 2013 (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)				
Revenue from local sources:				
Charges for services:				
Charges for courthouse maintenance	\$ 27,500	\$ 27,500	\$ 32,717	\$ 5,217
Charges for courthouse security	130,000	130,000	149,408	19,408
Charges for Commonwealth's Attorney	1,200	1,200	1,759	559
Charges for ambulance fees	117,000	117,000	207,846	90,846
Charges for sanitation and waste removal	471,881	471,881	451,294	(20,587)
Charges for parks and recreation	41,075	41,075	46,528	5,453
Charges for sale of publications and commemorative material	-	-	188	188
Total charges for services	<u>\$ 788,656</u>	<u>\$ 788,656</u>	<u>\$ 889,740</u>	<u>\$ 101,084</u>
Miscellaneous revenue:				
Miscellaneous	\$ 1,000	\$ 67,584	\$ 95,459	\$ 27,875
Total miscellaneous revenue	<u>\$ 1,000</u>	<u>\$ 67,584</u>	<u>\$ 95,459</u>	<u>\$ 27,875</u>
Recovered costs:				
General recovered costs	\$ 65,000	\$ 65,000	\$ 55,428	\$ (9,572)
Treasurer recovered costs	59,308	59,308	37,245	(22,063)
Total recovered costs	<u>\$ 124,308</u>	<u>\$ 124,308</u>	<u>\$ 92,673</u>	<u>\$ (31,635)</u>
Total revenue from local sources	<u>\$ 20,630,807</u>	<u>\$ 20,697,391</u>	<u>\$ 21,340,231</u>	<u>\$ 642,840</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,900	\$ 1,900	\$ 1,883	\$ (17)
Mobile home titling tax	12,000	12,000	13,819	1,819
Motor vehicle rental tax	-	-	4,208	4,208
Communications tax	520,000	520,000	519,747	(253)
State recordation tax	55,857	55,857	44,355	(11,502)
Reduction in state aid to local governments	1,421,967	1,421,967	1,421,967	-
Personal property tax relief funds	(200,000)	(200,000)	(186,494)	13,506
Total noncategorical aid	<u>\$ 1,811,724</u>	<u>\$ 1,811,724</u>	<u>\$ 1,819,485</u>	<u>\$ 7,761</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2013 (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)				
Intergovernmental revenues:				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 207,331	\$ 207,331	\$ 216,625	\$ 9,294
Sheriff	845,668	845,668	904,392	58,724
Commissioner of revenue	81,421	81,421	81,334	(87)
Treasurer	72,426	72,426	72,229	(197)
Registrar/electoral board	30,414	30,414	37,655	7,241
Clerk of the Circuit Court	183,718	183,718	196,707	12,989
Total shared expenses	<u>\$ 1,420,978</u>	<u>\$ 1,420,978</u>	<u>\$ 1,508,942</u>	<u>\$ 87,964</u>
Other categorical aid:				
Health department grant	\$ -	\$ -	\$ 9,175	\$ 9,175
Virginia Tourism grant	-	-	34,368	34,368
Four for Life	11,148	11,707	11,707	-
Litter control grant	8,000	10,825	10,825	-
DMV grant	-	20,250	-	(20,250)
Victim-witness grant	20,025	20,025	19,978	(47)
Other state funds	100,313	101,803	-	(101,803)
Fire programs	26,973	26,973	24,610	(2,363)
Total other categorical aid	<u>\$ 166,459</u>	<u>\$ 191,583</u>	<u>\$ 110,663</u>	<u>\$ (80,920)</u>
Total categorical aid	<u>\$ 1,587,437</u>	<u>\$ 1,612,561</u>	<u>\$ 1,619,605</u>	<u>\$ 7,044</u>
Total revenue from the Commonwealth	<u>\$ 3,399,161</u>	<u>\$ 3,424,285</u>	<u>\$ 3,439,090</u>	<u>\$ 14,805</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 35,500</u>	<u>\$ 35,500</u>	<u>\$ 25,313</u>	<u>\$ (10,187)</u>
Categorical aid:				
Byrne Justice assistance grant	\$ -	\$ -	\$ 2,869	\$ 2,869
Highway safety grant	-	-	25,369	25,369
National Oceanic & Atmospheric Administration grant	-	-	2,269	2,269
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,507</u>	<u>\$ 30,507</u>
Total revenue from the federal government	<u>\$ 35,500</u>	<u>\$ 35,500</u>	<u>\$ 55,820</u>	<u>\$ 20,320</u>
Total General Fund	<u>\$ 24,065,468</u>	<u>\$ 24,157,176</u>	<u>\$ 24,835,141</u>	<u>\$ 677,965</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2013 (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>
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 16,500	\$ 16,500	\$ 12,496	\$ (4,004)
Total charges for services	\$ 16,500	\$ 16,500	\$ 12,496	\$ (4,004)
Miscellaneous revenue:				
Other miscellaneous	\$ 200	\$ 200	\$ -	\$ (200)
Total miscellaneous revenue	\$ 200	\$ 200	\$ -	\$ (200)
Recovered costs:				
Extradition costs	\$ 500	\$ 1,326	\$ 1,491	\$ 165
Total recovered costs	\$ 500	\$ 1,326	\$ 1,491	\$ 165
Total revenue from local sources	\$ 17,200	\$ 18,026	\$ 13,987	\$ (4,039)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,942,947	\$ 1,942,947	\$ 1,881,882	\$ (61,065)
Other categorical aid:				
Local jails	\$ 210,255	\$ 210,255	\$ 259,103	\$ 48,848
Total categorical aid	\$ 2,153,202	\$ 2,153,202	\$ 2,140,985	\$ (12,217)
Total revenue from the Commonwealth	\$ 2,153,202	\$ 2,153,202	\$ 2,140,985	\$ (12,217)
Total Eastern Shore Regional Jail Fund	\$ 2,170,402	\$ 2,171,228	\$ 2,154,972	\$ (16,256)
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 90,074	\$ 90,074
Total miscellaneous revenue	\$ -	\$ -	\$ 90,074	\$ 90,074
Total revenue from local sources	\$ -	\$ -	\$ 90,074	\$ 90,074
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 883,510	\$ 883,510	\$ 624,943	\$ (258,567)
Total categorical aid	\$ 883,510	\$ 883,510	\$ 624,943	\$ (258,567)
Total revenue from the Commonwealth	\$ 883,510	\$ 883,510	\$ 624,943	\$ (258,567)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,324,370	\$ 1,324,370	\$ 1,182,390	\$ (141,980)
Total categorical aid	\$ 1,324,370	\$ 1,324,370	\$ 1,182,390	\$ (141,980)
Total revenue from the federal government	\$ 1,324,370	\$ 1,324,370	\$ 1,182,390	\$ (141,980)
Total Virginia Public Assistance Fund	\$ 2,207,880	\$ 2,207,880	\$ 1,897,407	\$ (310,473)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Forfeited Asset Sharing Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 38,187	\$ 38,187
Total miscellaneous revenue	\$ -	\$ -	\$ 38,187	\$ 38,187
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ 10,656	\$ 551	\$ (10,105)
Total Forfeited Asset Sharing Fund	\$ -	\$ 10,656	\$ 38,738	\$ 28,082
Purchase of Development Rights Fund:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of Conservation and Recreation grant	\$ -	\$ -	\$ 1,798	\$ 1,798
Total categorical aid	\$ -	\$ -	\$ 1,798	\$ 1,798
Total revenue from the Commonwealth	\$ -	\$ -	\$ 1,798	\$ 1,798
Total Purchase of Development Rights Fund	\$ -	\$ -	\$ 1,798	\$ 1,798
CDBG Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ -	\$ -
Program income	-	35,800	5,478	(30,322)
Total miscellaneous revenue	\$ -	\$ 35,800	\$ 5,478	\$ (30,322)
Total revenue from local sources	\$ -	\$ 35,800	\$ 5,478	\$ (30,322)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Other state funds	\$ -	\$ 3,600	\$ 3,600	\$ -
Total categorical aid	\$ -	\$ 3,600	\$ 3,600	\$ -
Total revenue from the Commonwealth	\$ -	\$ 3,600	\$ 3,600	\$ -
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 848,028	\$ 179,250	\$ (668,778)
Total categorical aid	\$ -	\$ 848,028	\$ 179,250	\$ (668,778)
Total revenue from the federal government	\$ -	\$ 848,028	\$ 179,250	\$ (668,778)
Total CDBG Projects Fund	\$ -	\$ 887,428	\$ 188,328	\$ (699,100)
HMGP Home Elevation Project Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 54,610	\$ 35,343	\$ (19,267)
Total miscellaneous revenue	\$ -	\$ 54,610	\$ 35,343	\$ (19,267)
Total revenue from local sources	\$ -	\$ 54,610	\$ 35,343	\$ (19,267)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2013 (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>
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
VDEM Hazard Mitigation grant	\$ -	\$ 109,906	\$ -	\$ (109,906)
Revenue from the federal government:				
Categorical aid:				
FEMA Hazard Mitigation grant	\$ -	\$ 527,202	\$ -	\$ (527,202)
Total HMGP Home Elevation Project Fund	\$ -	\$ 691,718	\$ 35,343	\$ (656,375)
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	\$ -	\$ -	\$ 50,110	\$ 50,110
Total revenue from use of money and property	\$ -	\$ -	\$ 50,110	\$ 50,110
Recovered costs:				
Other recovered costs	\$ 161,000	\$ 161,000	\$ 161,139	\$ 139
Total recovered costs	\$ 161,000	\$ 161,000	\$ 161,139	\$ 139
Total revenue from local sources	\$ 161,000	\$ 161,000	\$ 211,249	\$ 50,249
Total Debt Service Fund	\$ 161,000	\$ 161,000	\$ 211,249	\$ 50,249
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 719,724	\$ 16	\$ (719,708)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 7,942	\$ -	\$ (7,942)
Total miscellaneous revenue	\$ -	\$ 7,942	\$ -	\$ (7,942)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ 155,952	\$ 333,729	\$ 766,513	\$ 432,784
Total revenues from local governments	\$ 155,952	\$ 333,729	\$ 766,513	\$ 432,784
Total revenue from local sources	\$ 155,952	\$ 1,061,395	\$ 766,529	\$ (294,866)
Revenue from the Commonwealth:				
Categorical aid:				
Department of Mines, Minerals and Energy	\$ -	\$ 150,000	\$ -	\$ (150,000)
Total categorical aid	\$ -	\$ 150,000	\$ -	\$ (150,000)
Total revenue from the Commonwealth	\$ -	\$ 150,000	\$ -	\$ (150,000)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2013 (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>
Capital Projects Funds: (Continued)				
Capital Improvements Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Department of Emergency Management	\$ -	\$ 1,369,334	\$ 1,303,455	\$ (65,879)
Total County Capital Improvements Fund	\$ 155,952	\$ 2,580,729	\$ 2,069,984	\$ (510,745)
 Total Primary Government	 \$ 28,760,702	 \$ 33,055,592	 \$ 31,432,960	 \$ (1,622,632)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 380,820	\$ 541,818	\$ 429,913	\$ (111,905)
Total revenue from local sources	\$ 380,820	\$ 541,818	\$ 429,913	\$ (111,905)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 7,963,501	\$ 7,963,501	\$ 7,963,501	\$ -
Total revenues from local governments	\$ 7,963,501	\$ 7,963,501	\$ 7,963,501	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,594,747	\$ 1,606,816	\$ 1,594,970	\$ (11,846)
Basic school aid	3,833,711	3,676,069	3,677,318	1,249
ISAEF	7,859	7,859	7,859	-
Remedial summer education	1,621	1,621	-	(1,621)
Regular foster care	13,128	13,128	-	(13,128)
Special education foster care	-	(259)	12,869	13,128
Gifted and talented	36,943	35,722	35,722	-
Remedial education	282,694	271,730	273,351	1,621
Remediation - SOL	-	6,116	-	(6,116)
English as a second language	99,858	87,303	87,303	-
Special education	597,512	577,765	577,765	-
Textbook payment	72,063	69,681	69,681	-
Virginia preschool initiative	219,000	219,000	219,000	-
Social security fringe benefits	241,736	220,422	233,746	13,324
Retirement fringe benefits	403,160	403,160	389,836	(13,324)
Group life insurance fringe benefits	15,259	14,755	14,755	-
SOL algebra	26,573	28,174	28,174	-
Early reading intervention	9,173	9,173	15,289	6,116
GED pass-thru grant	-	28,787	28,777	(10)
Homebound special education	1,730	1,895	1,895	-
National Board Certification incentive awards	-	5,000	5,000	-
Vocational educational	131,185	127,121	127,121	-

