County of Northumberland, Virginia

Annual Financial Report

For The Fiscal Year Ended June 30, 2011

COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

COUNTY OF NORTHUMBERLAND, VIRGINIA

Board of Supervisors

Ronald L. Jett, Chairperson

Richard F. Haynie
Thomas H. Tomlin
Arthur J. Self, Sr.
James M. Long

School Board

Lee G. Scripture, Jr., Chairperson

Myrtle L. Phillips
Susan Smith
Tamara Hall
Dean Sumner

Board of Social Services

Linda Jamison, Chairperson

Thomas Tomlin
John Jordon

Other Officials

Judge of the Circuit Court ..... Harry T. Taliaferro, III
Clerk of the Circuit Court .....Linda L. Booth
Commonwealth's Attorney ..... Jane B. Wrightson
Treasurer ..... Ellen Kirby
Sheriff ..... Charles A. Wilkins
Superintendent of Schools .....Clint Stables
Director of Social Services ..... Sharon C. Fisher
Commissioner of the Revenue .....Todd E. Thomas
County Administrator .....Kenneth D. Eades

COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

		Page
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-9
Basic Financial Statements		
Government-wide Financial Statements:		
Exhibit 1	Statement of Net Assets	10
Exhibit 2	Statement of Activities	11
Fund Financial Statements:		
Exhibit 3	Balance Sheet–Governmental Funds	12
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	14
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7	Statement of Net Assets – Proprietary Funds	16
Exhibit 8	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	17
Exhibit 9	Statement of Cash Flows – Proprietary Funds	18
Exhibit 10	Statement of Fiduciary Net Assets – Fiduciary Funds	19
Notes to Financial Statements		20-50

COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

		Page
Required Supplementary Information		
Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	51
Exhibit 12	Schedule of Pension Funding Progress	52
Exhibit 13	Schedule of Funding Progress for Retiree Health Insurance Plan	53
Other Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules		
Exhibit 14	Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund	54
Exhibit 15	Combining Balance Sheet–Nonmajor Special Revenue Funds	55
Exhibit 16	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Nonmajor Special Revenue Funds	56
Exhibit 17	Schedule of Revenues, Expenditure, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Funds	57-58
Exhibit 18	Combining Statement of Fiduciary Net Assets–Fiduciary Funds	59
Exhibit 19	Statement of Changes in Fiduciary Assets and Liabilities–Fiduciary Funds	60
Discretely Presented Component Unit School Board:		
Exhibit 20	Combining Balance Sheet	61
Exhibit 21	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	62
Exhibit 22	Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–School Operating Fund	63
Exhibit 23	Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	64

COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

Supporting Schedules:		**Page**
Schedule 1	Schedule of Revenues–Budget and Actual–Governmental Funds	65-69
Schedule 2	Schedule of Expenditures–Budget and Actual–Governmental Funds	70-73
Other Statistical Information		
Table 1	Government-Wide Expenses by Function – Last Nine Fiscal Years	74
Table 2	Government-Wide Revenues – Last Nine Fiscal Years	75
Table 3	General Governmental Expenditures by Function – Last Ten Fiscal Years	76
Table 4	General Governmental Revenues by Source – Last Ten Fiscal Years	77
Table 5	Property Tax Levies and Collections – Last Ten Fiscal Years	78
Table 6	Assessed Value of Taxable Property – Last Ten Fiscal Years	79
Table 7	Property Tax Rates – Last Ten Fiscal Years	80
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	81
Compliance		
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*		82-83
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		84-85
Schedule of Expenditures of Federal Awards		86-87
Notes to Schedule of Expenditures of Federal Awards		88
Schedule of Findings and Questioned Costs		89-90
Schedule of Prior Findings and Questioned Costs		91

Independent Auditor's Report

To The Honorable Members of the Board of Supervisors
County of Northumberland
Northumberland, Virginia

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2012, on our consideration of the County of Northumberland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 management discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Northumberland, Virginia's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other statistical information has 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 it.

Richmond, Virginia
January 12, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of Northumberland County
County of Northumberland, Virginia

As management of the County of Northumberland, Virginia 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, 2011. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $19,403,939 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other uses in excess of revenues and other financing sources of $734,512 (Exhibit 5) after making contributions totaling $9,066,504 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of $9,805,831, a decrease of $734,512 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was $8,884,539, or 41% of total general fund expenditures and other uses.

< The combined long-term obligations decreased $1,232,958 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,

2. Fund financial statements, and

3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Northumberland, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Northumberland, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Northumberland, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds – the General Fund and the County Capital Projects Fund.

Proprietary funds – Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Sanitary District Fund provides a centralized source for water/sewer services to County residents.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by $19,403,939 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Northumberland, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 11,945,055	$ 12,676,115	$ 130,169	$ 73,945	$ 12,075,224	$ 12,750,060
Capital assets	42,845,956	43,989,096	5,867,931	6,046,962	48,713,887	50,036,058
Total assets	$ 54,791,011	$ 56,665,211	$ 5,998,100	$ 6,120,907	$ 60,789,111	$ 62,786,118
Current liabilities	$ 1,405,702	$ 1,545,663	$ 19,689	$ 2,908	$ 1,425,391	$ 1,548,571
Long-term liabilities outstanding	37,947,557	39,145,687	2,012,224	2,047,052	39,959,781	41,192,739
Total liabilities	$ 39,353,259	$ 40,691,350	$ 2,031,913	$ 2,049,960	$ 41,385,172	$ 42,741,310
Net assets:						
Invested in capital assets, net of related debt	$ 5,144,441	$ 6,773,062	$ 3,855,707	$ 3,999,910	$ 9,000,148	$ 10,772,972
Unrestricted	10,293,311	9,200,799	110,480	71,037	10,403,791	9,271,836
Total net assets	$ 15,437,752	$ 15,973,861	$ 3,966,187	$ 4,070,947	$ 19,403,939	$ 20,044,808

Government-wide Financial Analysis (Continued)

The County's net assets decreased $640,869 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Northumberland, Virginia's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 204,776	$ 207,956	$ 329,545	$ 319,435	$ 534,321	$ 527,391
Operating grants and contributions	2,948,734	2,759,311	-	-	2,948,734	2,759,311
General revenues:						
General property taxes	15,295,156	15,020,712	-	-	15,295,156	15,020,712
Other local taxes	1,693,183	1,756,737	-	-	1,693,183	1,756,737
Grants and other contributions not restricted	1,430,443	1,394,902	-	-	1,430,443	1,394,902
Other general revenues	447,644	519,413	30,895	61,355	478,539	580,768
Transfers	(339,316)	(176,833)	339,316	176,833	-	-
Total revenues	$ 21,680,620	$ 21,482,198	$ 699,756	$ 557,623	$ 22,380,376	$ 22,039,821
Expenses:						
General government administration	$ 1,449,612	$ 1,284,916	$ -	$ -	$ 1,449,612	$ 1,284,916
Judicial administration	1,885,783	925,689	-	-	1,885,783	925,689
Public safety	3,112,797	3,153,464	-	-	3,112,797	3,153,464
Public works	1,239,359	1,165,665	-	-	1,239,359	1,165,665
Health and welfare	2,113,100	1,965,340	-	-	2,113,100	1,965,340
Education	10,152,027	7,882,786	-	-	10,152,027	7,882,786
Parks, recreation, and cultural	160,000	160,000	-	-	160,000	160,000
Community development	356,559	249,496	-	-	356,559	249,496
Interest and other fiscal charges	1,747,492	1,805,133			1,747,492	1,805,133
Utilities	-	-	804,516	799,163	804,516	799,163
Total expenses	$ 22,216,729	$ 18,592,489	$ 804,516	$ 799,163	$ 23,021,245	$ 19,391,652
Change in net assets	$ (536,109)	$ 2,889,709	$ (104,760)	$ (241,540)	$ (640,869)	$ 2,648,169
Beginning of year	15,973,861	13,084,152	4,070,947	4,312,487	20,044,808	17,396,639
End of year	$ 15,437,752	$ 15,973,861	$ 3,966,187	$ 4,070,947	$ 19,403,939	$ 20,044,808

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of $9,805,831, a decrease of $734,512 in comparison with the prior year. Approximately 91% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets at the end of the year amounted to $110,480. The total decrease in net assets was $104,760. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of $111,830 and can be briefly summarized as follows:

< $55,001 increase in capital projects expenditures
< $28,356 increase in public safety expenditures
< $23,350 increase in public works expenditures
< $ 3,000 increase in education expenditures
< $ 2,123 increase in general government administration expenditures

During the year, revenues and other sources were less than budgetary estimates by $517,034. Expenditures and other uses were less than budgetary estimates by $935,408, resulting in a positive variance of $418,374.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2011 amounts to $42,845,956 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of $39,283,999 (excludes bond premium). Of this amount, $1,006,775 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and revenue bonds).

The County's total debt outstanding decreased by $1,216,927 during the current fiscal year.

Additional information on the County of Northumberland, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County of Northumberland was 7.3 percent at June 30, 2011. The Commonwealth of Virginia's unemployment rate was 6.5% as of the same date.

- Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The fiscal year 2012 budget increased approximately 4%. All tax rates remained unchanged.

Requests for Information

This financial report is designed to provide a general overview of the County of Northumberland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 72 Monument Place, Heathsville, Virginia 22473.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit 1

County of Northumberland, Virginia
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	$ 9,424,219	$ 84,330	$ 9,508,549	$ 162,269
Cash in custody of others	-	-	-	167,698
Receivables (net of allowance for uncollectibles):				
Taxes receivable	742,302	-	742,302	-
Accounts receivable	65,026	53,839	118,865	-
Notes receivable	4,719	-	4,719	-
Internal balances	8,000	(8,000)	-	-
Due from other governmental units	486,160	-	486,160	1,380,294
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents for School Construction	645,250	-	645,250	-
Other assets:				
Unamortized bond issue costs	569,379	-	569,379	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	894,628	98,924	993,552	23,929
Buildings and system	41,285,444	5,737,921	47,023,365	7,720,105
Machinery and equipment	524,696	31,086	555,782	702,095
Construction in progress	141,188	-	141,188	-
Total assets	$ 54,791,011	$ 5,998,100	$ 60,789,111	$ 10,156,390
LIABILITIES				
Accounts payable	$ 138,100	$ 15,277	$ 153,377	$ 42,498
Accrued liabilities	-	-	-	1,337,798
Accrued interest payable	448,839	4,412	453,251	-
Due to other governmental units	778,682	-	778,682	-
Unearned revenue	40,081	-	40,081	-
Long-term liabilities:				
Due within one year	1,233,966	36,995	1,270,961	38,720
Due in more than one year	36,713,591	1,975,229	38,688,820	466,895
Total liabilities	$ 39,353,259	$ 2,031,913	$ 41,385,172	$ 1,885,911
NET ASSETS				
Invested in capital assets, net of related debt	$ 5,144,441	$ 3,855,707	$ 9,000,148	$ 8,446,129
Unrestricted (deficit)	10,293,311	110,480	10,403,791	(175,650)
Total net assets	$ 15,437,752	$ 3,966,187	$ 19,403,939	$ 8,270,479

