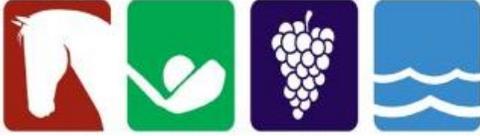


New Kent

COUNTY • VIRGINIA



New Kent County

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Citizens of New Kent County,

We are pleased to present to you New Kent County's first Popular Annual Financial Report (PAFR), prepared by the Department of Financial Services. The report provides a simplified explanation of our annual financial statement. We hope to provide you with a better understanding of our County government, local economic factors and the financial position of New Kent County.

A PAFR is an unaudited summary report of the financial activities and position of the County with the purpose of providing the Citizens of New Kent County a better understanding of the financial position of the County. The PAFR was prepared using the audited financial statements included in the June 30, 2014 Comprehensive Annual Financial Report (CAFR)

which was prepared in accordance with Generally Accepted Accounting Principals of the United States of America (GAAP), audited by Robinson, Farmer, Cox and Associates and was given an unmodified opinion. An unmodified opinion means that the financial statements were fair and true in all material aspects. Because the PAFR only includes certain funds and does not include transfers to and from other funds, the following financial statements do not comply with GAAP and generally accepted reporting requirements for government entities. Additional details on information found in this report is located in the fiscal year 2014 CAFR located on the New Kent County website (www.co.newkent.va.us).

Questions concerning any of the information provided in the PAFR should be addressed to the Director of Financial Services, County of New Kent, P.O. Box 150, New Kent, VA 23124 or via email at mfaltemus@newkent-va.us.

Sincerely,

Mary F. Altemus
Director of Financial Services
New Kent County



NEW KENT COUNTY

A community based on its citizens, heritage, rural character and quality of life.

The County of New Kent was created by an act of the House of Burgesses on November 20, 1654. The settlers were of English descent and the County was named for Kent of England. Land grants to the early settlers along the rivers led to large plantations and manor houses, fostering a way of life long associated with our colonial era. The European history of New Kent began with the visit of Captain John Smith in 1607. At that time, it encompassed portions of today's surrounding counties of Hanover, King William, King and Queen, James City, Charles City and Henrico. The area was frequented by the Chickahominy Indians and the tribe is still well established in the County today. Located between the high growth areas of Hampton Roads and Richmond, the County has undergone significant development over the past several years, but still maintains its rural character.



New Kent County offers an open and relaxed atmosphere with the services and opportunities of an urban community. Richmond, Williamsburg, Norfolk and Washington D.C. are within close proximity. Citizens have access to multiple labor markets with a broad range of skills, a variety of educational institutions and access to major interstates for easy commuting to all areas of the East Coast and points west. The County offers a beautiful setting for living and working in an uncongested environment.



HISTORIC NEW KENT

- St. Peter's Church
- Olivet Presbyterian Church
- George W. Watkins School
- Foster's Castle

New Kent County Public Schools operates four schools: New Kent Elementary, George W. Watkins Elementary, New Kent Middle School and New Kent High School. All four schools are fully accredited by the Virginia Department of Education. A number of major colleges and universities are within a 90-mile radius of the County.

The County is home to four premier golf courses, a large number of festivals and three wineries. Bordering the County are the Chickahominy, Pamunkey and York rivers.



YOUR BOARD OF SUPERVISORS

Provide the Citizens of New Kent County the highest quality government services in a customer focused, competent, professional, ethical, efficient and fiscally-responsible manner.

New Kent County is governed by a five-member Board of Supervisors, whose members serve concurrent four-year terms. Members are elected by district. The term of the current Board runs from January 1, 2012 through December 31, 2015. With some exceptions, the Board holds its regular business meetings at 6 p.m. on the second Monday of each month.