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2013 (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	\$ 11,064	\$ 8,629	\$ 8,515	\$ (114)
At risk payments	361,314	349,374	349,374	-
Special education - Jails	2,833	2,100	-	(2,100)
Primary class size	379,939	348,433	348,433	-
Technology	180,000	221,120	196,468	(24,652)
Alternative education	78,427	78,429	78,429	-
Jobs for Virginia graduates	-	21,000	21,000	-
Other state funds	2,638	343	1,492	1,149
Additional assistance with retirement, inflation and preschool costs	103,766	103,766	103,274	(492)
Mentor teacher programs	2,155	10,759	7,604	(3,155)
Total categorical aid	<u>\$ 8,710,088</u>	<u>\$ 8,554,991</u>	<u>\$ 8,515,020</u>	<u>\$ (39,971)</u>
Total revenue from the Commonwealth	<u>\$ 8,710,088</u>	<u>\$ 8,554,991</u>	<u>\$ 8,515,020</u>	<u>\$ (39,971)</u>
Total School Operating Fund	<u>\$ 17,054,409</u>	<u>\$ 17,060,310</u>	<u>\$ 16,908,434</u>	<u>\$ (151,876)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 163,116	\$ 163,116	\$ 137,836	\$ (25,280)
Total charges for services	<u>\$ 163,116</u>	<u>\$ 163,116</u>	<u>\$ 137,836</u>	<u>\$ (25,280)</u>
Total revenue from local sources	<u>\$ 163,116</u>	<u>\$ 163,116</u>	<u>\$ 137,836</u>	<u>\$ (25,280)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,216	\$ 11,746	\$ 11,471	\$ (275)
Total categorical aid	<u>\$ 13,216</u>	<u>\$ 11,746</u>	<u>\$ 11,471</u>	<u>\$ (275)</u>
Total revenue from the Commonwealth	<u>\$ 13,216</u>	<u>\$ 11,746</u>	<u>\$ 11,471</u>	<u>\$ (275)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 686,691	\$ 686,691	\$ 705,357	\$ 18,666
Summer food program grant	-	-	12,781	12,781
USDA commodities	-	-	70,352	70,352
Total categorical aid	<u>\$ 686,691</u>	<u>\$ 686,691</u>	<u>\$ 788,490</u>	<u>\$ 101,799</u>
Total revenue from the federal government	<u>\$ 686,691</u>	<u>\$ 686,691</u>	<u>\$ 788,490</u>	<u>\$ 101,799</u>
Total School Cafeteria Fund	<u>\$ 863,023</u>	<u>\$ 861,553</u>	<u>\$ 937,797</u>	<u>\$ 76,244</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2013 (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	\$ 862,687	\$ 1,145,019	\$ 704,069	\$ (440,950)
Title I Part C (Migrant)	132,315	368,639	116,346	(252,293)
Title II Part A	154,032	260,455	151,052	(109,403)
Title II Part D	5,645	5,645	-	(5,645)
Title III Part A	20,593	58,922	21,261	(37,661)
Title VI-B Special education	419,323	567,292	441,313	(125,979)
Title VI-B Special education ARRA	15,255	-	-	-
Title VI-B preschool	-	32,152	11,140	(21,012)
Title VI-B rural and low income schools	35,912	70,102	46,535	(23,567)
1003 G school improvement grant	-	3,220,236	2,331,785	(888,451)
CTE/Perkins grant	53,244	58,355	58,355	-
1003 A school improvement grant	-	26,000	-	(26,000)
Consortium incentive grants	-	25,979	25,813	(166)
Other federal grants	2,412,590	-	-	-
Education JOBS allocation	-	6,583	6,583	-
Total categorical aid	<u>\$ 4,111,596</u>	<u>\$ 5,845,379</u>	<u>\$ 3,914,252</u>	<u>\$ (1,931,127)</u>
Total revenue from the federal government	<u>\$ 4,111,596</u>	<u>\$ 5,845,379</u>	<u>\$ 3,914,252</u>	<u>\$ (1,931,127)</u>
Total School Grants Fund	<u>\$ 4,111,596</u>	<u>\$ 5,845,379</u>	<u>\$ 3,914,252</u>	<u>\$ (1,931,127)</u>
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 252,728	\$ 252,728
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,728</u>	<u>\$ 252,728</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,728</u>	<u>\$ 252,728</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,029,028</u>	<u>\$ 23,767,242</u>	<u>\$ 22,013,211</u>	<u>\$ (1,754,031)</u>