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

Exhibit 2

County of Northumberland, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$ 1,449,612	$ -	$ 230,093	$ -	$ (1,219,519)		$ (1,219,519)	
Judicial administration	1,885,783	18,213	439,236	-	(1,428,334)		(1,428,334)	
Public safety	3,112,797	166,792	959,448	-	(1,986,557)		(1,986,557)	
Public works	1,239,359	19,479	-	-	(1,219,880)		(1,219,880)	
Health and welfare	2,113,100	-	1,135,957	-	(977,143)		(977,143)	
Education	10,152,027	-	-	-	(10,152,027)		(10,152,027)	
Parks, recreation, and cultural	160,000	-	-	-	(160,000)		(160,000)	
Community development	356,559	292	184,000	-	(172,267)		(172,267)	
Interest on long-term debt	1,747,492	-	-	-	(1,747,492)		(1,747,492)	
Total governmental activities	$ 22,216,729	$ 204,776	$ 2,948,734	$ -	$ (19,063,219)		$ (19,063,219)	
Business-type activities:								
Sanitary District	$ 804,516	$ 329,545	$ -	$ -		$ (474,971)	$ (474,971)	
Total business-type activities	$ 804,516	$ 329,545	$ -	$ -		$ (474,971)	$ (474,971)	
Total primary government	$ 23,021,245	$ 534,321	$ 2,948,734	$ -			$ (19,538,190)	
COMPONENT UNIT:								
School Board	$ 16,207,420	$ 209,681	$ 5,556,198	$ -				$ (10,441,541)
Total component unit	$ 16,207,420	$ 209,681	$ 5,556,198	$ -				$ (10,441,541)
General revenues:								
General property taxes					$ 15,295,156	$ -	$ 15,295,156	$ -
Other local taxes:								
Local sales and use taxes					652,985	-	652,985	-
Motor vehicle licenses					358,747	-	358,747	-
Taxes on recordation and wills					149,607	-	149,607	-
Consumer's utility taxes					344,387	-	344,387	-
Other local taxes					187,457	-	187,457	-
Unrestricted revenues from use of money and property					232,707	-	232,707	661
Miscellaneous					214,937	30,895	245,832	138,878
Payments from Northumberland County					-	-	-	11,138,544
Grants and contributions not restricted to specific programs					1,430,443	-	1,430,443	-
Transfers					(339,316)	339,316	-	-
Total general revenues					$ 18,527,110	$ 370,211	$ 18,897,321	$ 11,278,083
Change in net assets					$ (536,109)	$ (104,760)	$ (640,869)	$ 836,542
Net assets - beginning					15,973,861	4,070,947	20,044,808	7,433,937
Net assets - ending					$ 15,437,752	$ 3,966,187	$ 19,403,939	$ 8,270,479

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

FUND FINANCIAL STATEMENTS

Exhibit 3

County of Northumberland, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	General	County Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 9,164,519	$ 23,152	$ 236,548	$ 9,424,219
Receivables (net of allowance for uncollectibles):				
Taxes receivable	742,302	-	-	742,302
Accounts receivable	64,163	-	863	65,026
Notes receivable	-	-	4,719	4,719
Due from other funds	8,000	-	-	8,000
Due from other governmental units	486,160	-	-	486,160
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents for school construction	-	645,250	-	645,250
Total assets	$ 10,465,144	$ 668,402	$ 242,130	$ 11,375,676
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 138,100	$ -	$ -	$ 138,100
Due to other governmental units	778,682	-	-	778,682
Deferred revenue	653,063	-	-	653,063
Total liabilities	$ 1,569,845	$ -	$ -	$ 1,569,845
Fund balances:				
Restricted	$ 10,760	$ 666,142	$ 242,130	919,032
Committed	-	2,260	-	2,260
Unassigned	8,884,539	-	-	8,884,539
Total fund balances	$ 8,895,299	$ 668,402	$ 242,130	$ 9,805,831
Total liabilities and fund balances	$ 10,465,144	$ 668,402	$ 242,130	$ 11,375,676

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

Exhibit 4

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

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 9,805,831
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		42,845,956
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Deferred property taxes	612,982	
Unamortized bond issuance costs	569,379	
		1,182,361
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Capital lease	$ (125,000)	
Bonds payable	(37,146,775)	
Bond premium	(429,740)	
OPEB liability	(36,879)	
Accrued interest payable	(448,839)	
Landfill post closure care	(15,207)	
Compensated absences	(193,956)	(38,396,396)
Net assets of governmental activities		$ 15,437,752

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

Exhibit 5

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

	General	County Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 15,151,420	$ -	$ -	$ 15,151,420
Other local taxes	1,693,183	-	-	1,693,183
Permits, privilege fees, and regulatory licenses	138,534	-	-	138,534
Fines and forfeitures	23,951	-	-	23,951
Revenue from the use of money and property	231,755	678	274	232,707
Charges for services	29,933	-	12,358	42,291
Miscellaneous	214,917	-	20	214,937
Recovered costs	115,436	-	-	115,436
Intergovernmental revenues:				
Commonwealth	3,536,069	-	703	3,536,772
Federal	842,405	-	-	842,405
Total revenues	$ 21,977,603	$ 678	$ 13,355	$ 21,991,636
EXPENDITURES				
Current:				
General government administration	$ 1,449,459	$ -	$ -	$ 1,449,459
Judicial administration	750,685	-	-	750,685
Public safety	3,171,915	-	10,950	3,182,865
Public works	1,258,125	-	-	1,258,125
Health and welfare	2,110,973	-	-	2,110,973
Education	9,078,400	-	-	9,078,400
Parks, recreation, and cultural	160,000	-	-	160,000
Community development	365,561	-	827	366,388
Capital projects	42,555	1,041,585	-	1,084,140
Debt service:				
Principal retirement	1,182,099	-	-	1,182,099
Interest and other fiscal charges	1,763,698	-	-	1,763,698
Total expenditures	$ 21,333,470	$ 1,041,585	$ 11,777	$ 22,386,832
Excess (deficiency) of revenues over (under) expenditures	$ 644,133	$ (1,040,907)	$ 1,578	$ (395,196)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (339,316)	$ -	$ -	$ (339,316)
Total other financing sources (uses)	$ (339,316)	$ -	$ -	$ (339,316)
Net change in fund balances	$ 304,817	$ (1,040,907)	$ 1,578	$ (734,512)
Fund balances - beginning, as restated	8,590,482	1,709,309	240,552	10,540,343
Fund balances - ending	$ 8,895,299	$ 668,402	$ 242,130	$ 9,805,831

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

Exhibit 6

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (734,512)
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. The following is a summary of items supporting this adjustment:		
Capital outlay	$ 1,289,778	
Depreciation expense	(360,878)	
Transfer of joint tenancy assets to Component Unit from Primary Government	(2,072,040)	(1,143,140)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		143,736
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The following is a summary of items supporting this adjustment:		
Principal retired on public facilities lease	$ 125,000	
Principal retired on school lease revenue bonds	710,000	
Principal decrease on landfill post closure care	11,351	
Principal retired on school general obligations	347,099	
Decrease in premium on issuance of lease revenue bonds	16,529	1,209,979
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
(Increase) decrease in accrued leave	$ (770)	
(Increase) decrease in OPEB liability	(11,079)	
(Increase) decrease in interest payable	(323)	(12,172)
Change in net assets of governmental activities		$ (536,109)

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

Exhibit 7

County of Northumberland, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Fund Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	$ 84,330
Accounts receivable, net of allowance for uncollectibles	53,839
Total current assets	$ 138,169
Noncurrent assets:	
Capital assets:	
Land	$ 98,924
Utility plant in service	7,552,780
Machinery and equipment	389,994
Less accumulated depreciation	(2,173,767)
Total capital assets	$ 5,867,931
Total noncurrent assets	$ 5,867,931
Total assets	$ 6,006,100
LIABILITIES	
Current liabilities:	
Accounts payable	$ 15,277
Accrued interest payable	4,412
Due to other funds	8,000
Bonds payable - current portion	36,995
Total current liabilities	$ 64,684
Noncurrent liabilities:	
Bonds payable - net of current portion	$ 1,975,229
Total noncurrent liabilities	$ 1,975,229
Total liabilities	$ 2,039,913
NET ASSETS	
Invested in capital assets, net of related debt	$ 3,855,707
Unrestricted	110,480
Total net assets	$ 3,966,187

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

Exhibit 8

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

	Enterprise Fund Sanitary District
OPERATING REVENUES	
Charges for services:	
Sanitary district fees	$ 329,545
Total operating revenues	$ 329,545
OPERATING EXPENSES	
Personal services	$ 127,219
Fringe benefits	41,097
Other supplies and expenses	366,317
Depreciation	179,031
Total operating expenses	$ 713,664
Operating income (loss)	$ (384,119)
NONOPERATING REVENUES (EXPENSES)	
Connection fees	$ 30,895
Interest expense	(90,852)
Total nonoperating revenues (expenses)	$ (59,957)
Income before contributions and transfers	$ (444,076)
Transfers in	339,316
Change in net assets	$ (104,760)
Total net assets - beginning	4,070,947
Total net assets - ending	$ 3,966,187

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

Exhibit 9

County of Northumberland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund Sanitary District
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 325,978
Payments to suppliers	(351,040)
Payments to and for employees	(168,316)
Net cash provided (used) by operating activities	$ (193,378)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	$ 30,895
Transfers from other funds	339,316
Net cash provided (used) by noncapital financing activities	$ 370,211
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	$ (34,828)
Interest payments	(89,348)
Net cash provided (used) by capital and related financing activities	$ (124,176)
Net increase (decrease) in cash and cash equivalents	$ 52,657
Cash and cash equivalents - beginning	31,673
Cash and cash equivalents - ending	$ 84,330
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (384,119)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	179,031
(Increase) decrease in accounts receivable	(3,567)
Increase (decrease) in operating accounts payable	15,277
Total adjustments	$ 190,741
Net cash provided (used) by operating activities	$ (193,378)

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

Exhibit 10

County of Northumberland, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,406,005
LIABILITIES	
Amounts held for others	$ 1,273,554
Amounts held for social services clients	132,451
Total liabilities	$ 1,406,005

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1—Summary of Significant Accounting Policies:

The County of Northumberland, 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 fire protection, recreational activities, cultural events, education, and social services.

The financial statements of the County of Northumberland, 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.

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).

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Note 1—Summary of Significant Accounting Policies: (Continued)

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).

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, a requirement to report the government's original budget with the comparison of 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 Northumberland (the primary government) and its component units. 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.

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2011.

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

C. Other Related Organizations

Included in the County's Financial Report

None

Excluded from the County's Annual Financial Report

Northern Neck Regional Jail Authority

The Northern Neck Regional Jail Authority is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions' provide the financial support for the Authority and appoints its governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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.

Note 1—Summary of Significant Accounting Policies: (Continued)

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

The government-wide statement of activities reflect 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 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

Note 1—Summary of Significant Accounting Policies: (Continued)

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

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

b. Capital Projects Funds

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. The County Capital Projects Fund is considered a major fund.

c. Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Law Library, Forfeited Assets, Economic Development and Courthouse Security Funds are special revenue funds.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The 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 account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Sanitary District Fund.

Note 1—Summary of Significant Accounting Policies: (Continued)

3. Fiduciary Funds – (Trust and Agency Funds)

   Fiduciary Funds account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

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

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.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $48,324 at June 30, 2011 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. 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 two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Plant, equipment, and systems	35-45
Motor vehicles	5-10
Equipment	2-15

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulated rights to be received for 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 costs 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.

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Net Assets

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

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Restricted Assets

The County reports restricted assets on the balance sheet that represents bond proceeds that have not yet been expended. These assets in the amount of $645,250 are to be used for future school construction.

