

COUNTY OF NOTTOWAY, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COUNTY OF NOTTOWAY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR
ENDED JUNE 30, 2015

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COUNTY OF NOTTOWAY, VIRGINIA

Board of Supervisors

Steve W. Bowen, Chairperson

Gary L. Simmons, Vice-Chairperson
Sherman C. Vaughn

Clarence A. Simpson
Helen M. Simmons

School Board

Wallace B. Hurt, Chairperson

Jackie Hawkes, Vice Chairperson
Shelli Hinton, Jr.

Rhonda Johnson s
Robert L. Horn, Sr.

Board of Social Services

Nicole Martin, Chairperson

Lillie Lewis, Vice-Chairperson
Noel Shekleton

Lisa D. Wallace
Jacqueline Downs

Other Officials

Judge of the Circuit Court	Honorable Paul W. Cella
Clerk of the Circuit Court	Jane L. Brown
Commonwealth's Attorney	Teresa 'Terry' J. Royall
Treasurer.....	Barbara L. Senger
Sheriff	Larry J. Parrish
Superintendent of Schools	Daniel Grounard
Director of Social Services	Christopher Spain
Commissioner of the Revenue	Christy A. Hudson
County Administrator	Ronald E. Roark

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FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the County adopted new accounting guidance, GASB Statements Nos. 60, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 72-74, and 75-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

Other Information (continued)

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

The 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of County of Nottoway, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Nottoway, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
January 8, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Nottoway, 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, 2015.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$32,909,410 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other sources in excess of expenditures and other financing uses of \$5,036,455 (Exhibit 5) after making contributions totaling \$4,053,850 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$19,643,661, an increase of \$5,036,455 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,255,082 or 100.9% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$334,040 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position 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 Nottoway, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Nottoway, 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 Nottoway, 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 two categories: governmental funds and fiduciary funds.

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 Landfill Fund.

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 position. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

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 position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$32,909,410 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Nottoway, Virginia's Net Position		
	Governmental Activities	
	2015	2014
Current and other assets	\$ 20,641,553	\$ 15,347,090
Capital assets	21,744,638	31,351,183
Total assets	\$ 42,386,191	\$ 46,698,273
Deferred outflows of resources	\$ 213,086	\$ -
Current liabilities	\$ 166,752	\$ 269,321
Long-term liabilities outstanding	8,592,708	8,926,748
Total liabilities	\$ 8,759,460	\$ 9,196,069
Deferred inflows of resources	\$ 930,407	\$ 17,292
Net position:		
Net investment in capital assets	\$ 17,830,502	\$ 26,701,400
Unrestricted	15,078,908	10,783,512
Total net position	\$ 32,909,410	\$ 37,484,912

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position decreased by \$3,913,600. The following table summarizes the County's Statement of Activities

County of Nottoway, Virginia's Changes in Net Position		
	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 583,206	\$ 477,320
Operating grants and contributions	3,125,217	3,489,580
General revenues:		
General property taxes	6,653,238	6,666,598
Other local taxes	1,556,878	1,586,886
Grants and other contributions not restricted	1,625,711	1,440,129
Other general revenues	779,934	809,212
Loss on disposal of capital assets	(3,756,634)	-
Total revenues	<u>\$ 10,567,550</u>	<u>\$ 14,469,725</u>
Expenses:		
General government administration	\$ 1,232,743	\$ 1,161,580
Judicial administration	753,595	766,111
Public safety	2,589,898	2,788,375
Public works	1,543,166	1,776,879
Health and welfare	2,263,211	2,440,221
Education	4,834,848	5,262,880
Parks, recreation, and cultural	361,174	358,507
Community development	771,383	774,358
Interest and other fiscal charges	131,132	161,935
Total expenses	<u>\$ 14,481,150</u>	<u>\$ 15,490,846</u>
Change in net position	\$ (3,913,600)	\$ (1,021,121)
Net position, beginning, as restated	36,823,010	38,506,033
Net position, ending	<u><u>\$ 32,909,410</u></u>	<u><u>\$ 37,484,912</u></u>

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations. Therefore, beginning net position for 2015 as displayed above does not agree to ending net position for 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$19,643,661, an increase of \$5,036,455 in comparison with the prior year. Approximately 67.5% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$938,950 and can be briefly summarized as follows:

- < \$286,968 increase in public safety expenditures
- < \$125,107 increase in general government administration expenditures
- < \$465,331 increase in community development expenditures
- < \$61,544 net increase in various other expenditures

During the year, revenues and other financing sources were less than budgetary estimates by \$988,396 and expenditures and other financing uses were less than budgetary estimates by \$2,501,669, resulting in a positive variance of \$1,513,273.

Capital Asset and Debt Administration

- < Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2015 amounted to \$21,744,638 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, 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 bonded debt outstanding of \$3,832,512. Of this amount, \$3,832,512 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt decreased by \$729,368.

Additional information on the County of Nottoway, Virginia's long-term debt can be found in Note 6 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare to national indices.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

The fiscal year 2016 budget increased by approximately 1.1 percent. The County did not change tax rates for the fiscal year 2016.