District 1

- Tunstall and Southern Branch

District 2

- Quinton and Kentwood

District 3

- Watkins and Cumberland

District 4

- Mountcastle and Providence Forge

District 5

- Eltham and Chickahominy River



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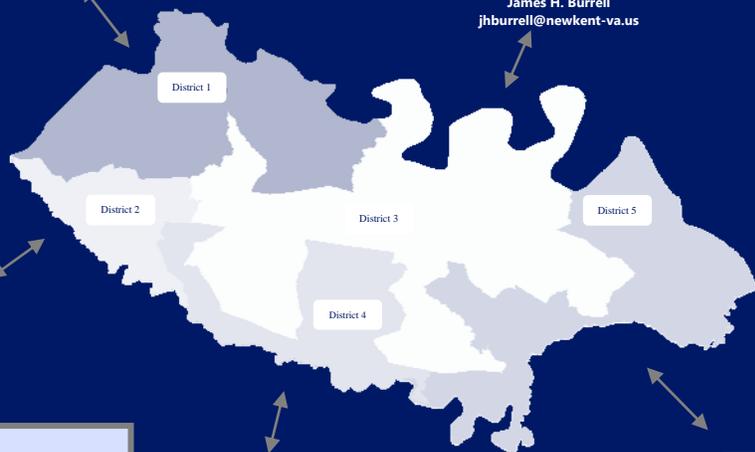
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W.R. "Ray" Davis, Jr.
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Core Values

Citizens - We value the opinions and perspectives of our citizens.

Quality of Life - We are committed to balanced growth that protects the environment, preserves our rural integrity, yet increases the tax base.

Employees - County employees are the touchpoint between the citizens and their government. We respect our employees' dedication, encourage their initiative and will support their service to the public.

Continuous Improvement - We embrace change, creativity and new initiatives that enhance our services.

Leadership and Professionalism - We strive to fulfill our responsibilities in a positive, professional, ethical and respectful manner, always committed to putting the good of the County first.



QUICK COUNTY FACTS

About New Kent

Size

Population	19,912
Square miles	212
Persons per square mile	94

Fire Department

Companies	1
Stations	4
Emergency responses	2,434
Fires extinguished	56
Inspections	176

Sheriff's Department

Patrol units	19
Total calls dispatched	38,204
Calls dispatched for traffic	9,035
Calls dispatched for rescue	1,756
Criminal warrants served	1,189
Civil warrants and traffic notes	7,914

Education

Elementary schools	2
Middle schools	1
High schools	1
School buses	58
School enrollment	2,977
2014 graduates	219



Refuse Collection

Number of refuse sites	4
Refuse collected (tons)	5,580
Recyclables collected	
Metal (tons)	199
ONP (tons)	76
OCC (tons)	81
Propane tanks (units)	35
Batteries (units)	156
Used oil (gallons)	9,034
Antifreeze (gallons)	394
Oil filters (gallons)	1,045
Category 1 (gallons)	1,155

Parks and Recreation

Number of parks maintained	8
Park acreage owned by the County	330
Trails (miles)	6
Number of visitors	32,125

Library

Libraries	1
Material circulated	47,805
Library patrons	23,382

County Employees Full time equivalents

General government	32.4
Judicial administration	10.4
Public safety	90.9
Public works	17.3
Health and welfare	18.5
Community development	12.9
Parks and recreation	7.4
Total County Government	189.8

THE LOCAL ECONOMY

A Great Place to Grow



Despite challenging national economic conditions, New Kent has maintained population growth, business investment and positive economic activity.

The County is proud to hold the fifth-highest median household income and the fourth-lowest poverty rate of the fourteen jurisdictions in the Richmond/Petersburg, VA Metropolitan Statistical Area. Over the past few years, the median household income ranking has remained consistent but the poverty rate has increased from the second lowest rate to the fourth lowest rate. The County has maintained a moderate unemployment rate compared to other surrounding counties. As of June 2014, the County had an employment rate of 4.9% compared to Virginia's 5.4% and the United States' 6.3%.

The housing market in New Kent County has seen modest returns. On average, value for housing in the County has increased slightly. Market exposure time has decreased for properties valued at \$250,000 and under. A full recovery has not yet been made, but the County officials believe that the local economy continues to be positioned to weather these tough economic conditions better than most localities.

The County has approximately 8,193 housing units. This is a 66.83% increase from the 4,911 housing units in 2000. New Kent has a wide variety of single-family detached homes that range in quality, style, age, size and condition. The average

sale price in calendar year 2013 was \$254,455 with an average property value of \$236,715.