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Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

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	\$ 45,647	\$ 45,647	\$ 36,898	\$ 8,749
General and financial administration:				
County administrator	\$ 406,890	\$ 412,890	\$ 377,805	\$ 35,085
County attorney	78,306	80,476	80,476	-
Commissioner of revenue	207,759	214,359	201,547	12,812
General reassessment	163,630	163,630	148,026	15,604
Treasurer	270,605	270,605	258,613	11,992
Finance	322,801	321,953	313,841	8,112
Department of information technology	244,210	257,738	250,811	6,927
Contingency	420,488	134,046	-	134,046
Other general and financial administration	155,465	161,963	161,077	886
Total general and financial administration	\$ 2,270,154	\$ 2,017,660	\$ 1,792,196	\$ 225,464
Board of elections:				
Electoral board and officials	\$ 148,471	\$ 157,311	\$ 139,412	\$ 17,899
Total board of elections	\$ 148,471	\$ 157,311	\$ 139,412	\$ 17,899
Total general government administration	\$ 2,464,272	\$ 2,220,618	\$ 1,968,506	\$ 252,112
Judicial administration:				
Courts:				
Circuit court	\$ 27,012	\$ 25,362	\$ 23,629	\$ 1,733
General district court	6,940	7,062	7,062	-
Magistrate	3,725	3,603	1,278	2,325
Juvenile and domestic relations district court	4,660	4,660	4,312	348
Clerk of the circuit court	290,952	292,602	279,837	12,765
Victim and witness assistance	20,017	20,017	19,978	39
Total courts	\$ 353,306	\$ 353,306	\$ 336,096	\$ 17,210
Commonwealth's attorney:				
Commonwealth's attorney	\$ 272,363	\$ 271,960	\$ 271,852	\$ 108
Total commonwealth's attorney	\$ 272,363	\$ 271,960	\$ 271,852	\$ 108
Total judicial administration	\$ 625,669	\$ 625,266	\$ 607,948	\$ 17,318
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,874,513	\$ 1,977,785	\$ 1,962,455	\$ 15,330
Total law enforcement and traffic control	\$ 1,874,513	\$ 1,977,785	\$ 1,962,455	\$ 15,330

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 12,512	\$ 13,078	\$ 13,077	\$ 1
Fire prevention	166,304	165,738	163,291	2,447
Emergency medical services	1,164,723	1,164,723	1,032,077	132,646
Total fire and rescue services	\$ 1,343,539	\$ 1,343,539	\$ 1,208,445	\$ 135,094
Correction and detention:				
Judicial court services	\$ 36,200	\$ 36,200	\$ 31,072	\$ 5,128
Total correction and detention	\$ 36,200	\$ 36,200	\$ 31,072	\$ 5,128
Inspections:				
Building	\$ 214,993	\$ 215,993	\$ 202,363	\$ 13,630
Total inspections	\$ 214,993	\$ 215,993	\$ 202,363	\$ 13,630
Other protection:				
Animal control	\$ 102,377	\$ 104,918	\$ 104,918	\$ -
Other emergency services	246,892	249,731	233,973	15,758
Contribution to animal control facility	33,138	32,917	28,366	4,551
Total other protection	\$ 382,407	\$ 387,566	\$ 367,257	\$ 20,309
Total public safety	\$ 3,851,652	\$ 3,961,083	\$ 3,771,592	\$ 189,491
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,305,110	\$ 1,354,759	\$ 1,354,759	\$ -
Administration	82,102	82,102	80,950	1,152
Total sanitation and waste removal	\$ 1,387,212	\$ 1,436,861	\$ 1,435,709	\$ 1,152
Maintenance of general buildings and grounds:				
General properties	\$ 585,921	\$ 585,921	\$ 565,337	\$ 20,584
Total maintenance of general buildings and grounds	\$ 585,921	\$ 585,921	\$ 565,337	\$ 20,584
Total public works	\$ 1,973,133	\$ 2,022,782	\$ 2,001,046	\$ 21,736
Health and welfare:				
Health:				
Supplement of local health department	\$ 353,319	\$ 353,319	\$ 348,764	\$ 4,555
Total health	\$ 353,319	\$ 353,319	\$ 348,764	\$ 4,555

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (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	104,000	104,000	104,000	-
Total welfare	\$ 105,800	\$ 105,800	\$ 105,800	\$ -
Total health and welfare	\$ 516,974	\$ 516,974	\$ 512,419	\$ 4,555
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 20,723	\$ 20,723	\$ 20,723	\$ -
Contribution to County School Board	7,963,501	7,963,501	7,963,501	-
Total education	\$ 7,984,224	\$ 7,984,224	\$ 7,984,224	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 158,404	\$ 167,804	\$ 142,628	\$ 25,176
Harbors and boat ramps	41,612	41,612	23,851	17,761
Total parks and recreation	\$ 200,016	\$ 209,416	\$ 166,479	\$ 42,937
Library:				
Contribution to regional library	\$ 111,969	\$ 111,969	\$ 111,969	\$ -
Contribution to local library	20,000	20,000	20,000	-
Total library	\$ 131,969	\$ 131,969	\$ 131,969	\$ -
Total parks, recreation, and cultural	\$ 331,985	\$ 341,385	\$ 298,448	\$ 42,937
Community development:				
Planning and community development:				
Community development	\$ 53,933	\$ 64,433	\$ 64,433	\$ -
Planning and zoning	467,193	459,893	402,722	57,171
Code compliance	124,718	128,718	128,662	56
Economic development	56,750	185,285	99,339	85,946
Wetlands board	2,100	2,100	1,381	719
Planning commission	6,579	6,579	3,415	3,164
Other economic development	208,382	253,382	274,483	(21,101)
Total planning and community development	\$ 919,655	\$ 1,100,390	\$ 974,435	\$ 125,955
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 28,783	\$ 28,783	\$ 28,783	\$ -
Total environmental management	\$ 28,783	\$ 28,783	\$ 28,783	\$ -
Cooperative extension program:				
Extension office	\$ 81,458	\$ 81,458	\$ 62,421	\$ 19,037
Total cooperative extension program	\$ 81,458	\$ 81,458	\$ 62,421	\$ 19,037
Total community development	\$ 1,029,896	\$ 1,210,631	\$ 1,065,639	\$ 144,992