O. Fund Equity

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

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

Note 1—Summary of Significant Accounting Policies: (Continued)

O. Fund Equity (Continued)

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.

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 Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

	General	County Capital Projects	Other Governmental Funds	Total
Fund balances:				
Restricted for:				
Unspent proceeds	$ 10,760	$ -	$ -	$ 10,760
Construction	-	666,142	-	666,142
Law library	-	-	767	767
Forfeited assets	-	-	181,962	181,962
Economic development	-	-	24,799	24,799
Courthouse security	-	-	34,602	34,602
Total restricted fund balance	$ 10,760	$ 666,142	$ 242,130	$ 919,032
Committed to:				
Light Street rehab project	$ -	$ 2,260	$ -	$ 2,260
Total committed fund balance	$ -	$ 2,260	$ -	$ 2,260
Unassigned fund balance	$ 8,884,539	$ -	$ -	$ 8,884,539
Total fund balances	$ 8,895,299	$ 668,402	$ 242,130	$ 9,805,831

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. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

Note 2—Stewardship, Compliance, and Accounting: (Continued)

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 department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the Forfeited Assets Fund, Economic Development Fund, County Capital Projects Fund, and School Cafeteria Fund at June 30, 2011.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of 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).

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	$ 11,839
U.S. Government Money Market Fund	8,232,133
Virginia State Non-Arbitrage Pool	10,760
Total	$ 8,254,732

Interest Rate Risk

According to the County's investment policy, at no time shall the maturity or duration of an investment exceed five years.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
U.S. Government Money Market Fund	$ 8,232,133	$ 8,232,133
Total	$ 8,232,133	$ 8,232,133

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 4—Due to/from Other Governments:

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

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Northumberland	$ -	$ 778,682
Commonwealth of Virginia:		
Local sales tax	122,531	-
Welfare	35,504	-
Rolling stock tax	6	-
State Sales Tax	-	231,535
Constitutional officer reimbursements	113,134	-
DMV license agent	1,882	-
Recordation tax	12,858	-
Mobile home titling tax	1,338	-
Fire programs fund	4,021	-
Wireless grant	6,667	-
Victim witness grant	5,794	-
Communications tax	60,667	-
Comprehensive services act	63,038	-
Federal Government:		
School fund grants	-	370,077
Welfare	58,720	-
Total due from other governments	$ 486,160	$ 1,380,294

At June 30, 2011, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Northumberland County School Board	$ 778,682	$ -

Note 5—Capital Assets:

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

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Primary Government:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 894,628	$ -	$ -	$ 894,628
Contruction in progress	-	141,188	-	141,188
Total capital assets not subject to depreciation	$ 894,628	$ 141,188	$ -	$ 1,035,816
Capital assets subject to depreciation:				
Buildings and improvements	$ 5,808,505	$ 23,350	$ -	$ 5,831,855
Equipment	1,779,709	126,827	109,542	1,796,994
Jointly owned assets	43,404,096	998,413	1,131,401	43,271,108
Total capital assets subject to depreciation	$ 50,992,310	$ 1,148,590	$ 1,240,943	$ 50,899,957
Less accumulated depreciation for:				
Buildings and improvements	$ 1,964,926	$ 158,001	$ -	$ 2,122,927
Equipment	1,178,963	202,877	109,542	1,272,298
Jointly owned assets	4,753,953	1,038,912	98,273	5,694,592
Total accumulated depreciation	$ 7,897,842	$ 1,399,790	$ 207,815	$ 9,089,817
Total capital assets subject to depreciation, net	$ 43,094,468	$ (251,200)	$ 1,033,128	$ 41,810,140
Governmental activities capital assets, net	$ 43,989,096	$ (110,012)	$ 1,033,128	$ 42,845,956

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Business-Type Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 98,924	$ -	$ -	$ 98,924
Total capital assets not subject to depreciation	$ 98,924	$ -	$ -	$ 98,924
Capital assets subject to depreciation:				
Utility plant in service	$ 7,552,780	$ -	$ -	$ 7,552,780
Vehicles and equipment	389,994	-	-	389,994
Total capital assets subject to depreciation	$ 7,942,774	$ -	$ -	$ 7,942,774
Less: accumulated depreciation for:				
Utility plant in service	$ 1,645,035	$ 169,824	$ -	$ 1,814,859
Vehicles and equipment	349,701	9,207	-	358,908
Total accumulated depreciation	$ 1,994,736	$ 179,031	$ -	$ 2,173,767
Total capital assets subject to depreciation, net	$ 5,948,038	$ (179,031)	$ -	$ 5,769,007
Proprietary fund capital assets, net	$ 6,046,962	$ (179,031)	$ -	$ 5,867,931

Note 5—Capital Assets: (Continued)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 23,929	$ -	$ -	$ 23,929
Capital assets subject to depreciation:				
Equipment	$ 2,480,298	$ 168,950	$ 255,098	$ 2,394,150
Jointly owned assets	7,758,659	1,131,401	-	8,890,060
Total capital assets subject to depreciation	$ 10,238,957	$ 1,300,351	$ 255,098	$ 11,284,210
Less: accumulated depreciation for:				
Equipment	$ 1,798,741	$ 148,412	$ 255,098	$ 1,692,055
Jointly owned assets	849,788	221,894	(98,273)	1,169,955
Total accumulated depreciation	$ 2,648,529	$ 370,306	$ 156,825	$ 2,862,010
Total capital assets subject to depreciation, net	$ 7,590,428	$ 930,045	$ 98,273	$ 8,422,200
Component unit school board capital assets, net	$ 7,614,357	$ 930,045	$ 98,273	$ 8,446,129

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

Governmental activities:	
General government	$ 45,389
Judicial administration	94,220
Public safety	186,901
Public works	12,793
Health and welfare	1,676
Education	1,038,912
Community development	19,899
Total depreciation expense - governmental activities	$ 1,399,790
Business type activities:	
Sanitary District	$ 179,031
Total depreciation expense - primary government	$ 1,578,821
Component Unit School Board:	
Depreciation expense	$ 370,306

Note 6—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General	$ -	$ 339,316
Sanitary District	339,316	-
Total Primary Government	$ 339,316	$ 339,316
Component Unit-School Board:		
School Operating	$ -	$ 365,965
School Cafeteria	365,965	-
Total Component Unit	$ 365,965	$ 365,965

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.

The remainder of this page left blank intentionally

Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Primary Government Obligations:					
General Fund Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	$ 193,186	$ 20,089	$ 19,319	$ 193,956	$ 19,396
Lease revenue bond	250,000	-	125,000	125,000	125,000
OPEB liability	25,800	22,879	11,800	36,879	-
Landfill post closure care	26,558	-	11,351	15,207	-
Total incurred by County	$ 495,544	$ 42,968	$ 167,470	$ 371,042	$ 144,396
Incurred by School Board:					
General obligation bonds	$ 1,353,874	$ -	$ 347,099	$ 1,006,775	$ 349,570
Lease revenue bonds	36,850,000	-	710,000	36,140,000	740,000
Bond premium	446,269	-	16,529	429,740	-
Total incurred by School Board	$ 38,650,143	$ -	$ 1,073,628	$ 37,576,515	$ 1,089,570
Total General Fund Obligations	$ 39,145,687	$ 42,968	$ 1,241,098	$ 37,947,557	$ 1,233,966
Incurred by Enterprise Fund:					
Revenue bonds	$ 2,047,052	$ -	$ 34,828	$ 2,012,224	$ 36,995
Total Primary Government Obligations	$ 41,192,739	$ 42,968	$ 1,275,926	$ 39,959,781	$ 1,270,961

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

	General Fund Obligations		School Obligations			
Year Ending	Lease Revenue Bond		Lease Revenue Bonds		General Obligation Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 125,000	$ 7,344	$ 740,000	$ 1,641,132	$ 349,570	$ 53,611
2013	-	-	770,000	1,610,932	347,205	31,834
2014	-	-	800,000	1,579,531	310,000	9,765
2015	-	-	840,000	1,542,531	-	-
2016	-	-	880,000	1,499,531	-	-
2017-2021	-	-	5,065,000	6,841,524	-	-
2022-2026	-	-	6,395,000	5,508,030	-	-
2027-2031	-	-	8,135,000	3,763,514	-	-
2032-2036	-	-	10,190,000	1,710,316	-	-
2037	-	-	2,325,000	52,311	-	-
Total	$ 125,000	$ 7,344	$ 36,140,000	$ 25,749,352	$ 1,006,775	$ 95,210

The remainder of this page left blank intentionally

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Year Ending June 30	Enterprise Fund Obligations — Revenue Bonds — Principal	Interest
2012	$ 36,995	$ 87,181
2013	38,700	85,477
2014	37,826	83,704
2015	32,686	82,178
2016	34,143	80,721
2017	35,667	79,197
2018	37,258	77,606
2019	38,919	75,945
2020	40,655	74,209
2021	42,469	72,395
2022	44,364	70,500
2023	46,343	68,521
2024	48,412	66,452
2025	50,572	64,292
2026	52,829	62,035
2027	55,187	59,677
2028	57,650	57,214
2029	60,223	54,641
2030	62,912	51,952
2031	65,721	49,143
2032	68,654	46,210
2033	71,720	43,144
2034	74,921	39,943
2035	78,267	36,597
2036	81,761	33,103
2037	85,414	29,450
2038	89,227	25,637
2039	93,212	21,652
2040	97,375	17,489
2041	101,725	13,139
2042	106,268	8,596
2043	58,853	4,618
2044	44,511	2,697
2045	40,785	806
Total	$ 2,012,224	$ 1,726,121

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Long-Term Obligations:

	Total Amount
General Fund:	
Incurred by County:	
Lease Revenue Bond:	
$1,800,000 public facility capital lease issued July 15, 1997, due in semi-annual installments of $65,000 through January 15, 2012, interest payable annually at 4.40%	$ 125,000
Landfill post closure care (payable by General Fund)	$ 15,207
OPEB liability (payable by General Fund)	$ 36,879
Compensated absences (payable by General Fund)	$ 193,956
Total Incurred by County	$ 371,042
General Fund:	
Incurred by School Board:	
Lease Revenue Bonds:	
$38,815,000 lease revenue bond issued October 1, 2006, due in varying annual principal installments through October 1, 2036, interest payable semi-annually at varying interest rates. Carrying amount includes unamortized bond premium in the amount of $429,740.	$ 36,569,740
General Obligation Bonds:	
$6,000,000 Virginia Public School Authority Bonds issued May 15, 1994, maturing annually through July 15, 2013; interest payable semi-annually	$ 925,000
$401,844 general olbigation refunding loan payable issued July 30, 1998, due in annual installments of $45,016 through July 30, 2012; interest payable at 6.6%	81,775
Total General Obligation Bonds	$ 1,006,775
Total incurred by School Board	$ 37,576,515
Total Long-Term Obligations, General Fund	$ 37,947,557

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Total Amount
Enterprise Fund:	
Revenue Bonds:	
$150,000 Revenue Bond, due in monthly installments of $776 through January, 2015, interest at 5%.	$ 23,604
$1,241,580 Revenue Bonds issued October 9, 2002, due in monthly installments of $5,638 through November, 2043, interest at 4.5%.	1,133,903
$482,800 Revenue Bonds issued September 6, 2005, an interest only payment is due on September 6, 2006, monthly installments of $2,081, begin October 6, 2006 through June, 2045, interest at 4.125%.	456,261
$423,000 Revenue Bond issued April 25, 2005, due in monthly installments of $3,706 through September, 2018, interest at 4.25%.	398,456
Total Revenue Bonds Payable	$ 2,012,224
Total Long-Term Obligations, Enterprise Fund	$ 2,012,224
Total Long-Term Obligations, Primary Government	$ 39,959,781

Component Unit - School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	$ 396,787	$ 30,088	$ 39,679	$ 387,196	$ 38,720
OPEB liability	77,700	65,419	24,700	118,419	-
Total Component Unit-School Board	$ 474,487	$ 95,507	$ 64,379	$ 505,615	$ 38,720

Note 8—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling $653,063 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled $612,982 at June 30, 2011.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled $40,081 at June 30, 2011.