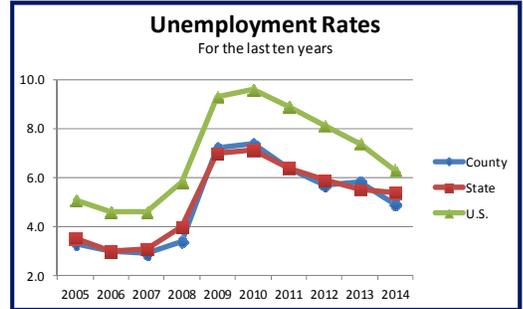
Single-family home permits increased to 184 in fiscal year 2014. This was the largest number of new single-family home permits obtained since fiscal year 2009 in which only 130 permits were obtained. At the peak of the market in fiscal year 2005, 340 single family home permits were issued. There were 18 commercial building permits issued for construction in fiscal year 2014. This compares to the 13 issued in fiscal year 2012 and fiscal year 2011 and 17 from fiscal year 2013.

From fiscal year 2009 - 2013, taxable sales increased 25% to \$105,685. This increase can be attributed to the increase in food and beverage stores which also suggests an increase in meals tax revenues.

The County is currently working on the following projects in order to continue economic growth:

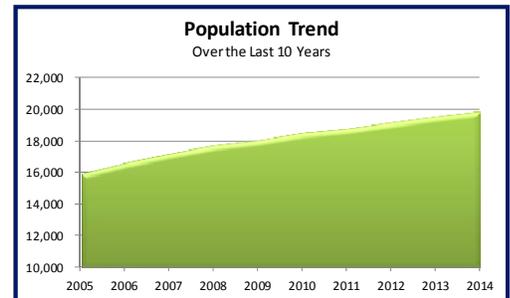
- Kentland Planned Unit Development
- New Kent Vineyards
- Weir Creek Commerce Park
- Rock Creek Villas
- Patriots Landing Planned Unit Development
- Maid Stone

The preceding economic highlights are indicators of good fiscal health and are also strong indicators that the County has improved over many years.



Top 10 Employers in New Kent

- New Kent County School Board
- County of New Kent
- AHS Cumberland Hospital
- Curtis Contracting Inc.
- Food Lion
- Bruce Howard Contracting Inc.
- County of Henrico
- McDonald's
- Comfort Keepers 160
- Cornerstone Support Services



BUDGET

Fiscal Year 2013-2014 Adopted Budget



The Budget process is one of the most important administrative process' the County faces each year. The Budget is the center of all transactions that take place during the fiscal year. It includes information on expected revenues and planned expenditures for each of the County's major funds. The Budget Management Team (County Administrator, Director and Assistant Director of Financial Services and County department heads) and the Finance Committee develop a budget that emphasizes the top priorities of the Board of Supervisors.

There are many factors that influence the budget including funding from the Commonwealth, General Assembly mandates, tax rates, County fees, budget objectives, changes in services, personnel, local economy and schools.

The Budget Process

November - Annual kick-off meeting conducted by the County Administrator.

January - Department budget requests are due back to Financial Services.

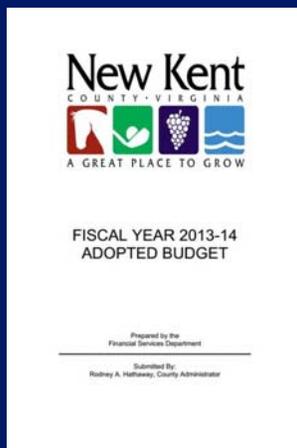
March - A draft budget is submitted to the Board of Supervisors for consideration.

April - A proposed budget is issued.

May - A public hearing is held to inform residents and to obtain citizen input. The final budget is adopted.

Major Impacts on the FY2014 Budget

- **Personnel Costs** - 2% salary cost of living increase for most full-time and part-time County employees. 3% cost of living increase in accordance with specific legislation enacted by the General Assembly to Constitutional Officers, County Registrar and the Local Department of Social Services. Total salary increases of \$224,349.
- **New Positions** - Senior Environmental Compliance Inspector, Part-time Environmental Technician, Fire Fighter 1, Fire Fighter 2, School Resource Officer (George Watkins Elementary School), Sheriff Courts Deputy 1, Sheriff Courts Deputy 2, Sheriff Communications Officer. \$175,739 effect on the FY14 budget.
- **Employee Health Insurance** - 12.1% increase in employee health insurance, \$111,228.
- **Real Estate** - \$0.04 increase from \$0.81 to \$0.85 in the real estate tax rate. \$0.02 designated to the County's operating budget and \$0.02 designated for a future educational facility.
- **Personal Property** - Assessments reflect a 10.73% increase due to recent residential activity within the County and the improving economy.