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 116,238	\$ 116,238	\$ 117,448	\$ (1,210)
Interest and other fiscal charges	4,247	7,206	6,496	710
Total debt service	<u>\$ 120,485</u>	<u>\$ 123,444</u>	<u>\$ 123,944</u>	<u>\$ (500)</u>
Total General Fund	<u>\$ 18,898,290</u>	<u>\$ 19,006,407</u>	<u>\$ 18,333,766</u>	<u>\$ 672,641</u>
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 3,666,886	\$ 3,667,712	\$ 3,443,012	\$ 224,700
Total correction and detention	<u>\$ 3,666,886</u>	<u>\$ 3,667,712</u>	<u>\$ 3,443,012</u>	<u>\$ 224,700</u>
Total Eastern Shore Regional Jail Fund	<u>\$ 3,666,886</u>	<u>\$ 3,667,712</u>	<u>\$ 3,443,012</u>	<u>\$ 224,700</u>
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,108,866	\$ 2,108,866	\$ 1,994,924	\$ 113,942
Public assistance	434,500	434,500	218,695	215,805
Other welfare services	134,335	134,335	74,382	59,953
Total welfare and social services	<u>\$ 2,677,701</u>	<u>\$ 2,677,701</u>	<u>\$ 2,288,001</u>	<u>\$ 389,700</u>
Total health and welfare	<u>\$ 2,677,701</u>	<u>\$ 2,677,701</u>	<u>\$ 2,288,001</u>	<u>\$ 389,700</u>
Total Virginia Public Assistance Fund	<u>\$ 2,677,701</u>	<u>\$ 2,677,701</u>	<u>\$ 2,288,001</u>	<u>\$ 389,700</u>
Purchase of Development Rights Fund:				
Community development:				
Planning and community development:				
Purchase of development rights	\$ -	\$ 40,287	\$ 4,000	\$ 36,287
Total Purchase of Development Rights Fund	<u>\$ -</u>	<u>\$ 40,287</u>	<u>\$ 4,000</u>	<u>\$ 36,287</u>
CDBG Projects Fund:				
Community development:				
Planning and community development:				
East Fairview CDBG project	\$ -	\$ 7,197	\$ -	\$ 7,197
West Fairview CDBG project	-	243,481	-	243,481
CDBG Regional broadband project	-	415	-	415
Culls Community CDBG project	-	658,630	228,125	430,505
Total community development	<u>\$ -</u>	<u>\$ 909,723</u>	<u>\$ 228,125</u>	<u>\$ 681,598</u>
Total CDBG Projects Fund	<u>\$ -</u>	<u>\$ 909,723</u>	<u>\$ 228,125</u>	<u>\$ 681,598</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (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
1905 Elevation project	-	327,750	-	327,750
Total community development	\$ -	\$ 761,942	\$ -	\$ 761,942
Total HMGP Home Elevation Project Fund	\$ -	\$ 761,942	\$ -	\$ 761,942
Parks and Recreation Project Fund:				
Capital projects:				
Parks and recreation improvements	\$ -	\$ 35,053	\$ 2,645	\$ 32,408
Total capital projects	\$ -	\$ 35,053	\$ 2,645	\$ 32,408
Total Parks and Recreation Project Fund	\$ -	\$ 35,053	\$ 2,645	\$ 32,408
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,784,435	\$ 37,491,275	\$ 36,587,593	\$ 903,682
Interest and other fiscal charges	1,468,514	1,468,514	1,561,091	(92,577)
Bond issuance costs	-	-	893,416	(893,416)
Total Debt Service Fund	\$ 4,252,949	\$ 38,959,789	\$ 39,042,100	\$ (82,311)
Capital Projects Funds:				
Capital Improvements Fund:				
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 1,219,601	\$ -	\$ 1,219,601
Administrative building renovations	-	112,170	9,729	102,441
Emergency services equipment	-	1,303,560	1,303,455	105
School capital assets	-	616,893	205,388	411,505
Judicial court services	-	4	-	4
Contingencies	155,952	(72,531)	-	(72,531)
Facilities management	-	39,886	56,992	(17,106)
Solid waste transfer station and other construction	-	713,042	69,525	643,517
Other construction and improvements	-	28,539	-	28,539
Total capital projects	\$ 155,952	\$ 3,961,164	\$ 1,645,089	\$ 2,316,075
Debt service:				
Interest and other fiscal charges	\$ -	\$ 31,002	\$ -	\$ 31,002
Total debt service	\$ -	\$ 31,002	\$ -	\$ 31,002
Total Capital Improvements Fund	\$ 155,952	\$ 3,992,166	\$ 1,645,089	\$ 2,347,077
Total Primary Government	\$ 29,651,778	\$ 70,050,780	\$ 64,986,738	\$ 5,064,042

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 1,907,601	\$ 1,919,601	\$ 1,878,301	\$ 41,300
Total administration of schools	\$ 1,907,601	\$ 1,919,601	\$ 1,878,301	\$ 41,300
Instruction costs:				
Elementary and secondary schools	\$ 11,367,468	\$ 11,350,090	\$ 11,093,916	\$ 256,174
Total instruction costs	\$ 11,367,468	\$ 11,350,090	\$ 11,093,916	\$ 256,174
Operating costs:				
Pupil transportation	\$ 1,227,532	\$ 1,593,146	\$ 1,391,926	\$ 201,220
Operation and maintenance of school plant	2,044,129	2,081,216	1,962,051	119,165
Total operating costs	\$ 3,271,661	\$ 3,674,362	\$ 3,353,977	\$ 320,385
Contribution to County Capital Projects Fund	\$ 148,567	\$ 326,344	\$ 759,128	\$ (432,784)
Total education	\$ 16,695,297	\$ 17,270,397	\$ 17,085,322	\$ 185,075
Debt service:				
Principal retirement	\$ 481,994	\$ 481,994	\$ 481,994	\$ -
Interest and other fiscal charges	33,070	33,070	33,070	-
Total debt service	\$ 515,064	\$ 515,064	\$ 515,064	\$ -
Total School Operating Fund	\$ 17,210,361	\$ 17,785,461	\$ 17,600,386	\$ 185,075
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 863,023	\$ 861,553	\$ 798,489	\$ 63,064
USDA commodities	-	-	70,352	(70,352)
Total school food services	\$ 863,023	\$ 861,553	\$ 868,841	\$ (7,288)
Total education	\$ 863,023	\$ 861,553	\$ 868,841	\$ (7,288)
Total School Cafeteria Fund	\$ 863,023	\$ 861,553	\$ 868,841	\$ (7,288)
School Grants Fund:				
Education:				
Instruction	\$ 4,111,596	\$ 5,845,379	\$ 3,923,197	\$ 1,922,182
Total School Grants Fund	\$ 4,111,596	\$ 5,845,379	\$ 3,923,197	\$ 1,922,182
School Retiree Health Insurance Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 249,870	\$ (249,870)
Total education	\$ -	\$ -	\$ 249,870	\$ (249,870)
Total School Retiree Health Insurance Fund	\$ -	\$ -	\$ 249,870	\$ (249,870)
Total Discretely Presented Component Unit - School Board	\$ 22,184,980	\$ 24,492,393	\$ 22,642,294	\$ 1,850,099