Note 9—Contingent Liabilities:

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

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

Note 10—Litigation:

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

Note 11 —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; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. This program is administered by a servicing contractor, which furnishes claims review and processing.

Note 11 —Risk Management: (Continued)

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12 —Defined Benefit Pension Plan:

A. <u>Plan Description</u>

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the members plan apply.

Note 12 —Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

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

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 report may be obtained from the VRS Website at: http://varetire.org/Pdf/Publications/2010-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rates for the fiscal year ended 2011 were 10.07% and 9.24% of annual covered payroll, respectively.

The Northumberland County School Board professional employees' current rate is 3.93% of annual covered payroll. The contribution requirements of plan members and Northumberland County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2011, 2010, and 2009 were $260,787, $459,062, and $573,317, respectively, and equal to the required contributions for each year.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of $457,027 (which includes the portion of the employee share assumed by the employer which was $151,635) was equal to the County's required and actual contributions.

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was $90,736 (which includes the employees share assumed by the School Board of $31,860) which was equal to the Board's required and actuarial contributions.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2011	$ 305,392	100%	$ -
June 30, 2010	223,420	100%	-
June 30, 2009	220,178	100%	-
School Board:			
Non-Professional:			
June 30, 2011	$ 58,876	100%	$ -
June 30, 2010	67,782	100%	-
June 30, 2009	70,626	100%	-

(1) Employer portion only

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

Note 12 —Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 77.72% funded. The actuarial accrued liability for benefits was $14,041,990, and the actuarial value of assets was $10,913,563, resulting in an unfunded actuarial accrued liability (UAAL) of $3,128,427. The covered payroll (annual payroll of active employees covered by the plan) was $3,057,420, and ratio of the UAAL to the covered payroll was 102.32%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board's Non-Professional plan was 75.82% funded. The actuarial accrued liability for benefits was $3,814,626 and the actuarial value of assets was $2,892,354, resulting in an unfunded actuarial accrued liability (UAAL) of $922,272. The covered payroll (annual payroll of active employees covered by the plan) was $640,502 and ratio of the UAAL to the covered payroll was 143.99%.

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

Note 13 –Surety Bonds:

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
J. Steve Thomas, Sr., Clerk of the Circuit Court	$ 103,000
Ellen Kirby, Treasurer	400,000
Todd E. Thomas, Commissioner of the Revenue	3,000
Charles A. Wilkins, Sheriff	30,000
Fidelity and Deposit Company of Maryland - Surety:	
Board of Supervisors and County Administrator	1,000
Association of Counties Group Self Insurance Risk Pool:	
Public Officials Liability	2,000,000
Employee Dishonesty Policy	250,000

Note 14 –Commitments:

The County of Northumberland entered into a financing lease agreement dated June 29, 2000 with the Counties of Westmoreland and Richmond to lease a portion of the two counties interest in the Northern Neck Regional Jail located in the Town of Warsaw, Virginia. Annual rental payments of $390,000 are to be made through December 15, 2015 with 68% payable to Westmoreland County and 32% payable to Richmond County. Annual rental payments are subject to appropriation. After all scheduled lease payments are made Northumberland County will hold an ownership interest in the Regional Jail Facility of 25%.

Note 15 –Landfill Postclosure Costs:

The County, which operates a joint landfill with Richmond and Lancaster Counties, closed the landfill and is liable for postclosure monitoring for a period of ten years plus an additional six years of corrective action monitoring. The amount reported as landfill postclosure liability at June 30, 2011 represents one third of the total estimated liability for postclosure monitoring. The County's portion is $15,207 over a remaining period of one year. This amount is based on what it would cost to perform all post-closure care in 2011. The total current cost of landfill postclosure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 16–Postemployment Benefits Other Than Pensions:

Background

Beginning in fiscal year 2009, the County of Northumberland implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for the report their costs related to post-employment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the County and The School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclosed the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County and the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

The County of Northumberland and the County of Northumberland Public Schools offer eligible retirees post-retirement medical and dental coverage if they retire directly from the County or Schools and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical, dental and vision coverage.

Funding Policy

The County and the Schools in Northumberland allow retirees and their spouses continue to participate in the County's medical, dental and disability coverage plans. The retiree pays 100% of all premiums. Benefits coverage stops at age 65 or upon the employees death.

Note 16–Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC).* The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	Primary Government	Component Unit School Board
Annual required contribution	$ 22,900	$ 65,100
Interest on net OPEB obligation	1,032	3,108
Adjustment to annual required contribution	(1,053)	(2,789)
Annual OPEB cost (expense)	$ 22,879	$ 65,419
Estimated Contributions made	(11,800)	(24,700)
Increase in net OPEB obligation	$ 11,079	$ 40,719
Net OPEB obligation-beginning of year	25,800	77,700
Net OPEB obligation-end of year	$ 36,879	$ 118,419

Note 16–Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009, 2010 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County :			
6/30/2009	$ 22,100	35.29%	$ 14,300
6/30/2010	22,100	47.96%	25,800
6/30/2011	22,879	51.58%	36,879
Schools:			
6/30/2009	$ 67,800	38.05%	$ 42,000
6/30/2010	67,800	47.35%	77,700
6/30/2011	65,419	37.76%	118,419

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was $193,500, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $3,044,100, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.36%.

As of January 1, 2011, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was $660,900, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $7,899,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.37%.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 16–Postemployment Benefits Other Than Pensions (Continued):

Actuarial Cost Method

The cost method for valuation of liabilities used for this valuation is the Projected Unit Credit (PUC) Actuarial Cost Method. A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's benefit projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and 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.

The following simplifying assumptions were made:

Retirement age for active employees-The actuary used medical trend rates consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment to project retirement trends. These trends rates do not include the effects of changes in demographics of the covered group.

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy Mortality Tables for males and females projected to 2011 using Scale AA.

Coverage elections – The actuary used medical trend data consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment. The actuary assumed that 20% of eligible retirees will elect coverage and 20% of retirees who elect coverage will cover their spouse.

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 4.00% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2011 was thirty years.

Note 17 —Other Post-Employment Benefits (OPEB):

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined 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 of (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 12.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010 and 2009 were $39,815, $54,191 and $70,282, respectively and equaled the required contributions for each year.

Note 18 —Adjustment to Beginning Fund Balance:

The following adjustments were made to beginning fund balances at July 1, 2010:

	General Fund	County Capital Projects Fund	Forfeited Assets Fund	Courthouse Security Fund
Fund balances as previously reported	$ 8,793,602	$ 1,705,001	$ -	$ -
To merge Northern Neck Rural Development Coalition Fund with General Fund	11,149	-	-	-
To reclassify Light Street Project Fund as Capital Projects	-	4,308	-	-
To reclassify Forfeited Assets Fund as Special Revenue	(192,025)	-	192,025	-
To reclassify Courthouse Security Fund as Special Revenue	(22,244)	-	-	22,244
Totals as adjusted	$ 8,590,482	$ 1,709,309	$ 192,025	$ 22,244

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.

Exhibit 11

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 14,804,730	$ 14,804,730	$ 15,151,420	$ 346,690
Other local taxes	1,808,050	1,808,050	1,693,183	(114,867)
Permits, privilege fees, and regulatory licenses	113,100	113,100	138,534	25,434
Fines and forfeitures	20,000	20,000	23,951	3,951
Revenue from the use of money and property	266,300	266,300	231,755	(34,545)
Charges for services	29,589	29,589	29,933	344
Miscellaneous	296,341	296,341	214,917	(81,424)
Recovered costs	-	-	115,436	115,436
Intergovernmental revenues:				
Commonwealth	4,559,795	4,559,795	3,536,069	(1,023,726)
Federal	596,732	596,732	842,405	245,673
Total revenues	$ 22,494,637	$ 22,494,637	$ 21,977,603	$ (517,034)
EXPENDITURES				
Current:				
General government administration	$ 1,490,140	$ 1,492,263	$ 1,449,459	$ 42,804
Judicial administration	750,751	750,751	750,685	66
Public safety	3,113,380	3,141,736	3,171,915	(30,179)
Public works	1,216,165	1,239,515	1,258,125	(18,610)
Health and welfare	3,110,975	3,110,975	2,110,973	1,000,002
Education	9,718,098	9,721,098	9,078,400	642,698
Parks, recreation, and cultural	160,000	160,000	160,000	-
Community development	372,037	372,037	365,561	6,476
Capital projects	184,687	239,688	42,555	197,133
Debt service:				
Principal retirement	1,182,099	1,182,099	1,182,099	-
Interest and other fiscal charges	1,198,032	1,198,032	1,763,698	(565,666)
Total expenditures	$ 22,496,364	$ 22,608,194	$ 21,333,470	$ 1,274,724
Excess (deficiency) of revenues over (under) expenditures	$ (1,727)	$ (113,557)	$ 644,133	$ 757,690
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (339,316)	$ (339,316)
Total other financing sources (uses)	$ -	$ -	$ (339,316)	$ (339,316)
Net change in fund balances	$ (1,727)	$ (113,557)	$ 304,817	$ 418,374
Fund balances - beginning	1,727	113,557	8,590,482	8,476,925
Fund balances - ending	$ -	$ -	$ 8,895,299	$ 8,895,299

Exhibit 12

County of Northumberland, Virginia
Schedule of Pension Funding Progress
As of June 30, 2011

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	$ 10,913,563	$ 14,041,990	3,128,427	77.72%	$ 3,057,420	102.32%
6/30/2009	10,884,027	12,725,284	1,841,257	85.53%	3,017,259	61.02%
6/30/2008	10,817,157	12,168,772	1,351,615	88.89%	2,921,685	46.26%
6/30/2007	9,996,319	10,617,421	621,102	94.15%	2,807,947	22.12%
6/30/2006	8,921,038	9,557,192	636,154	93.34%	2,562,644	24.82%
6/30/2005	8,416,193	9,254,979	838,786	90.94%	2,427,532	34.55%
6/30/2004	8,250,120	8,001,890	(248,230)	103.10%	2,297,166	-10.81%
6/30/2003	8,157,822	7,499,682	(658,140)	108.78%	2,139,491	-30.76%
6/30/2002	8,085,504	7,013,381	(1,072,123)	115.29%	2,130,237	-50.33%
6/30/2001	7,910,854	6,477,715	(1,433,139)	122.12%	2,160,282	-66.34%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