FINANCIAL STATEMENT

The Statement of Revenues and Expenditures for the fiscal year ended June 30, 2014

The Statement of Revenues and Expenditures is a detailed statement of the County's fiscal year operations in the form of revenues and expenditures.

This statement is derived from Exhibit 5 of the CAFR for fiscal years 2012, 2013 and 2014 and combines the general fund, capital improvement fund and the debt service fund. The general fund includes general and judicial administration, public safety, public works, health and welfare, the County's share of education, parks and recreation and community development. The capital improvement fund includes expenditures related to facilities, equipment or services that are valued at \$25,000 or greater with a lifespan of at least five years. The debt service fund includes financial resources committed to the payment of outstanding debt incurred by the County. The airport fund, school construction fund and other governmental funds are not included in this Statement of Revenues and Expenditures.

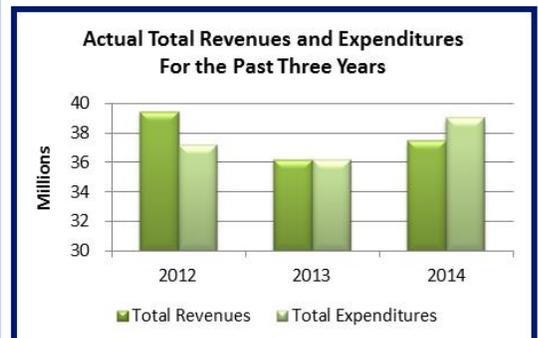
Because this report is a condensed version of the CAFR, which is prepared on a GAAP basis, this statement is considered to be non-GAAP. Transfers to and from other funds have been eliminated to prevent double accounting.

Total revenue increased \$1,243,666 from fiscal year 2013 - 2014. This is largely attributed to the increase in tax assessments as well as an increase in the real estate tax rate in fiscal year 2014.

Total expenditures increased \$2,204,870. Sixty-six percent of this increase is due to a \$1,446,467 increase in the contribution to the County School Board. This increase is directly related to a \$800,000 budgeted contribution increase as well as a \$395,501 carry forward of money budgeted but not spent in fiscal year 2013. Another 21% is due to the \$454,173 increase in capital projects expenditures. This amount is largely attributed to expenses for the renovation of the Historic School.

The \$938,386 excess of expenditures over revenues for fiscal year 2014 is reflective of the \$395,501 carry forward to the County School Board and the County's policy of utilizing cash reserves for capital expenditures. This policy limits the amount of debt that the County issues for capital expenditures and reflects the pay-as-you-go philosophy of the County Board of Supervisors.

Statement of Revenues and Expenditures			
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Revenues:			
General property taxes	\$ 22,901,566	\$ 23,426,941	\$ 24,678,308
Other local taxes	3,428,191	3,620,732	3,869,620
Permits, fees, and licenses	377,288	385,976	395,155
Fines and forfeitures	242,185	243,811	289,644
Use of money and property	547,657	514,058	463,276
Charges for services	511,463	475,556	510,338
Miscellaneous	864,671	809,343	604,934
Recovered costs	495,986	454,320	265,097
Commonwealth of Virginia	5,012,844	5,009,334	5,153,216
Federal Government	1,574,059	1,198,019	1,223,416
Gain on sale of capital asset	-	71,248	-
Total revenues	\$ 35,955,910	\$ 36,209,338	\$ 37,453,004
Expenditures:			
General government administration	\$ 3,111,352	\$ 3,018,483	\$ 3,291,289
Judicial administration	1,355,640	1,379,237	1,445,417
Public safety	8,028,355	7,561,349	7,459,094
Public works	1,548,906	1,421,517	1,385,542
Health and welfare	1,615,487	1,434,359	1,476,264
Education	11,314,721	11,343,488	12,789,955
Parks, recreation, and cultural	617,971	635,788	697,661
Community development	763,602	714,269	711,650
Capital Projects	2,402,969	3,012,769	3,466,942
Debt Service	5,691,375	5,665,261	5,667,576
Total expenditures	\$ 36,450,378	\$ 36,186,520	\$ 38,391,390
Excess revenues over expenditures	\$ (494,468)	\$ 22,818	\$ (938,386)



REVENUES

Where the Money Comes From



New Kent County's fiscal year revenues totaled \$37,453,004. The transfers are eliminated to avoid double accounting. The pie chart to the right shows the revenues by category. Refer to page 7 for a dollar amount breakdown of revenues.