OTHER STATISTICAL SECTION

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Statistical Section

Contents

Tables

Financial Trends

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

1-4

Revenue Capacity

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

5-8

Debt Capacity

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

9-10

Demographic and Economic Information

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

11-12

Operating Information

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

13-15

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

COUNTY OF NORTHAMPTON, VIRGINIA

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 13,198,763	\$ 13,813,629	\$ 11,716,567	\$ 8,893,564
Restricted	2,299,456	2,690,446	2,279,410	2,016,857
Unrestricted	9,115,224	8,399,606	6,930,654	10,914,539
Total governmental activities net position	<u>\$ 24,613,443</u>	<u>\$ 24,903,681</u>	<u>\$ 20,926,631</u>	<u>\$ 21,824,960</u>
Business-type activities				
Net investment in capital assets	\$ -	\$ -	\$ 7,136	\$ 8,849
Unrestricted	2,702	(27,136)	(131,380)	(16,115)
Total business-type activities net position	<u>\$ 2,702</u>	<u>\$ (27,136)</u>	<u>\$ (124,244)</u>	<u>\$ (7,266)</u>
Primary government				
Net investment in capital assets	\$ 13,198,763	\$ 13,813,629	\$ 11,723,703	\$ 8,902,413
Restricted	2,299,456	2,690,446	2,279,410	2,016,857
Unrestricted	9,117,926	8,372,470	6,799,274	10,898,424
Total primary government net position	<u>\$ 24,616,145</u>	<u>\$ 24,876,545</u>	<u>\$ 20,802,387</u>	<u>\$ 21,817,694</u>

Table 1

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 12,200,548	\$ 3,337,644	\$ 5,878,385	\$ 4,007,409	\$ 2,891,713	\$ 926,041
1,027,524	753,414	474,573	349,601	184,152	72,285
734,791	2,784,343	3,102,846	1,396,523	1,060,779	(774,921)
<u>\$ 13,962,863</u>	<u>\$ 6,875,401</u>	<u>\$ 9,455,804</u>	<u>\$ 5,753,533</u>	<u>\$ 4,136,644</u>	<u>\$ 223,405</u>
\$ 10,562	\$ 12,275	\$ -	\$ -	\$ -	\$ -
(17,828)	(19,541)	-	-	-	-
<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,211,110	\$ 3,349,919	\$ 5,878,385	\$ 4,007,409	\$ 2,891,713	\$ 926,041
1,027,524	753,414	474,573	349,601	184,152	72,285
716,963	2,764,802	3,102,846	1,396,523	1,060,779	(774,921)
<u>\$ 13,955,597</u>	<u>\$ 6,868,135</u>	<u>\$ 9,455,804</u>	<u>\$ 5,753,533</u>	<u>\$ 4,136,644</u>	<u>\$ 223,405</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	2013	2012	2011	2010
Expenses				
Governmental activities:				
General government administration	\$ 2,580,737	\$ 2,421,964	\$ 1,880,236	\$ 1,609,696
Judicial administration	776,261	791,212	755,107	700,167
Public safety	9,453,598	3,875,834	7,220,089	7,006,458
Public works	2,173,368	2,171,427	3,046,144	1,345,320
Health and welfare	2,878,538	3,182,812	3,352,694	4,192,321
Education	8,731,218	8,009,717	8,807,476	8,307,555
Parks, recreation, cultural	320,558	343,025	352,034	300,973
Community development	1,299,259	1,414,090	1,849,353	900,746
Interest on long-term debt	2,480,390	1,598,507	1,630,403	1,657,839
Total governmental activities expenses	\$ 30,693,927	\$ 23,808,588	\$ 28,893,536	\$ 26,021,075
Business-type activities:				
Public utilities	\$ 163,782	\$ 95,162	\$ 171,219	\$ 83,596
Total business-type activities expenses	\$ 163,782	\$ 95,162	\$ 171,219	\$ 83,596
Total Primary government expenses	\$ 30,857,709	\$ 23,903,750	\$ 29,064,755	\$ 26,104,671
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	562,536	309,943	246,548	236,585
Public safety	348,892	182,244	180,166	294,899
Public works	451,294	448,334	397,766	330,862
Parks, recreation, culture	46,528	71,060	43,447	49,180
Community development	188	108	372	-
Operating grants and contributions	5,604,379	6,586,173	7,542,861	6,591,543
Capital grants and contributions	1,482,705	139,418	150,000	6,269,953
Total governmental activities program revenues	\$ 8,496,522	\$ 7,737,280	\$ 8,561,160	\$ 13,773,022
Business-type activities:				
Charges for services	\$ 174,910	\$ -	\$ 54,241	\$ 57,489
Total business-type activities program revenues	\$ 174,910	\$ -	\$ 54,241	\$ 57,489
Total primary government program revenue	\$ 8,671,432	\$ 7,737,280	\$ 8,615,401	\$ 13,830,511
Net(Expense)/Revenue				
Governmental activities	\$ (22,197,405)	\$ (16,071,308)	\$ (20,332,376)	\$ (12,248,053)
Business-type activities	11,128	(95,162)	(116,978)	(26,107)
Total primary government net expense	\$ (22,186,277)	\$ (16,166,470)	\$ (20,449,354)	\$ (12,274,160)