6/30/2010	$ 2,892,354	$ 3,814,626	$ 922,272	75.82%	$ 640,502	143.99%
6/30/2009	2,880,290	3,444,758	564,468	83.61%	672,605	83.92%
6/30/2008	2,832,189	3,267,080	434,891	86.69%	687,047	63.30%
6/30/2007	2,571,732	3,082,963	511,231	83.42%	693,091	73.76%
6/30/2006	2,284,720	2,866,806	582,086	79.70%	681,421	85.42%
6/30/2005	2,143,029	2,698,627	555,598	79.41%	686,497	80.93%
6/30/2004	2,041,274	2,265,181	223,907	90.12%	673,026	33.27%
6/30/2003	1,978,094	2,116,813	138,719	93.45%	616,845	22.49%
6/30/2002	1,932,379	1,945,731	13,352	99.31%	639,325	2.09%
6/30/2001	1,844,568	1,788,196	(56,372)	103.15%	626,221	-9.00%

Exhibit 13

County of Northumberland, Virginia
Schedule of Funding Progress for Retiree Health Insurance Plan
As of June 30, 2011

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2009	$ -	$ 193,500	$ 193,500	0.00%	$ 3,044,100	6.36%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2009	$ -	$ 648,600	$ 648,600	0.00%	$ 8,060,600	8.05%
1/1/2011	-	660,900	660,900	0.00%	7,899,500	8.37%

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

Exhibit 14

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 678	$ 678
Total revenues	$ -	$ -	$ 678	$ 678
EXPENDITURES				
Capital projects	$ -	$ 6,808	$ 1,041,585	$ (1,034,777)
Total expenditures	$ -	$ 6,808	$ 1,041,585	$ (1,034,777)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (6,808)	$ (1,040,907)	$ (1,034,099)
Net change in fund balances	$ -	$ (6,808)	$ (1,040,907)	$ (1,034,099)
Fund balances - beginning	-	6,808	1,709,309	1,702,501
Fund balances - ending	$ -	$ -	$ 668,402	$ 668,402

Exhibit 15

County of Northumberland, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	Law Library Fund	Forfeited Assets Fund	Economic Development Fund	Courthouse Security Fund	Total
ASSETS					
Cash and cash equivalents	$ 767	$ 181,962	$ 20,080	$ 33,739	$ 236,548
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	-	-	863	863
Notes receivable	-	-	4,719	-	4,719
Total assets	$ 767	$ 181,962	$ 24,799	$ 34,602	$ 242,130
LIABILITIES AND FUND BALANCES					
Fund balances:					
Restricted	$ 767	$ 181,962	$ 24,799	$ 34,602	$ 242,130
Total fund balances	$ 767	$ 181,962	$ 24,799	$ 34,602	$ 242,130
Total liabilities and fund balances	$ 767	$ 181,962	$ 24,799	$ 34,602	$ 242,130

Exhibit 16

County of Northumberland, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Law Library Fund	Forfeited Assets Fund	Economic Development Fund	Courthouse Security Fund	Total
REVENUES					
Revenue from the use of money and property	$ -	$ 184	$ 90	$ -	$ 274
Charges for services	-	-	-	12,358	12,358
Miscellaneous	-	-	20	-	20
Intergovernmental revenues:					
Commonwealth	-	703	-	-	703
Total revenues	$ -	$ 887	$ 110	$ 12,358	$ 13,355
EXPENDITURES					
Current:					
Public safety	$ -	$ 10,950	$ -	$ -	$ 10,950
Community development	-	-	827	-	827
Total expenditures	$ -	$ 10,950	$ 827	$ -	$ 11,777
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (10,063)	$ (717)	$ 12,358	$ 1,578
Net change in fund balances	$ -	$ (10,063)	$ (717)	$ 12,358	$ 1,578
Fund balances - beginning	767	192,025	25,516	22,244	240,552
Fund balances - ending	$ 767	$ 181,962	$ 24,799	$ 34,602	$ 242,130

County of Northumberland, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2011

	Law Library Fund				Forfeited Assets Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ 184	$ 184
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental revenues:								
Commonwealth	-	-	-	-	-	-	703	703
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ 887	$ 887
EXPENDITURES								
Current:								
Public safety	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,950	$ 10,950
Community development	-	-	-	-	-	-	-	-
Total expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,950	$ 10,950
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ (10,063)	$ (10,063)
Net change in fund balances	$ -	$ -	$ -	$ -	$ -	$ -	$ (10,063)	$ (10,063)
Fund balances - beginning	-	-	767	767	-	-	192,025	192,025
Fund balances - ending	$ -	$ -	$ 767	$ 767	$ -	$ -	$ 181,962	$ 181,962

Economic Development Fund				Courthouse Security Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ 90	$ 90	$ -	$ -	$ -	$ -
-	-	-	-	-	-	12,358	12,358
-	-	20	20	-	-	-	-
				-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ 110	$ 110	$ -	$ -	$ 12,358	$ 12,358
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	827	(827)	-	-	-	-
$ -	$ -	$ 827	$ (827)	$ -	$ -	$ -	$ -
$ -	$ -	$ (717)	$ (717)	$ -	$ -	$ 12,358	$ 12,358
$ -	$ -	$ (717)	$ (717)	$ -	$ -	$ 12,358	$ 12,358
-	-	25,516	25,516	-	-	22,244	22,244
$ -	$ -	$ 24,799	$ 24,799	$ -	$ -	$ 34,602	$ 34,602

Exhibit 18

County of Northumberland, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Agency Funds						
	Special Welfare	Road Improvement Bond	350th Anniversary	Tornado Relief	Fallen Heroes	Northern Neck Special Education	Total
ASSETS							
Cash and cash equivalents	$ 132,451	$ 40,650	$ 104	$ 10,137	$ 172	$ 1,222,491	$ 1,406,005
Total assets	$ 132,451	$ 40,650	$ 104	$ 10,137	$ 172	$ 1,222,491	$ 1,406,005
LIABILITIES							
Amounts held for others	$ -	$ 40,650	$ 104	$ 10,137	$ 172	$ 1,222,491	$ 1,273,554
Amounts held for social services clients	132,451	-	-	-	-	-	132,451
Total liabilities	$ 132,451	$ 40,650	$ 104	$ 10,137	$ 172	$ 1,222,491	$ 1,406,005

Exhibit 19

County of Northumberland, Virginia
Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 108,528	$ 142,479	$ 118,556	$ 132,451
Liabilities:				
Amounts held for social services clients	$ 108,528	$ 142,479	$ 118,556	$ 132,451
Road Improvement Bond Fund:				
Assets:				
Cash and cash equivalents	$ 76,568	$ 30,982	$ 66,900	$ 40,650
Liabilities:				
Amounts held for others	$ 76,568	$ 30,982	$ 66,900	$ 40,650
350th Anniversary Fund:				
Assets:				
Cash and cash equivalents	$ 104	$ -	$ -	$ 104
Liabilities:				
Amounts held for others	$ 104	$ -	$ -	$ 104
Tornado Relief Fund:				
Assets:				
Cash and cash equivalents	$ 10,137	$ -	$ -	$ 10,137
Liabilities:				
Amounts held for others	$ 10,137	$ -	$ -	$ 10,137
Fallen Heroes Fund:				
Assets:				
Cash and cash equivalents	$ 172	$ -	$ -	$ 172
Liabilities:				
Amounts held for others	$ 172	$ -	$ -	$ 172
NNRSEP Fund:				
Assets:				
Cash	$ 1,097,157	$ 1,910,797	$ 1,785,463	$ 1,222,491
Liabilities:				
Amounts held for others	$ 1,097,157	$ 1,910,797	$ 1,785,463	$ 1,222,491
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 1,292,666	$ 2,084,258	$ 1,970,919	$ 1,406,005
Total assets	$ 1,292,666	$ 2,084,258	$ 1,970,919	$ 1,406,005
Liabilities:				
Amounts held for others	$ 1,184,138	$ 1,941,779	$ 1,852,363	$ 1,273,554
Amounts held for social services clients	108,528	142,479	118,556	132,451
Total liabilities	$ 1,292,666	$ 2,084,258	$ 1,970,919	$ 1,406,005

DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

Exhibit 20

County of Northumberland, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,002	$ 160,267	$ -	$ 162,269
Cash in custody of others	-	-	167,698	167,698
Due from other governmental units	1,380,294	-	-	1,380,294
Total assets	$ 1,382,296	$ 160,267	$ 167,698	$ 1,710,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 42,498	$ -	$ -	$ 42,498
Accrued liabilities	1,337,798	-	-	1,337,798
Total liabilities	$ 1,380,296	$ -	$ -	$ 1,380,296
Fund balances:				
Committed	$ 2,000	$ -	$ 167,698	169,698
Unassigned	-	160,267	-	160,267
Total fund balances	$ 2,000	$ 160,267	$ 167,698	$ 329,965
Total liabilities and fund balances	$ 1,382,296	$ 160,267	$ 167,698	$ 1,710,261

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

Total fund balances per above	$ 329,965
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,446,129
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(505,615)
Net assets of governmental activities	$ 8,270,479

Exhibit 21

County of Northumberland, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund	Health Insurance Recovery Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	$ 524	$ -	$ 137	$ 661
Charges for services	-	-	209,681	209,681
Miscellaneous	137,990	-	888	138,878
Intergovernmental revenues:				
Local government	9,066,504	-	-	9,066,504
Commonwealth	3,815,872	-	-	3,815,872
Federal	1,703,633	-	36,693	1,740,326
Total revenues	$ 14,724,523	$ -	$ 247,399	$ 14,971,922
EXPENDITURES				
Current:				
Education	$ 14,339,785	$ -	$ 577,466	$ 14,917,251
Capital projects	18,773	-	-	18,773
Total expenditures	$ 14,358,558	$ -	$ 577,466	$ 14,936,024
Excess (deficiency) of revenues over (under) expenditures	$ 365,965	$ -	$ (330,067)	$ 35,898
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 365,965	$ 365,965
Transfers out	(365,965)	-	-	(365,965)
Total other financing sources and uses	$ (365,965)	$ -	$ 365,965	$ -
Net change in fund balances	$ -	$ -	$ 35,898	$ 35,898
Fund balances - beginning	2,000	160,267	131,800	294,067
Fund balances - ending	$ 2,000	$ 160,267	$ 167,698	$ 329,965

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		$ 35,898
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. The following is a summary of items supporting this adjustment:		
Capital outlay	$ 168,950	
Change in accumulated depreciation	(1,409,218)	
Transfer of joint tenancy assets to Component Unit from Primary Government	2,072,040	831,772
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:		
Decrease (increase) in accrued leave	9,591	
Decrease (increase) in OPEB liability	(40,719)	
		(31,128)
Change in net assets of governmental activities		$ 836,542

Exhibit 22

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 10,500	$ 10,500	$ 524	$ (9,976)
Miscellaneous	200,000	200,000	137,990	(62,010)
Intergovernmental revenues:				
Local government	9,710,669	9,710,669	9,066,504	(644,165)
Commonwealth	5,041,763	5,041,763	3,815,872	(1,225,891)
Federal	490,447	490,447	1,703,633	1,213,186
Total revenues	$ 15,453,379	$ 15,453,379	$ 14,724,523	$ (728,856)
EXPENDITURES				
Current:				
Education	$ 14,991,932	$ 14,991,932	$ 14,339,785	$ 652,147
Capital projects	20,000	20,000	18,773	1,227
Total expenditures	$ 15,011,932	$ 15,011,932	$ 14,358,558	$ 653,374
Excess (deficiency) of revenues over (under) expenditures	$ 441,447	$ 441,447	$ 365,965	$ (75,482)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (441,447)	$ (441,447)	$ (365,965)	$ 75,482
Total other financing sources (uses)	$ (441,447)	$ (441,447)	$ (365,965)	$ 75,482
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	2,000	2,000
Fund balances - ending	$ -	$ -	$ 2,000	$ 2,000