The largest source of revenue, 66%, was from **General Property Taxes**. This includes a \$1,251,367 increase from fiscal year 2013. Of this amount, real estate revenues increased \$1,129,725, public service corporation tax collections increased \$136,955 and personal property tax revenues decreased \$3,657. Mobile home, machinery and tools and related penalty and interest decreased \$11,656. As you will see in the chart to the right, this net increase can be attributed to a \$43,174,500 overall tax assessment in fiscal year 2014 as well as a \$0.04 real estate tax rate increase.

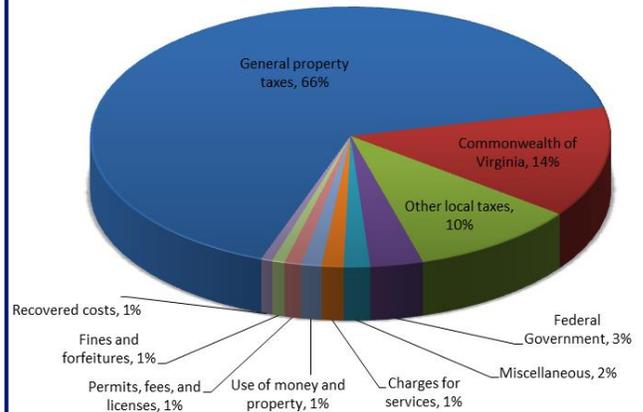
The second largest source of revenue, 14%, was received from the **Commonwealth of Virginia**. This amount includes personal property tax relief funds (\$2,271,883), communications sales tax (\$599,692), shared expenses (\$1,527,533) and public assistance and welfare administration (\$244,251).

Other Local Taxes, the third largest source of revenue, 10%, includes local sales and use taxes (\$1,353,844), business license taxes (\$727,984), vehicle registration tax (\$501,927) and meals tax (\$683,587).

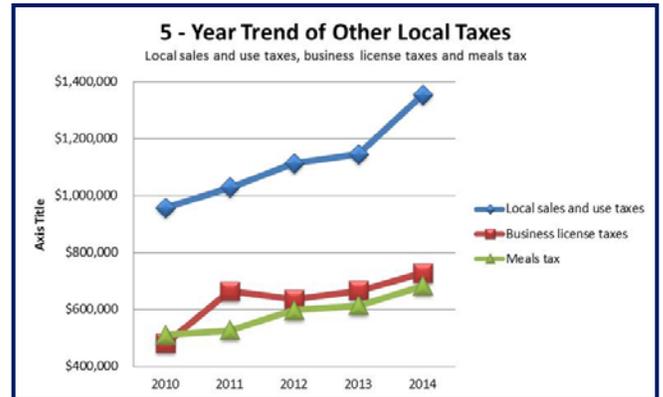


Tax Rates	2013	2014
Real Estate	0.81	0.85
Personal Property	3.75	3.75
Machinery & Tools	1.50	1.50
Aircraft	0.75	0.75
Mobile Home	0.81	0.85