Table 2
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	2009	2008	2007	2006	2005	2004
\$	2,062,347	\$ 2,750,816	\$ 1,836,811	\$ 1,625,617	\$ 1,538,130	\$ 1,441,694
	1,118,587	1,223,208	1,081,364	966,440	870,211	764,934
	7,067,742	6,753,142	4,571,938	3,489,595	3,391,928	3,704,083
	2,771,451	1,461,183	1,575,481	1,653,659	939,072	873,439
	3,855,439	3,934,795	3,733,684	3,391,314	3,517,236	3,141,005
	9,710,756	8,410,381	7,707,296	7,578,332	6,037,215	5,298,083
	293,853	370,596	325,906	350,309	355,501	351,289
	1,368,325	1,732,461	1,604,728	1,626,484	1,467,840	1,445,528
	2,176,369	2,326,326	2,054,896	1,696,123	1,100,212	952,427
\$	<u>30,424,869</u>	<u>\$ 28,962,908</u>	<u>\$ 24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>	<u>\$ 17,972,482</u>
\$	86,402	\$ 25,566	\$ -	\$ -	\$ -	\$ -
\$	<u>86,402</u>	<u>\$ 25,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>30,511,271</u>	<u>\$ 28,988,474</u>	<u>\$ 24,492,104</u>	<u>\$ 22,377,873</u>	<u>\$ 19,217,345</u>	<u>\$ 17,972,482</u>
\$	117,117	\$ 139,233	\$ 108,788	\$ 62,593	\$ 58,566	\$ 47,039
	1,532	4,573	67,234	2,379	932	2,597
	369,089	373,412	296,998	284,759	222,903	175,361
	303,654	58,655	78,759	63,672	177,928	166,019
	18,662	15,440	14,820	14,156	13,798	14,599
	283,323	348,133	364,856	374,874	614,077	274,038
	6,792,581	7,169,684	5,567,059	4,927,797	5,124,701	5,582,173
	9,518,123	151,205	4,060,879	469,055	250,729	239,964
\$	<u>17,404,081</u>	<u>\$ 8,260,335</u>	<u>\$ 10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>	<u>\$ 6,501,790</u>
\$	26,663	\$ 18,300	\$ -	\$ -	\$ -	\$ -
\$	<u>26,663</u>	<u>\$ 18,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>17,430,744</u>	<u>\$ 8,278,635</u>	<u>\$ 10,559,393</u>	<u>\$ 6,199,285</u>	<u>\$ 6,463,634</u>	<u>\$ 6,501,790</u>
\$	(13,020,788)	\$ (20,702,573)	\$ (13,932,711)	\$ (16,178,588)	\$ (12,753,711)	\$ (11,470,692)
	(59,739)	(7,266)	-	-	-	-
\$	<u>(13,080,527)</u>	<u>\$ (20,709,839)</u>	<u>\$ (13,932,711)</u>	<u>\$ (16,178,588)</u>	<u>\$ (12,753,711)</u>	<u>\$ (11,470,692)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 16,777,134	\$ 15,640,011	\$ 15,457,110	\$ 15,591,694
Local sales and use tax	1,080,525	1,177,340	1,064,382	1,041,256
Communication sales tax	-	-	-	-
Consumer utility tax	316,666	313,641	316,147	512,946
Business license taxes	39,679	40,968	44,943	42,978
Franchise taxes	-	-	-	-
Hotel and meals taxes	520,300	265,688	258,405	483,995
E-911 taxes	-	-	-	-
Other local taxes	586,363	695,252	682,452	494,685
Unrestricted revenues from use of money and property	62,378	128,069	79,445	86,717
Miscellaneous	246,097	190,464	76,049	87,554
Grants and contributions not restricted to specific programs	1,844,798	1,796,331	1,794,768	1,666,792
Gain(loss) on disposal of capital assets	-	-	-	-
Transfers	<u>747,803</u>	<u>(199,406)</u>	<u>436,301</u>	<u>(26,107)</u>
Total governmental activities	<u>\$ 22,221,743</u>	<u>\$ 20,048,358</u>	<u>\$ 20,210,002</u>	<u>\$ 19,982,510</u>
Business-type activities:				
Miscellaneous	\$ -	\$ (7,136)	\$ -	\$ -
Transfers	<u>18,710</u>	<u>199,406</u>	<u>-</u>	<u>26,107</u>
Total business-type activities	<u>\$ 18,710</u>	<u>\$ 192,270</u>	<u>\$ -</u>	<u>\$ 26,107</u>
Total primary government	<u>\$ 22,240,453</u>	<u>\$ 20,240,628</u>	<u>\$ 20,210,002</u>	<u>\$ 20,008,617</u>
Change in Net Position				
Governmental activities	\$ 24,338	\$ 3,977,050	\$ (122,374)	\$ 7,734,457
Business-type activities	<u>29,838</u>	<u>97,108</u>	<u>(116,978)</u>	<u>-</u>
Total primary government	<u>\$ 54,176</u>	<u>\$ 4,074,158</u>	<u>\$ (239,352)</u>	<u>\$ 7,734,457</u>

Table 2

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	2009	2008	2007	2006	2005	2004
\$	15,323,293	\$ 12,226,724	\$ 12,122,410	\$ 11,229,030	\$ 10,132,568	\$ 7,582,255
	1,086,465	1,279,051	1,346,943	1,311,705	1,132,340	930,749
	507,013	558,021	239,287	-	-	-
	320,085	305,629	405,185	639,003	685,523	729,553
	16,355	20,424	13,725	15,174	16,637	14,124
	-	-	12,037	5,879	14,002	15,472
	530,968	552,122	358,832	438,483	417,525	429,485
	-	-	-	156,632	121,222	119,594
	445,393	483,882	558,807	588,299	764,278	462,992
	208,654	767,134	796,109	795,440	354,403	166,745
	303,303	390,500	210,872	242,363	221,952	128,149
	1,307,051	1,526,036	1,565,029	1,724,185	1,471,448	706,531
	119,409	12,647	-	-	-	(6,889)
	(59,739)	-	-	-	-	-
\$	<u>20,108,250</u>	<u>\$ 18,122,170</u>	<u>\$ 17,629,236</u>	<u>\$ 17,146,193</u>	<u>\$ 15,331,898</u>	<u>\$ 11,278,760</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	59,739	-	-	-	-	-
\$	<u>59,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>20,167,989</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>
\$	7,087,462	\$ (2,580,403)	\$ 3,696,525	\$ 967,605	\$ 2,578,187	\$ (191,932)
	-	(7,266)	-	-	-	-
\$	<u>7,087,462</u>	<u>\$ (2,587,669)</u>	<u>\$ 3,696,525</u>	<u>\$ 967,605</u>	<u>\$ 2,578,187</u>	<u>\$ (191,932)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ 246,159
Unreserved	-	-	-	4,336,539
Nonspendable	674	-	-	-
Restricted	-	-	1,334,815	-
Unassigned	8,058,543	6,598,399	4,191,411	-
Total General Fund	<u>\$ 8,059,217</u>	<u>\$ 6,598,399</u>	<u>\$ 5,526,226</u>	<u>\$ 4,582,698</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ 2,016,857
Unreserved, reported in:				
Special revenue funds	-	-	-	55,070
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	7,518,666
Nonspendable	-	-	624,228	-
Restricted	2,299,456	2,690,446	1,123,573	-
Committed	4,600,157	4,378,522	4,410,088	-
Unassigned	(170,856)	(168,211)	(176,288)	-
Total all other governmental funds	<u>\$ 6,728,757</u>	<u>\$ 6,900,757</u>	<u>\$ 5,981,601</u>	<u>\$ 9,590,593</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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 87,818	\$ 75,584	\$ 175,776	\$ 42,385	\$ 23,144	\$ 9,058
3,783,923	4,399,830	5,370,220	5,863,933	5,266,780	3,472,125
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,871,741</u>	<u>\$ 4,475,414</u>	<u>\$ 5,545,996</u>	<u>\$ 5,906,318</u>	<u>\$ 5,289,924</u>	<u>\$ 3,481,183</u>
\$ 1,722,914	\$ 1,581,003	\$ 1,319,773	\$ 1,194,801	\$ 1,029,352	\$ 9,391,026
65,165	43,601	53,883	73,584	93,785	115,207
440,816	1,161,023	415,849	456,825	428,397	-
10,300,626	12,573,719	15,749,848	11,114,139	11,811,825	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 12,529,521</u>	<u>\$ 15,359,346</u>	<u>\$ 17,539,353</u>	<u>\$ 12,839,349</u>	<u>\$ 13,363,359</u>	<u>\$ 9,506,233</u>

COUNTY OF NORTHAMPTON, VIRGINIA

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

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

N/A - This information was unavailable.

Notes:

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

Table 4

2010	2009	2008	2007	2006	2005	2004
\$ 15,077,656	\$ 14,963,530	\$ 12,170,249	\$ 11,798,754	\$ 11,031,798	\$ 10,074,541	\$ 8,281,143
2,892,710	2,906,279	3,199,129	2,934,816	3,155,175	3,151,527	2,701,969
192,564	238,126	293,445	322,274	336,333	505,390	158,704
114,132	114,630	136,138	107,828	61,393	55,166	37,639
78,806	213,130	786,364	832,703	804,699	372,303	166,745
604,829	560,304	273,121	239,436	146,333	308,234	296,991
87,554	17,302	122,907	132,274	187,918	135,433	79,239
428,125	180,390	176,043	61,292	94,276	105,276	77,541
8,258,638	17,892,885	9,150,652	7,665,511	7,322,733	7,032,403	6,685,978
\$ 27,735,014	\$ 37,086,576	\$ 26,308,048	\$ 24,094,888	\$ 23,140,658	\$ 21,740,273	\$ 18,485,949
\$ 1,770,821	\$ 1,961,150	\$ 2,665,789	\$ 1,908,408	\$ 1,759,304	\$ 1,604,512	\$ 1,484,111
584,458	940,492	1,054,686	913,982	964,096	849,032	772,334
6,119,994	6,135,182	6,007,989	4,547,495	3,587,210	3,374,709	3,761,497
1,725,082	1,983,356	1,368,205	1,884,483	1,128,292	976,451	841,572
4,104,825	3,776,353	3,891,270	3,695,260	3,353,479	3,500,850	3,134,558
7,656,078	9,903,796	8,361,729	7,363,024	7,218,237	5,724,062	5,096,499
313,905	273,887	396,876	308,779	336,579	535,900	424,853
1,003,195	1,347,828	1,670,771	1,620,683	1,604,750	1,440,409	1,471,624
2,492,436	2,339,000	2,277,295	5,730,156	20,383,413	5,981,567	3,228,330
3,825,226	12,188,497	1,639,477	1,519,387	1,370,202	1,280,712	1,223,886
1,810,090	2,072,831	4,071,173	2,003,577	1,649,882	1,110,625	929,700
\$ 31,406,110	\$ 42,922,372	\$ 33,405,260	\$ 31,495,234	\$ 43,355,444	\$ 26,378,829	\$ 22,368,964
\$ (3,671,096)	\$ (5,835,796)	\$ (7,097,212)	\$ (7,400,346)	\$ (20,214,786)	\$ (4,638,556)	\$ (3,883,015)
\$ 6,449,976	\$ 5,054,754	\$ 6,954,429	\$ 3,239,820	\$ 3,460,757	\$ 2,989,731	\$ 2,279,937
(6,476,083)	(5,114,493)	(6,954,429)	(3,239,820)	(3,460,757)	(2,989,731)	(2,279,937)
-	263,687	12,647	-	-	-	-
1,390,000	1,378,350	-	11,345,428	20,000,000	9,822,050	2,142,167
-	-	-	-	-	-	-
-	-	-	-	-	-	-
79,232	820,000	502,116	394,600	307,170	177,950	233,400
-	-	3,331,860	-	-	-	-
\$ 1,443,125	\$ 2,402,298	\$ 3,846,623	\$ 11,740,028	\$ 20,307,170	\$ 10,000,000	\$ 2,375,567
\$ (2,227,971)	\$ (3,433,498)	\$ (3,250,589)	\$ 4,339,682	\$ 92,384	\$ 5,361,444	\$ (1,507,448)
16,401,262	19,834,760	23,085,349	18,745,667	18,653,283	13,291,839	14,263,721
\$ 14,173,291	\$ 16,401,262	\$ 19,834,760	\$ 23,085,349	\$ 18,745,667	\$ 18,653,283	\$ 12,756,273
23.62%	36.04%	18.80%	14.30%	13.40%	12.10%	11.50%

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	\$ 33,325,100	1	1.19 %	\$ -	-	%
Riverside Memorial Hospital	16,036,300	2	0.57	2,066,100	10	0.21
Daniel A. Hoffler	14,288,300	3	0.51	3,231,100	4	0.33
Bayshore Concrete Products Corporation	11,583,300	4	0.42	-	-	-
Ballard Bothers Fish Company	10,209,500	5	0.37	-	-	-
Bay Creek LLC	9,901,600	6	0.35	-	-	-
The Nature Conservancy	9,304,100	7	0.33	-	-	-
Baymark Construction Corporation	7,946,000	8	0.28	3,017,100	5	0.31
Bay Creek Marina and Resort LLC	7,672,500	9	0.27	-	-	-
Cherrydale by the See LLC	6,337,000	10	0.23	-	-	-
HCMF Partnership	-	-	-	3,628,900	1	0.37 %
K Mart	-	-	-	3,588,500	2	0.37
Virginia Realty	-	-	-	3,384,400	3	0.35
Perdue Farms, Inc	-	-	-	2,430,600	6	0.25
Woodless Terrace Development Co.	-	-	-	2,352,200	7	0.24
Hertage Acres, Ltd	-	-	-	2,176,600	8	0.22
Shore Landverst, Inc.	-	-	-	2,095,000	9	0.21
	<u>\$ 126,603,700</u>		<u>4.54 %</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)	Adjust-ments	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
2004	\$ 9,539,424	\$ (48,486)	\$ 9,490,938	\$ 8,824,551	92.51%	\$ 625,987	\$ 9,450,538	99.57%
2005	11,376,690	(46,209)	11,330,481	10,610,313	93.26%	698,251	11,308,564	99.81%
2006	12,442,870	(70,530)	12,372,340	11,479,322	92.26%	889,579	12,368,901	99.97%
2007	12,910,798	(38,931)	12,871,867	12,200,316	94.50%	663,903	12,864,219	99.94%
2008	13,853,742	(19,231)	13,834,511	12,998,714	93.83%	735,097	13,733,811	99.27%
2009	16,846,757	(168,103)	16,678,654	15,371,677	91.24%	1,183,214	16,554,891	99.26%
2010	16,515,472	(136,186)	16,379,286	15,217,406	92.14%	978,608	16,196,014	98.88%
2011	15,149,699	(127,344)	15,022,355	14,145,065	93.37%	472,910	14,617,975	97.31%
2012	15,401,065	(141,860)	15,259,205	14,384,322	93.40%	470,503	14,854,825	97.35%
2013	16,645,168	(126,830)	16,518,338	15,520,121	93.24%	-	15,520,121	93.96%

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
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
2013	1,854,334,572	179,731,588	580,499,540	52,038,600	0.54	118,892,200	3.85

Source: Northampton County Commissioner of Revenue Department

Note: (1) 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		
\$ 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
395,675	3.85	4,971,000	2.00	-	0.00	2,790,863,175	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
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
2013	0.552	0.108	0.002	-	0.662

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
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
2013	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

General Bonded Debt Outstanding						
General Obligation Bonds						
Fiscal Year	Less:				Per Capita(a)	Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Amounts Restricted to Repaying Principal	Total			
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%	
2013	37,906,670	1,644,260	39,550,930	3,234.99	1.42%	

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

(a) See Table 7 for property value data

(b) Population data can be found in Table 11

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Governmental Activities</u>					
Fiscal Year	General Obligation Bonds	Capital Leases Payable	Total Primary Government	Percentage of Personal Income	Per Capita
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
2013	37,906,670	341,477	38,248,147	7.86%	3,128.43

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)
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%
2012	12,226	486,628	39,803	47	1,590	8.80%

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	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Riverside Regional Medical Center	500-999	1	11%	500-999	2	10%
Northampton County Schools	250-499	2	5%	500-999	1	10%
County of Northampton	100-249	3	2%	100-249	5	2%
Chesapeake Bay Bridge Tunnel	100-249	4	2%	250-499	3	5%
Lfc Agricultural Services Inc.	100-249	5	2%	100-249	6	2%
Heritage Hall	100-249	6	2%	-	-	-
Food Lion	50-99	7	1%	100-249	7	2%
New Raveena Inc.	50-99	8	1%	-	-	-
Bayshore Concrete Products Company	50-99	9	1%	-	-	-
Tankards Nurseries	50-99	10	1%	-	-	-
Eastern Shore Community Services	-	-	-	100-249	4	2%
K.B.R. Technical Services	-	-	-	100-249	8	2%
K Mart Corporation	-	-	-	50-99	9	1%
Broadwater Academy	-	-	-	50-99	10	1%
Total	1,350		29%	1,850		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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	19	22	20	19	19	19	18	17	18	17
Judicial	7	7	7	7	8	9	10	10	8	8
Public Safety	98	98	89	101	101	102	101	67	66	62
Public Works	5	5	5	9	10	11	11	11	12	10
Public Utilities	2	1	1	1	2	1	-	-	-	-
Health and Welfare	48	46	41	34	34	34	35	40	40	37
Parks, Recreation & Cultural	1	1	1	1	1	1	1	1	1	1
Community Development	11	10	11	12	13	13	12	13	14	13
TOTAL	<u>191</u>	<u>190</u>	<u>175</u>	<u>184</u>	<u>188</u>	<u>190</u>	<u>188</u>	<u>159</u>	<u>159</u>	<u>148</u>