Exhibit 23

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

	School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 137	$ 137
Charges for services	-	-	209,681	209,681
Miscellaneous	-	-	888	888
Intergovernmental revenues:				
Federal	-	-	36,693	36,693
Total revenues	$ -	$ -	$ 247,399	$ 247,399
EXPENDITURES				
Current:				
Education	$ 441,447	$ 441,447	$ 577,466	$ (136,019)
Total expenditures	$ 441,447	$ 441,447	$ 577,466	$ (136,019)
Excess (deficiency) of revenues over (under) expenditures	$ (441,447)	$ (441,447)	$ (330,067)	$ 111,380
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 441,447	$ 441,447	$ 365,965	$ (75,482)
Total other financing sources (uses)	$ 441,447	$ 441,447	$ 365,965	$ (75,482)
Net change in fund balances	$ -	$ -	$ 35,898	$ 35,898
Fund balances - beginning	-	-	131,800	131,800
Fund balances - ending	$ -	$ -	$ 167,698	$ 167,698

SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 11,917,730	$ 11,917,730	$ 12,132,564	$ 214,834
Real and personal public service corporation taxes	115,000	115,000	145,542	30,542
Personal property taxes	2,050,000	2,050,000	2,086,106	36,106
Custom house boat taxes	400,000	400,000	435,856	35,856
Mobile home taxes	26,000	26,000	25,810	(190)
Machinery and tools taxes	100,000	100,000	95,987	(4,013)
Merchant's capital taxes	46,000	46,000	52,656	6,656
Penalties	100,000	100,000	113,630	13,630
Interest	50,000	50,000	63,269	13,269
Total general property taxes	$ 14,804,730	$ 14,804,730	$ 15,151,420	$ 346,690
Other local taxes:				
Local sales and use taxes	$ 700,000	$ 700,000	$ 652,985	$ (47,015)
Consumers' utility taxes	345,900	345,900	344,387	(1,513)
Consumption tax	52,000	52,000	59,126	7,126
Motor vehicle licenses	340,150	340,150	358,747	18,597
Bank stock taxes	150,000	150,000	128,331	(21,669)
Taxes on recordation and wills	220,000	220,000	149,607	(70,393)
Total other local taxes	$ 1,808,050	$ 1,808,050	$ 1,693,183	$ (114,867)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 18,000	$ 18,000	$ 18,788	$ 788
Land use application fees	500	500	900	400
Transfer fees	1,000	1,000	723	(277)
Permits and other licenses	93,600	93,600	118,123	24,523
Total permits, privilege fees, and regulatory licenses	$ 113,100	$ 113,100	$ 138,534	$ 25,434
Fines and forfeitures:				
Court fines and forfeitures	$ 20,000	$ 20,000	$ 23,951	$ 3,951
Revenue from use of money and property:				
Revenue from use of money	$ 200,000	$ 200,000	$ 155,534	$ (44,466)
Revenue from use of property	66,300	66,300	76,221	9,921
Total revenue from use of money and property	$ 266,300	$ 266,300	$ 231,755	$ (34,545)
Charges for services:				
Sheriff's fees	$ 539	$ 539	$ 539	$ -
Court costs	5,600	5,600	4,385	(1,215)
Charges for Commonwealth's Attorney	400	400	931	531
Charges for correction and detention	7,000	7,000	4,072	(2,928)
Street light reimbursement	16,000	16,000	17,771	1,771
Charges for other public works	-	-	1,708	1,708
Charges for other protection	50	50	235	185
Charges for community development	-	-	292	292
Total charges for services	$ 29,589	$ 29,589	$ 29,933	$ 344

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	$ 296,341	$ 296,341	$ 214,917	$ (81,424)
Recovered costs:				
Regional jail	$ -	$ -	$ 70,941	$ 70,941
Animal shelter payroll reimbursement	-	-	16,900	16,900
Summer youth employment	-	-	5,032	5,032
DMV License Agent fee	-	-	22,563	22,563
Total recovered costs	$ -	$ -	$ 115,436	$ 115,436
Total revenue from local sources	$ 17,338,110	$ 17,338,110	$ 17,599,129	$ 261,019
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	$ 445,000	$ 445,000	$ 398,384	$ (46,616)
Motor vehicle carriers' tax	200	200	6	(194)
Mobile home titling tax	22,000	22,000	25,658	3,658
Auto rental tax	16,100	16,100	-	(16,100)
Recordation and grantors tax	-	-	31,699	31,699
Personal property tax relief funds	950,000	950,000	976,108	26,108
Additional tax on deeds	75,000	75,000	65,486	(9,514)
Section 8	43,873	43,873	-	(43,873)
Reduction in state aid to local governments	-	-	(66,898)	(66,898)
Total noncategorical aid	$ 1,552,173	$ 1,552,173	$ 1,430,443	$ (121,730)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 188,853	$ 188,853	$ 197,260	$ 8,407
Sheriff	704,930	704,930	724,025	19,095
Commissioner of revenue	82,918	82,918	84,904	1,986
Treasurer	105,205	105,205	107,842	2,637
Medical examiner	-	-	(60)	(60)
Registrar/electoral board	45,806	45,806	37,255	(8,551)
Social Services State Reimbursement	446,815	446,815	-	(446,815)
Clerk of the Circuit Court	213,292	213,292	219,647	6,355
Total shared expenses	$ 1,787,819	$ 1,787,819	$ 1,370,873	$ (416,946)
Other categorical aid:				
Public assistance and welfare administration	$ 336,268	$ 336,268	$ 360,930	$ 24,662
Animal friendly plates	-	-	92	92
Victim witness program	20,000	20,000	21,626	1,626
DMV grant	24,000	24,000	-	(24,000)
EMS - Four for life	24,000	24,000	15,585	(8,415)
School resource officer	42,885	42,885	-	(42,885)
Comprehensive services act	707,000	707,000	134,529	(572,471)
PSAP grant	-	-	127,003	127,003
Fire programs fund	35,000	35,000	35,258	258

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Wireless grant	$ 30,000	$ 30,000	$ 38,488	$ 8,488
Local law enforcement block grant	650	650	1,242	592
Total other categorical aid	$ 1,219,803	$ 1,219,803	$ 734,753	$ (485,050)
Total categorical aid	$ 3,007,622	$ 3,007,622	$ 2,105,626	$ (901,996)
Total revenue from the Commonwealth	$ 4,559,795	$ 4,559,795	$ 3,536,069	$ (1,023,726)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 596,732	$ 596,732	$ 640,498	$ 43,766
Ground transportation	-	-	17,907	17,907
Rural development community facilities grant	-	-	150,000	150,000
Rural development sewer study grant	-	-	9,000	9,000
Community development block grant	-	-	25,000	25,000
Total categorical aid	$ 596,732	$ 596,732	$ 842,405	$ 245,673
Total revenue from the federal government	$ 596,732	$ 596,732	$ 842,405	$ 245,673
Total General Fund	$ 22,494,637	$ 22,494,637	$ 21,977,603	$ (517,034)
Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 184	$ 184
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	$ -	$ -	$ 703	$ 703
Total Forfeited Assets Fund	$ -	$ -	$ 887	$ 887
Economic Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 90	$ 90
Miscellaneous revenue:				
DVD donations	$ -	$ -	$ 20	$ 20
Total revenue from local sources	$ -	$ -	$ 110	$ 110
Total Economic Development Fund	$ -	$ -	$ 110	$ 110

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Courthouse Security Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse security fees	$ -	$ -	$ 12,358	$ 12,358
Total Courthouse Security Fund	$ -	$ -	$ 12,358	$ 12,358
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 678	$ 678
Total County Capital Projects Fund	$ -	$ -	$ 678	$ 678
Total Primary Government	$ 22,494,637	$ 22,494,637	$ 21,990,749	$ (503,888)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 524	$ 524
Revenue from the use of property	10,500	10,500	-	(10,500)
Total revenue from use of money and property	$ 10,500	$ 10,500	$ 524	$ (9,976)
Miscellaneous revenue:				
Miscellaneous	$ 200,000	$ 200,000	$ 137,990	$ (62,010)
Total revenue from local sources	$ 210,500	$ 210,500	$ 138,514	$ (71,986)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northumberland, Virginia	$ 9,710,669	$ 9,710,669	$ 9,066,504	$ (644,165)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 1,302,392	$ 1,302,392	$ 1,958,068	$ 655,676
Basic school aid	3,739,371	3,739,371	1,177,156	(2,562,215)
Primary class size	-	-	43,110	43,110
At risk payments	-	-	84,287	84,287
Early reading intervention	-	-	4,861	4,861
English as a second language	-	-	5,290	5,290
GED funding	-	-	7,859	7,859
Gifted and talented	-	-	12,607	12,607
Homebound	-	-	4,803	4,803
Mentor teacher program	-	-	1,068	1,068
Remedial education	-	-	37,820	37,820
Remedial summer education	-	-	20,060	20,060
School food program	-	-	6,241	6,241
School fringes	-	-	119,344	119,344

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Categorical aid: (Continued)				
Special education	$ -	$ -	$ 137,554	$ 137,554
Standards of Learning algebra readiness	-	-	4,982	4,982
Textbook payment	-	-	14,719	14,719
Technology VPSA	-	-	128,000	128,000
Vocational education	-	-	48,043	48,043
Total categorical aid	$ 5,041,763	$ 5,041,763	$ 3,815,872	$ (1,225,891)
Total revenue from the Commonwealth	$ 5,041,763	$ 5,041,763	$ 3,815,872	$ (1,225,891)
Revenue from the federal government:				
Categorical aid:				
Fiscal Stabilization - ARRA	$ -	$ -	$ 311,875	$ 311,875
Title I	-	-	480,114	480,114
Title I - ARRA	-	-	79,283	79,283
Vocational education	-	-	34,839	34,839
Title VIB	-	-	235,309	235,309
Title VIB - ARRA	-	-	134,760	134,760
School food program	441,447	441,447	359,725	(81,722)
JROTC grant	49,000	49,000	67,728	18,728
Total categorical aid	$ 490,447	$ 490,447	$ 1,703,633	$ 1,213,186
Total revenue from the federal government	$ 490,447	$ 490,447	$ 1,703,633	$ 1,213,186
Total School Operating Fund	$ 15,453,379	$ 15,453,379	$ 14,724,523	$ (728,856)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 137	$ 137
Charges for services:				
Cafeteria sales	$ -	$ -	$ 209,681	$ 209,681
Miscellaneous revenue:				
Miscellaneous	$ -	$ -	$ 888	$ 888
Total revenue from local sources	$ -	$ -	$ 210,706	$ 210,706
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Commodities	$ -	$ -	$ 36,693	$ 36,693
Total revenue from the federal government	$ -	$ -	$ 36,693	$ 36,693
Total School Cafeteria Fund	$ -	$ -	$ 247,399	$ 247,399
Total Discretely Presented Component Unit - School Board	$ 15,453,379	$ 15,453,379	$ 14,971,922	$ (481,457)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 261,144	$ 261,144	$ 189,996	$ 71,148
General and financial administration:				
County administrator	$ 217,899	$ 220,023	$ 216,936	$ 3,087
Information Technology	81,724	81,724	84,039	(2,315)
Legal services	15,000	15,000	15,000	-
Commissioner of revenue	273,871	273,871	273,167	704
Independent Auditor	37,800	37,800	33,950	3,850
Treasurer	310,581	310,581	321,162	(10,581)
Reassessment	180,000	180,000	222,837	(42,837)
Total general and financial administration	$ 1,116,875	$ 1,118,999	$ 1,167,091	$ (48,092)
Board of elections:				
Electoral board and officials	$ 31,517	$ 31,517	$ 20,081	$ 11,436
Registrar	80,604	80,603	72,291	8,312
Total board of elections	$ 112,121	$ 112,120	$ 92,372	$ 19,748
Total general government administration	$ 1,490,140	$ 1,492,263	$ 1,449,459	$ 42,804
Judicial administration:				
Courts:				
Circuit court	$ 16,482	$ 16,482	$ 17,878	$ (1,396)
General district court	3,700	3,700	2,127	1,573
Victim witness protection program	27,377	27,377	25,976	1,401
Juvenile and domestic relations district court	70,124	70,124	71,299	(1,175)
Clerk of the circuit court	317,749	317,749	318,698	(949)
Total courts	$ 435,432	$ 435,432	$ 435,978	$ (546)
Commonwealth's attorney:				
Commonwealth's attorney	$ 315,319	$ 315,319	$ 314,707	$ 612
Total judicial administration	$ 750,751	$ 750,751	$ 750,685	$ 66
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 1,959,805	$ 1,959,805	$ 1,847,870	$ 111,935
Fire and rescue services:				
Fire department	$ 311,326	$ 320,326	$ 332,561	$ (12,235)
Ambulance and rescue services	175,553	175,553	165,670	9,883
Total fire and rescue services	$ 486,879	$ 495,879	$ 498,231	$ (2,352)
Correction and detention:				
Payments to Regional Jail	$ 345,838	$ 345,838	$ 345,838	$ -
Total correction and detention	$ 345,838	$ 345,838	$ 345,838	$ -
Inspections:				
Building	$ 177,228	$ 177,228	$ 176,408	$ 820