Fiscal Year 2014 Revenues

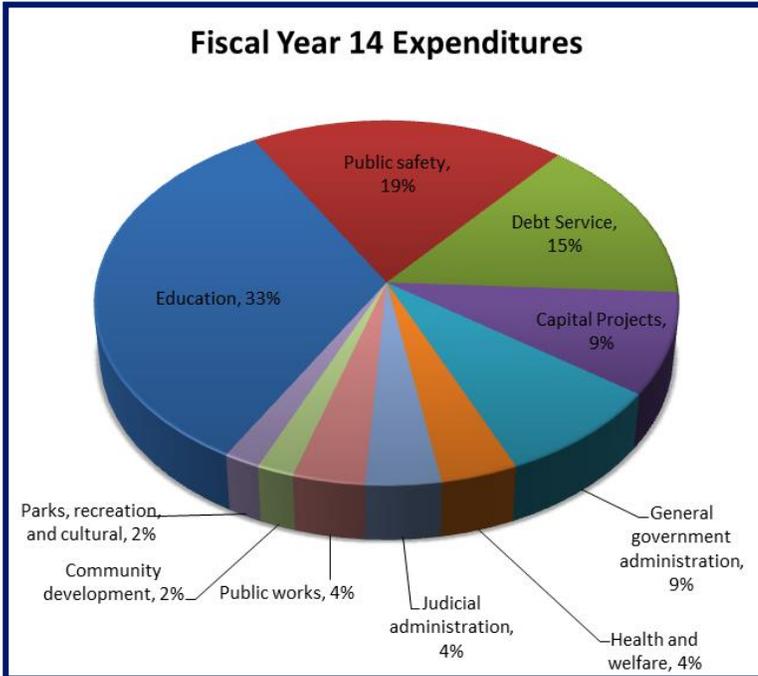


Tax Assessments	Fiscal Year 2013	Fiscal Year 2014	Increase/ (Decrease)
Residential/Agricultural	\$ 2,135,222,057	\$ 2,168,009,978	32,787,921
Commercial Property	211,238,700	211,393,700	155,000
Personal Property	177,404,046	177,749,271	345,225
Machinery and Tools	407,528	906,954	499,426
Aircraft	1,237,663	1,076,630	(161,033)
Public Service	110,051,084	119,599,045	9,547,961
Total	\$ 2,635,561,078	\$ 2,678,735,578	\$ 43,174,500



EXPENDITURES

Where the Money Goes



Public Safety

Sheriff, Confinement of Prisoners, Correction & Detention, Court Services, Animal Protection, E-911 Systems, Communication Systems, Ambulance & Rescue Services, Fire & Emergency Services, Forest Fire Services and Building Development.

Public Works

Refuse Collection and Building & Grounds.

Health & Welfare

Human Services (CSA), Supplement to the Health Department, Henrico Mental Health Service, Area Agency on Aging, Meals on Wheels and Agency Donations.

Education

Contribution to the New Kent County School Board and local Community Colleges.

The pie chart above shows the total expenditures by category for fiscal year 2014. The total amount of expenditures was \$38,391,390. The County's largest expense category, Education, includes the annual contribution to the New Kent County School Board. The smallest expense categories were Community Development and Parks and Recreation. Refer to page 7 for a dollar amount breakdown of expenditures.

Parks, Recreation and Culture

Parks and Recreation, Recreation Programs, Cultural Enrichment, Fine Arts, and Contribution to the Library.

Community Development

Community Development Administration, Planning, Economic Development, Planning Commission, Board of Zoning Appeals and Historic Commission.

General Government Administration

Board of Supervisors, County Administration, County Attorney, Human Resources, Commissioner of the Revenue, Treasurer, Financial Services, Information Technology, Registrar, Board of Equalization and Electoral Board.

Debt Service

Principal and interest payments on outstanding debt.

Capital Projects

Acquisition, construction or replacement of County's assets.

Judicial Administration

Circuit Court Judge, General District Court, Magistrate, Juvenile & Domestic Court, Clerk of the Circuit Court, Sheriff Courts, Victim Witness Assistance and Commonwealth's Attorney.



FUND BALANCE

What is fund balance?

Fund balance is the difference between what the County owns (assets) and what the County owes (liabilities).

It is important for the County to maintain a healthy fund balance in order to adequately plan the operating budget. Fund balance is used for unexpected expenses or emergencies. Fund balance also benefits the County when seeking financing sources.

Fund balance is closely monitored throughout the fiscal year. It is New Kent County's policy that the Unassigned fund balance shall not exceed 15% of the current year budgeted revenues. All amounts in excess of 15% are transferred to the Capital Projects Fund.

Fund balance can be classified in the following ways: nonspendable, restricted, committed, assigned or unassigned.

Nonspendable

Amounts that cannot be spent because they are in a nonspendable form (such as prepaids) or are legally or contractually required to be preserved.

Restricted

Amounts that are legally constrained for a specific purpose by external parties such as creditors, grantors, contributors or laws and regulations.



Committed

Amounts that are constrained for a specific purpose by the Board of Supervisors using the highest level of decision-making authority. The removal of the constraint would require action by the Board of Supervisors

Assigned

Amounts constrained for a specific purpose by the County Administrator.

Unassigned

Amounts not classified as nonspendable, restricted, committed or assigned and can be used for any purpose.