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2013	2012	2011	2010
General Administration				
Treasurer				
Tax bills printed	46,125	46,100	46,000	48,000
Deposits	3,915	3,875	3,850	3,800
Finance				
Paychecks and direct deposit notices	7,948	7,665	7,650	7,652
Accounts payable checks	3,411	3,580	3,550	3,508
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	N/A
Arrests made	N/A	N/A	N/A	N/A
Traffic summons	N/A	N/A	N/A	N/A
Civil processes	N/A	N/A	N/A	N/A
EMS				
EMS dispatched	2,758	2,760	2,702	2,692
Avg weekday response time in minutes	9	9	9	10
Avg night/week-end response time in minutes	11	12	12	14
Local prisoner days	53,025	55,000	53,077	33,100
Inmate transports	300	300	255	315
Out of state extraditions	9	15	13	9
Building inspections				
Plan reviews/Permits issued	367	189	190	324
Inspections	1,074	879	549	1,049
Public Works				
Solid waste services				
Tons received at landfill	14,088	18,665	15,318	17,000
Per capital waster generation (lbs/p/d)	6.23	5.72	5.44	4.62
Tipping fee per ton	\$ 65.00	\$ 63.00	\$ 63.00	\$ 61.00
Community Development				
Code compliance				
Abandoned vehicle/Inoperable vehicles	90	170	240	200
Overgrown grass	74	76	46	50
Dangerous structures	19	55	24	40
Assignment 911 addresses				80

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2009	2008	2007	2006	2005	2004
45,000	40,000	35,000	26,800	26,300	20,808
3,800	30,000	1,895	1,655	1,500	1,353
7,758	7,134	6,860	4,382	4,310	4,238
3,534	3,979	3,653	3,890	3,698	3,504
N/A	539	414	500	379	387
N/A	599	266	350	188	122
N/A	2,769	5,272	5,000	4,649	4,607
3,372	3,384	2,397	2,011	2,067	2,684
838	977	799	1,036	682	926
2,177	1,777	2,382	1,416	983	635
4,597	4,266	4,989	5,377	6,395	6,194
2,572	2,439	2,169	1,980	1,965	2,048
10	10	9	8	8	N/A
15	14	14	14	13	N/A
29,097	33,882	28,300	29,900	26,710	22,800
321	397	250	300	322	300
12	14	10	12	10	4
350	398	400	500	510	566
1,500	1,667	1,488	2,000	1,644	2,504
16,992	19,652	14,137	11,188	16,055	20,591
7.11	8.22	5.92	4.69	6.70	6.10
\$ 61.00	\$ 51.00	\$ 51.00	\$ 51.00	\$ 51.00	\$ 41.00
110	503	214	200	130	N/A
30	29	37	25	23	N/A
27	7	24	50	28	N/A
82	87	150	N/A	N/A	N/A

COUNTY OF NORTHAMPTON, VIRGINIA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

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

Sources: Various departments in the County of Northampton.

Table 15

2009	2008	2007	2006	2005	2004
1	1	1	1	1	1
1	1	1	1	1	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	-	-	-
-	1	1	1	1	1
1	1	1	1	1	1
-	1	1	1	1	-
1	-	-	-	-	-
1	1	-	-	-	-
33	28	35	29	30	25
1	1	1	1	1	1
1	-	-	-	-	-
4	4	3	2	-	-
1	1	1	1	1	1
1	1	1	1	1	-
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
-	1	1	1	1	1
1	1	1	1	1	1
87	87	87	87	87	87
-	43	43	43	43	43
51	49	49	49	49	49

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COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Northampton Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 11, 2013

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2013. County of Northampton, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Northampton, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Northampton, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Northampton, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Northampton, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 11, 2013

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 1,477
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	269,475
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	970
Low-Income Home Energy Assistance	93.568	0600409/0600410	30,214
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	42,122
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	1,535
Foster Care - Title IV-E	93.658	1100109/1100110	98,284
Adoption Assistance	93.659	1100109/1100110	9,383
Social Services Block Grant	93.667	1000109/1000110	208,305
Chafee Foster Care Independence Program	93.674	9150108-9150110	4,294
Children's Health Insurance Program	93.767	0540109/0540110	7,623
Medical Assistance Program	93.778	1200109/1200110	<u>191,002</u>
Total Department of Health and Human Services			<u>\$ 864,684</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution--School (Child Nutrition Cluster)	10.555	N/A	\$ 69,670
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	<u>526,786</u>
Sub-total CFDA 10.555			<u>\$ 596,456</u>
Department of Agriculture:			
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	N/A	\$ 682
Direct Payments:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	<u>12,781</u>
Sub-total CFDA 10.559			<u>\$ 13,463</u>
Pass Through Payments:			
Department of Education:			
National School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 178,571

COUNTY OF NORTHAMPTON, VIRGINIASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	\$ <u>317,705</u>
Total Department of Agriculture			\$ <u>1,106,195</u>
Department of Commerce:			
Pass-through Payments:			
Department of Environmental Quality			
Coastal Zone Management Administration Awards	11.419	10NOS4190205	\$ <u>2,269</u>
Total Department of Commerce			\$ <u>2,269</u>
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	3900100-81100	\$ <u>2,869</u>
Total Department of Justice			\$ <u>2,869</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
State Homeland Security Program	97.073	7750100-52749	\$ <u>1,303,455</u>
Total Department of Homeland Security - pass through payments			\$ <u>1,303,455</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program	14.228	53330500-50790,50797	\$ <u>179,250</u>
Total Department of Housing and Urban Development - pass through payments			\$ <u>179,250</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013 (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:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700-51279,51280	\$ 25,369
Total Department of Transportation			\$ 25,369
Total Department of Transportation			\$ 25,369
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 704,070
Migrant Education - State Grant Program	84.011	1790100-42910	116,346
Mitigation Education - Coordination Program	84.144	1790100-42910	25,813
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	58,355
Special Education Cluster:			
Special Education Grants to States	84.027	1790100-43071-61234	441,313
Special Education Preschool Grants	84.173	1790100-82521	11,140
Rural Education	84.358	1790100-43481	46,535
English Language Acquisition Grants	84.365	1790100-60512	21,261
School Improvement Grants	84.377	1790100-43040	2,331,785
ARRA - Education Jobs Fund	84.410	1790100-62700	6,583
Improving Teacher Quality State Grants	84.367	1790100-61480	151,052
Total Department of Education			\$ 3,914,253
Total Expenditures of Federal Awards			\$ 7,398,344

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, 2013

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, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Northampton, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Northampton, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	55,820
Capital Projects Fund		1,303,455
Special Revenue Funds:		
Virginia Public Assistance Fund		1,182,390
CDBG Projects Fund		179,250
Total primary government	\$	<u>2,720,915</u>

Component Unit School Board:

School Cafeteria Fund	\$	788,490
School Grants Fund		3,914,252
Total component unit School Board	\$	<u>4,702,742</u>

Total federal expenditures per basic financial statements	\$	<u><u>7,423,657</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	7,398,344
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Add: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards		<u>25,313</u>
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	\$	<u><u>7,423,657</u></u>
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COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
10.561	State Administrative Matching Grants for
84.377	Supplemental Nutrition Assistance Program
97.073	School Improvement Grants
	State Homeland Security Program

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

Auditee qualified as low-risk auditee? ✓ yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Northampton, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2013

There were no prior year Federal award findings.