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	$ 88,780	$ 108,136	$ 215,110	$ (106,974)
Emergency services	54,500	54,500	88,438	(33,938)
Medical examiner	350	350	20	330
Total other protection	$ 143,630	$ 162,986	$ 303,568	$ (140,582)
Total public safety	$ 3,113,380	$ 3,141,736	$ 3,171,915	$ (30,179)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	$ 16,300	$ 16,300	$ 17,170	$ (870)
Sanitation and waste removal:				
Refuse disposal	$ 10,000	$ 10,000	$ 7,264	$ 2,736
Refuse collection	980,274	1,003,624	973,062	30,562
Total sanitation and waste removal	$ 990,274	$ 1,013,624	$ 980,326	$ 33,298
Maintenance of general buildings and grounds:				
General properties	$ 209,591	$ 209,591	$ 260,629	$ (51,038)
Total public works	$ 1,216,165	$ 1,239,515	$ 1,258,125	$ (18,610)
Health and welfare:				
Health:				
Supplement of local health department	$ 161,663	$ 161,663	$ 161,663	$ -
Mental health and mental retardation:				
Community services board	$ 40,933	$ 40,933	$ 40,933	$ -
Welfare:				
Public assistance and welfare administration	$ 1,707,122	$ 1,707,122	$ 1,418,599	$ 288,523
Comprehensive services act	932,990	932,990	282,111	650,879
Other Social Services	268,267	268,267	207,667	60,600
Total welfare	$ 2,908,379	$ 2,908,379	$ 1,908,377	$ 1,000,002
Total health and welfare	$ 3,110,975	$ 3,110,975	$ 2,110,973	$ 1,000,002
Education:				
Other instructional costs:				
Contributions to Community College	$ 7,429	$ 7,429	$ 7,429	$ -
Adult education	-	3,000	4,467	(1,467)
Contribution to County School Board	9,710,669	9,710,669	9,066,504	644,165
Total education	$ 9,718,098	$ 9,721,098	$ 9,078,400	$ 642,698
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 50,000	$ 50,000	$ 50,000	$ -

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to county library	$ 110,000	$ 110,000	$ 110,000	$ -
Total library	$ 110,000	$ 110,000	$ 110,000	$ -
Total parks, recreation, and cultural	$ 160,000	$ 160,000	$ 160,000	$ -
Community development:				
Planning and community development:				
Planning and zoning	$ 226,814	$ 226,814	$ 246,000	$ (19,186)
Economic development	33,500	33,500	29,811	3,689
Planning district commission	18,500	18,500	14,000	4,500
Total planning and community development	$ 278,814	$ 278,814	$ 289,811	$ (10,997)
Environmental management:				
Contribution to soil and water conservation district	$ 10,850	$ 10,850	$ 10,850	$ -
Wetlands	17,612	17,612	13,519	4,093
Forestry	5,201	5,201	5,171	30
Total environmental management	$ 33,663	$ 33,663	$ 29,540	$ 4,123
Cooperative extension program:				
Extension office	$ 59,560	$ 59,560	$ 46,210	$ 13,350
Total community development	$ 372,037	$ 372,037	$ 365,561	$ 6,476
Capital projects:				
County owned facilities	$ 5,000	$ 5,000	$ 1,530	$ 3,470
Pavillion grant	-	55,000	41,025	13,975
Fleeton/Callao Sewer project	40,000	40,000	-	40,000
New court facility	139,687	139,688	-	139,688
Total capital projects	$ 184,687	$ 239,688	$ 42,555	$ 197,133
Debt service:				
Principal retirement	$ 1,182,099	$ 1,182,099	$ 1,182,099	$ -
Interest and other fiscal charges	1,198,032	1,198,032	1,763,698	(565,666)
Total debt service	$ 2,380,131	$ 2,380,131	$ 2,945,797	$ (565,666)
Total General Fund	$ 22,496,364	$ 22,608,194	$ 21,333,470	$ 1,274,724
Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Sheriff:				
Forfeited assets	$ -	$ -	$ 10,950	$ (10,950)
Total Forfeited Assets Fund	$ -	$ -	$ 10,950	$ (10,950)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Economic Development Fund:				
Community Development:				
Economic Development:				
Economic development	$ -	$ -	$ 827	$ (827)
Total Economic Development Fund	$ -	$ -	$ 827	$ (827)
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	$ -	$ 6,808	$ 1,041,585	$ (1,034,777)
Total County Capital Projects Fund	$ -	$ 6,808	$ 1,041,585	$ (1,034,777)
Total Primary Government	$ 22,496,364	$ 22,615,002	$ 22,386,832	$ 228,170
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	$ 582,310	$ 582,310	$ 559,098	$ 23,212
Instruction costs	11,130,075	11,130,075	10,962,965	167,110
Pupil transportation	1,278,790	1,278,790	1,215,370	63,420
Operation and maintenance of school plant	2,000,757	2,000,757	1,602,352	398,405
Other operating costs	$ 14,991,932	$ 14,991,932	$ 14,339,785	$ 652,147
Total education	$ 14,991,932	$ 14,991,932	$ 14,339,785	$ 652,147
Capital projects:				
Capital Outlay	$ 20,000	$ 20,000	$ 18,773	$ 1,227
Total School Operating Fund	$ 15,011,932	$ 15,011,932	$ 14,358,558	$ 653,374
School Cafeteria Fund:				
Education:				
School food services:				
School food	$ 441,447	$ 441,447	$ 540,773	$ (99,326)
Commodities	-	-	36,693	(36,693)
Total school food services	$ 441,447	$ 441,447	$ 577,466	$ (136,019)
Total School Cafeteria Fund	$ 441,447	$ 441,447	$ 577,466	$ (136,019)
Total Discretely Presented Component Unit - School Board	$ 15,453,379	$ 15,453,379	$ 14,936,024	$ 517,355

OTHER STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2002-03	$ 998,389	$ 427,647	$ 2,122,218	$ 763,472	$ 1,488,152	$ 6,788,667	$ 124,754	$ 260,126	$ 334,898	$ 172,120	$ 13,480,443
2003-04	899,749	587,546	2,209,016	1,080,865	1,603,072	7,209,313	148,157	290,630	298,574	343,489	14,670,411
2004-05	1,381,451	565,629	2,535,825	952,156	1,637,143	7,139,887	152,433	315,943	259,361	435,471	15,375,299
2005-06	1,167,467	677,235	2,584,733	1,393,744	1,906,874	8,103,546	455,941	369,958	227,386	554,693	17,441,577
2006-07	1,250,550	913,462	2,786,622	1,299,662	1,979,837	11,307,420	154,433	462,873	1,757,383	641,660	22,553,902
2007-08	1,185,448	897,658	3,325,552	1,261,074	1,963,371	10,145,703	162,433	582,207	1,906,293	725,364	22,155,103
2008-09	1,312,517	841,269	2,909,507	1,206,586	1,962,122	9,552,038	89,228	433,527	1,860,565	787,029	20,954,388
2009-10	1,284,916	925,689	3,153,464	1,165,665	1,965,340	7,882,786	160,000	249,496	1,805,133	799,163	19,391,652
2010-11	1,449,612	1,885,783	3,112,797	1,239,359	2,113,100	10,152,027	160,000	356,559	1,747,492	804,516	23,021,245

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

Table 2

County of Northumberland, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2002-03	$ 385,547	$ 2,202,978	$ -	$ 9,618,899	$ 1,306,303	$ 86,105	$ 316,272	$ 2,160,855	$ 16,076,959
2003-04	421,257	2,456,159	-	9,880,206	1,453,219	62,689	243,962	2,262,035	16,779,527
2004-05	538,508	2,630,761	-	10,057,777	2,123,379	148,142	174,627	1,542,174	17,215,368
2005-06	583,726	3,154,412	303,508	10,544,679	1,770,014	364,520	326,230	1,159,186	18,206,275
2006-07	535,960	3,073,567	68,266	13,176,306	2,236,690	1,600,110	241,736	1,109,209	22,041,844
2007-08	569,645	2,871,605	630,311	13,447,313	1,945,289	1,801,426	345,799	1,085,298	22,696,686
2008-09	529,047	2,945,673	66,934	14,409,617	2,188,526	486,072	341,443	1,089,447	22,056,759
2009-10	527,391	2,759,311	-	15,020,712	1,756,737	234,120	346,648	1,394,902	22,039,821
2010-11	534,321	2,948,734	-	15,295,156	1,693,183	232,707	245,832	1,430,443	22,380,376

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

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2001-02	$ 998,280	$ 488,981	$ 2,302,226	$ 765,716	$ 1,598,619	$ 11,984,584	$ 102,232	$ 248,027	$ 1,026,005	$ 19,514,670
2002-03	959,867	448,715	2,162,596	793,640	1,525,743	11,934,862	125,069	265,521	990,349	19,206,362
2003-04	1,045,974	508,613	2,339,340	1,046,480	1,598,822	12,137,999	145,724	283,751	950,979	20,057,682
2004-05	1,257,538	474,654	2,670,462	997,539	1,668,411	13,313,882	150,000	315,943	809,129	21,657,558
2005-06	1,135,395	586,260	2,637,176	1,059,637	1,955,569	14,395,941	453,508	376,810	784,106	23,384,402
2006-07	1,275,536	684,040	2,894,649	1,282,308	1,955,978	15,144,972	150,000	462,872	2,533,503	26,383,858
2007-08	1,283,522	714,521	3,536,111	1,272,472	1,948,819	16,010,041	160,000	427,682	3,051,646	28,404,814
2008-09	1,247,501	758,759	3,318,605	1,213,509	1,939,676	16,087,829	160,000	432,735	2,998,457	28,157,071
2009-10	1,227,526	831,469	3,070,468	1,178,666	1,949,423	15,133,600	160,000	366,703	2,965,494	26,883,349
2010-11	1,449,459	750,685	3,183,692	1,258,125	2,110,973	14,929,147	160,000	365,561	2,945,797	27,153,439