Fund Balance

Includes the General Fund, Capital Projects Fund and Debt Service Fund

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Nonspendable	\$ 1,233,265	\$ 159,034	\$ 367,300
Restricted:			
E-911	7,414	9,370	85,707
Asset forfeiture	26,322	26,161	25,230
Litter control	2	1,354	701
Committed	64,209	941,686	1,200,165
Assigned	14,771,627	14,622,841	12,488,297
Unassigned	7,718,777	7,603,739	7,674,050
	<u>\$23,821,616</u>	<u>\$23,364,185</u>	<u>\$21,841,450</u>

At the end of the current fiscal year, assigned and unassigned fund balance of the general fund, capital improvements fund and debt service fund totaled \$20,162,347. The same funds reflected an assigned and unassigned fund balance total of \$22,894,013 for the fiscal year 2013.

Per the County financial policy, the amount by which the audited unassigned fund balance exceeds 15% of budgeted revenues is transferred to the Capital Improvements Fund for future capital procurements. For fiscal year 2014, the County transferred \$1,301,183 from the General Fund to the Capital Improvements Fund, leaving \$7,674,050 of unassigned fund balance.

THE FUTURE

Fiscal Year 2015-2019 Capital Improvement Plan



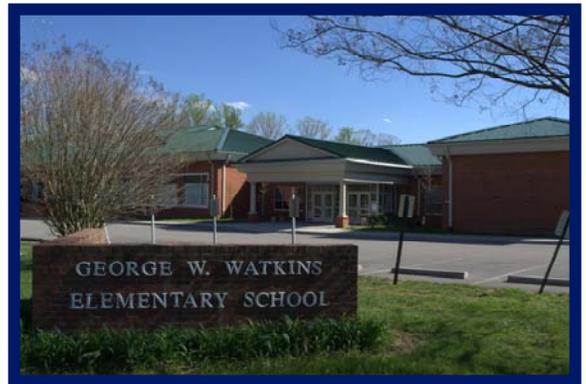
The **Fiscal Year 2015—2019 Capital Improvement Plan (CIP)** is a five-year, planning tool that identifies capital expenditure requirements, estimated costs, available sources of funding and estimates the likely future fiscal impact on County tax rates, debt capacity and financial policies.

The County defines a capital expenditure as facilities, equipment or services that are valued at \$25,000 or greater with an expected lifespan of at least five years. The CIP also includes a scheduled replacement plan for vehicles and computers that do not necessarily meet the \$25,000 threshold.

The Fiscal Year 2015-2019 County CIP includes 77 individual requests with a total five-year estimated cost of \$43,605,841. A majority of the funding for the fiscal year 2015 CIP will be provided by cash reserves in the Capital Projects Fund. \$192,038 in funding will come from proffers.

The following are upcoming capital expenditures, in no particular order, expected to take place during fiscal year 2015:

- **Buildings and Grounds**
 - \$40,000** - New Courthouse steps and sidewalk with ADA compliant ramp
 - \$95,000** - Administration building roof
- **Parks and Recreation**
 - \$200,000** - Lights for field 3 at the Historic School
- **Schools**
 - \$390,000** - Bus replacement (3 buses)
 - \$50,000** - George Watkins Elementary School playground renovation
 - \$290,000** - New Kent Middle School HVAC controls/fire alarm panel upgrades
- **Sheriffs Office**
 - \$48,000** - Marine patrol units
- **Fire Department**
 - \$600,000** - Fire truck replacement
 - \$989,000** - 100 ft tower Ladder Truck
- **Vehicle Replacement**
 - \$409,500** - Building Development (1 vehicle), Commissioner of the Revenue (1 vehicle), Sheriff (8 vehicles) and Social Services (1 vehicle)
- **Computer Replacement**
 - \$68,200** - Multiple County Departments



To view the entire FY2015-2019 Capital Improvement Plan, visit the County's website at www.co.new-kent.va.us.

CONTACT YOUR COUNTY

For information and updates regarding New Kent County, visit us at www.co.new-kent.va.us, like us on Facebook or follow us on Twitter.

New Kent County Administration

12007 Courthouse Circle
New Kent, Virginia 23124
804.966.9861

County Website

www.co.new-kent.va.us

County Facebook

www.facebook.com/pages/New-Kent-County/279059576981

County Twitter

@nkcounty

Sheriff's Office

Emergency

9-1-1

Non-Emergency

804.966.9500

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General Registrar

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