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2001-02	$ 9,253,511	$ 1,222,411	$ 228,816	$ 6,320	$ 121,693	$ 219,244	$ 181,017	$ 131,576	$ 8,852,876	$ 20,217,464
2002-03	9,552,198	1,306,303	255,528	6,823	88,827	232,640	192,355	316,421	8,690,499	20,641,594
2003-04	9,917,813	1,453,219	283,767	15,992	61,878	231,386	289,558	326,174	9,016,617	21,596,404
2004-05	10,095,628	1,639,007	277,798	15,199	152,963	225,432	283,937	128,241	9,942,948	22,761,153
2005-06	10,624,629	1,770,014	300,830	17,110	364,317	285,150	397,411	98,791	10,508,029	24,366,281
2006-07	13,105,187	1,583,747	218,274	12,185	352,575	267,989	381,660	98,462	11,209,787	27,229,866
2007-08	13,367,097	1,945,289	206,459	16,987	285,088	272,732	527,635	247,678	11,564,983	28,433,948
2008-09	14,879,752	2,188,526	180,070	15,480	252,556	233,143	588,022	101,770	9,903,162	28,342,481
2009-10	14,896,149	1,756,737	137,646	29,883	231,790	274,183	507,538	103,838	9,897,347	27,835,111
2010-11	15,151,420	1,693,183	138,534	23,951	232,690	251,972	353,815	115,436	9,935,375	27,896,376

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2001-02	$ 9,934,344	$ 9,677,025	97.41%	$ 272,696	$ 9,949,721	100.15%	$ 369,601	3.72%
2002-03	10,220,351	10,026,352	98.10%	258,710	10,285,062	100.63%	472,851	4.63%
2003-04	10,577,447	10,312,979	97.50%	301,132	10,614,111	100.35%	350,536	3.31%
2004-05	10,846,397	10,653,628	98.22%	175,814	10,829,442	99.84%	358,608	3.31%
2005-06	11,403,071	11,271,995	98.85%	170,729	11,442,724	100.35%	294,952	2.59%
2006-07	13,873,126	13,688,759	98.67%	195,874	13,884,633	100.08%	202,803	1.46%
2007-08	14,238,395	14,013,307	98.42%	179,242	14,192,549	99.68%	310,307	2.18%
2008-09	15,889,738	15,528,432	97.73%	196,546	15,724,978	98.96%	399,253	2.51%
2009-10	15,769,623	15,429,741	97.84%	242,026	15,671,767	99.38%	508,662	3.23%
2010-11	16,041,437	15,693,936	97.83%	256,693	15,950,629	99.43%	560,820	3.50%

(1) Exclusive of penalties and interest.
(2) Includes three most current delinquent tax years.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2001-02	$ 1,141,632,698	$ 76,620,226	$ 4,314,853	$ 3,557,029	$ 34,634,980	$ 1,260,759,786
2002-03	1,171,592,883	81,299,045	3,082,537	3,568,871	32,246,606	1,291,789,942
2003-04	1,210,105,972	77,884,880	2,856,528	3,572,444	30,312,999	1,324,732,823
2004-05	1,249,704,479	88,848,479	2,476,351	3,601,360	24,261,228	1,368,891,897
2005-06	1,297,949,514	96,277,035	3,312,711	4,123,126	20,174,479	1,421,836,865
2006-07	2,829,613,762	99,792,019	3,062,848	4,316,128	38,647,253	2,975,432,010
2007-08	2,902,222,017	103,742,431	2,887,999	4,386,808	36,978,612	3,050,217,867
2008-09	2,961,160,227	111,854,782	2,530,695	4,645,795	28,020,738	3,108,212,237
2009-10	3,011,546,185	102,709,252	2,318,911	4,641,003	32,584,722	3,153,800,073
2010-11	3,047,497,890	106,808,354	2,688,648	5,243,876	36,317,490	3,198,556,258

(1) Real estate and personal property is assessed at 100% of fair market value.
(2) Assessed values are established by the State Corporation Commission.

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Merchant's Capital	Machinery and Tools
2001-02	$ 0.61	$ 0.61	$ 3.60	$ 2.00	$ 3.60
2002-03	0.61	0.61	3.60	2.00	3.60
2003-04	0.61	0.61	3.60	2.00	3.60
2004-05	0.61	0.61	3.60	1.00	3.60
2005-06	0.61	0.61	3.60	1.00	3.60
2006-07	0.36	0.36	3.60	1.00	3.60
2007-08	0.36	0.36	3.60	1.00	3.60
2008-09	0.40	0.40	3.60	1.00	3.60
2009-10	0.40	0.40	3.60	1.00	3.60
2010-11	0.40	0.40	3.60	1.00	3.60

(1) Per $100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2001-02	12,259	$ 1,260,759,786	$ 4,663,335	0.37%	$ 380
2002-03	12,259	1,291,789,942	4,151,206	0.32%	339
2003-04	12,259	1,324,732,823	3,637,582	0.27%	297
2004-05	12,259	1,368,891,897	3,232,385	0.24%	264
2005-06	12,259	1,421,836,865	2,820,509	0.20%	230
2006-07	12,259	2,975,432,010	2,406,843	0.08%	196
2007-08	12,259	3,050,217,867	2,036,268	0.07%	166
2008-09	12,259	3,108,212,237	1,693,657	0.05%	138
2009-10	12,330	3,153,800,073	1,353,874	0.04%	110
2010-11	12,330	3,198,556,258	1,006,775	0.03%	82

(1) Center for Public Service at the University of Virginia.
(2) Real property assessed at 100% of fair market value.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated abs

COMPLIANCE SECTION

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

To The Honorable Members of the Board of Supervisors
County of Northumberland
Northumberland, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northumberland, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Northumberland, Virginia's basic financial statements and have issued our report thereon dated January 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2011-01).

Compliance and Other Matters

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

The County of Northumberland, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Northumberland, Virginia's response and, accordingly, we express no opinion on it.

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

Richmond, Virginia
January 12, 2012

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

To The Honorable Members of the Board of Supervisors
County of Northumberland
Northumberland, Virginia

Compliance

We have audited County of Northumberland, 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 Northumberland, Virginia's major federal programs for the year ended June 30, 2011. The County of Northumberland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Northumberland, Virginia's management. Our responsibility is to express an opinion on the County of Northumberland, Virginia's compliance based on our audit.

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

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

Internal Control Over Compliance

Management of the County of Northumberland, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Northumberland, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Northumberland, 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 control deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Richmond, Virginia
January 12, 2012

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950109/0950110		$ 14,254
Temporary Assistance for Needy Families	93.558	0400109/0400110		93,030
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110		296
Low-income Home Energy Assistance	93.568	0600409/00600410		8,778
CCDF Cluster:				
Child Care and Development Block Grant	93.575	0770109/0770110		49,722
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110		36,813
Chafee Education and Training Vouchers	93.599	9160108/9160109		256
ARRA - Child Care and Development Block Grant	93.713	0740109/0780109		7,510
Stephanie Tubbs Jones Child welfare services program	93.645	0900109/090110		453
Foster Care - Title IV-E	93.658	1100109/1100110	$ 76,449	
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110	2,761	
				79,210
Adoption Assistance	93.659	1120109/11201110	$ 14,972	
ARRA - Adoption Assistance	93.659	1120109/11201110	769	
				15,741
Social Services Block Grant	93.667	1000109/1000110		66,854
Chafee Foster Care Independence Program	93.674	9150109/9150110		1,715
Children's Health Insurance Program	93.767	0540109/0540110		4,854
Medical Assistance Program	93.778	1200109/1200110		96,185
Total Department Health & Human Services-pass through				$ 475,671
Total Department of Health and Human Services				$ 475,671
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing andCommunity Development:				
Community development block grants	14.228	53305-50799		$ 25,000
Department of Defense:				
Direct payments:				
Jr ROTC	12.xxx	N/A		$ 67,728
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and community highway safety	20.600	60507-50159/59255		$ 17,907

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Agriculture:				
Direct Payments:				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A		$ 9,000
Community Facilities Grant	10.766	N/A		150,000
Total Department of Agriculture - direct payments				$ 159,000
Pass Through Payments:				
Department of Agriculture:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	17901-40591		$ 9,666
Food Distribution	10.555	17901-45707	$ 36,693	
Department of Education:				
National school lunch program	10.555	17901-40623	272,586	
				309,279
School breakfast program	10.553	17901-40591		77,473
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110	$ 159,626	
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109/0040110	5,201	
				164,827
Total Department of Agriculture - pass-through payments				$ 561,245
Total Department of Agriculture				$ 720,245
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	17901-42901		$ 480,114
ARRA - Title I Grants to Local Educational Agencies	84.389	17901-42913		79,283
Special Education Cluster:				
Special Education - Grants to States	84.027	17901-43071		235,309
ARRA - Special Education - Grants to States	84.391	17901-61245		134,760
Career and Technical Education - Basic Grants to States	84.048	17901-61095		34,839
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532		311,875
Total Department of Education				$ 1,276,180
Total Expenditures of Federal Awards				$ 2,582,731

See accompanying notes to schedule of expenditures of federal awards.

County of Northumberland, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note A - Basis of Presentation

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

Note B - 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 C - 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	$ 842,405
Total primary government	$ 842,405
Component Unit Public Schools:	
School Operating Fund	$ 1,703,633
School Cafeteria Fund	36,693
Total component unit public schools	$ 1,740,326
Total federal expenditures per basic financial statements	$ 2,582,731
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 2,582,731

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:			*unqualified*	
Internal control over financial reporting:				
Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported
Noncompliance material to financial statements noted?		yes	✓	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	✓	no
Significant deficiency(ies) identified?		yes	✓	none reported
Type of auditor's report issued on compliance for major programs:			*unqualified*	
Any findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		yes	✓	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.394	State Fiscal Stabilization Fund
84.010/84.389	Title I, Part A Cluster
84.027/84.391	Special Education Cluster (IDEA)
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)

Dollar threshold used to distinguish between type A and type B programs:	$300,000			
Auditee qualified as low-risk auditee?		yes	✓	no

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

Section II-Financial Statement Findings

2011-01

Financial Reporting

Condition: Inadequate internal controls over financial statement reporting.

Criteria: Internal controls should be in place that provides assurance that audited financial statements reconcile to the County's internal documents.

Effect: Audited financial statements, including related footnotes, may contain an undetected material misstatement.

Cause: Procedures have not been fully implemented to provide the necessary internal controls over financial reporting.

Recommendation: Procedures should be implemented providing for the posting of all year-end adjusting entries to allow for reconciliation between the audited financial statements and the County's general ledger reports. It should be noted that significant efforts have been made since FY07 to address this weakness including maintaining capital assets, reporting accrual based general government expenditures and gathering revenue accrual data for posting to the general ledger. In order to take the next step in addressing this issue, the County should consider employing a governmental accounting consultant, that is independent of the County's Auditor, to assist with the preparation of year end working trial balances.

Management's Response: The County is considering corrective action for FY12.

Section III-Federal Award Findings and Questioned Costs

None

There were no prior year Federal Award Findings and Questioned Costs.