Requests for Information

This financial report is designed to provide a general overview of the County of Nottoway, 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, 328 West Court House Road, Nottoway, Virginia 23955.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Nottoway, Virginia
Statement of Net Position
June 30, 2015

	Primary Government			
	Governmental		Component Units	
	<u>Activities</u>		<u>School Board</u>	<u>IDA</u>
ASSETS				
Cash and cash equivalents	\$ 17,569,917	\$ 3,678,051	\$ 269,666	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	648,347	-	-	
Accounts receivable	132,929	-	-	
Due from other governmental units	1,983,190	571,705	-	
Prepaid items	12,375	561,724	-	
Net pension asset	294,795	-	-	
Other assets:				
Notes receivable	-	-	2,168,868	
Capital assets (net of accumulated depreciation):				
Land	9,674,735	88,670	-	
Buildings and improvements	7,502,223	-	-	
Equipment and vehicles	735,167	1,495,904	-	
Jointly owned assets	3,832,513	11,712,617	-	
Total assets	<u>\$ 42,386,191</u>	<u>\$ 18,108,671</u>	<u>\$ 2,438,534</u>	
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 213,086	\$ 1,671,725	\$ -	
Total deferred outflow of resources	<u>\$ 213,086</u>	<u>\$ 1,671,725</u>	<u>\$ -</u>	
LIABILITIES				
Accounts payable	\$ 32,805	\$ 210,373	\$ -	
Accrued liabilities	-	1,035,190	-	
Unearned revenue	62,371	-	-	
Accrued interest payable	71,576	-	-	
Due to other governmental units	-	1,268,187	76,378	
Long-term liabilities:				
Due within one year	595,700	14,351	70,551	
Due in more than one year	7,997,008	18,464,826	375,603	
Total liabilities	<u>\$ 8,759,460</u>	<u>\$ 20,992,927</u>	<u>\$ 522,532</u>	
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 19,717	\$ -	\$ -	
Items related to measurement of net pension liability	910,690	3,419,043	-	
Total deferred inflows of resources	<u>\$ 930,407</u>	<u>\$ 3,419,043</u>	<u>\$ -</u>	
NET POSITION				
Net investment in capital assets	\$ 17,830,502	\$ 13,297,191	\$ -	
Unrestricted	15,078,908	(17,928,765)	1,916,002	
Total net position	<u>\$ 32,909,410</u>	<u>\$ (4,631,574)</u>	<u>\$ 1,916,002</u>	

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

County of Nottoway, Virginia
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	IDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,232,743	\$ 3,574	\$ 200,051	\$ -	\$ (1,029,118)	\$ -	\$ -
Judicial administration	753,595	46,349	433,128	-	(274,118)	-	-
Public safety	2,589,898	94,474	891,105	-	(1,604,319)	-	-
Public works	1,543,166	438,634	6,907	-	(1,097,625)	-	-
Health and welfare	2,263,211	-	1,447,252	-	(815,959)	-	-
Education	4,834,848	-	-	-	(4,834,848)	-	-
Parks, recreation, and cultural	361,174	175	46,774	-	(314,225)	-	-
Community development	771,383	-	100,000	-	(671,383)	-	-
Interest on long-term debt	131,132	-	-	-	(131,132)	-	-
Total government activities	\$ 14,481,150	\$ 583,206	\$ 3,125,217	\$ -	\$ (10,772,727)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 22,174,172	\$ 197,540	\$ 17,184,048	\$ -	\$ -	\$ (4,792,584)	\$ -
Industrial Development Authority	186,304	255,204	-	-	-	-	68,900
Total component units	\$ 22,360,476	\$ 452,744	\$ 17,184,048	\$ -	\$ -	\$ (4,792,584)	\$ 68,900
General revenues:							
General property taxes		\$ 6,653,238	\$ -	\$ -	\$ -	\$ -	\$ -
Local sales and use taxes		1,026,530	-	-	-	-	-
Consumer utility taxes		147,774	-	-	-	-	-
Business licenses		159,816	-	-	-	-	-
Motor vehicle licenses		123,636	-	-	-	-	-
Other local taxes		99,122	-	-	-	-	-
Unrestricted revenues from use of money and property		711,772	-	-	3,248	59	-
Miscellaneous		68,162	-	-	174,318	-	-
Grants and contributions not restricted to specific programs		1,625,711	-	-	-	-	-
Contribution from Nottoway County		-	-	-	4,539,595	-	-
Loss on disposal of capital assets		(3,756,634)	-	-	-	-	-
Transfers		-	-	-	-	-	-
Total general revenues		\$ 6,859,127	\$ 4,717,161	\$ 59	\$ -	\$ -	\$ 59
Change in net position		(3,913,600)	(75,423)	68,959			
Net position - beginning, as restated		36,823,010	(4,556,151)	1,847,043			
Net position - ending		\$ 32,909,410	\$ (4,631,574)	\$ 1,916,002			

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

FUND FINANCIAL STATEMENTS

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County of Nottoway, Virginia
Balance Sheet
Governmental Funds
June 30, 2015

	General <u>Fund</u>	Landfill <u>Fund</u>	LRA Land Sale <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 12,007,689	\$ 62,594	\$ 4,920,041	\$ 579,593	\$ 17,569,917
Receivables (net of allowance for uncollectibles):					
Taxes receivable	648,347	-	-	-	648,347
Accounts receivable	12,133	99,298	-	21,498	132,929
Due from other governmental units	1,983,190	-	-	-	1,983,190
Prepaid items	12,375	-	-	-	12,375
Total assets	<u>\$ 14,663,734</u>	<u>\$ 161,892</u>	<u>\$ 4,920,041</u>	<u>\$ 601,091</u>	<u>\$ 20,346,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 22,072	\$ 10,733	\$ -	\$ -	\$ 32,805
Unearned revenue	62,371	-	-	-	62,371
Total liabilities	<u>\$ 84,443</u>	<u>\$ 10,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,176</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ 607,921	\$ -	\$ -	\$ -	\$ 607,921
Total deferred inflows of resources	<u>\$ 607,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,921</u>
Fund balances:					
Nonspendable	\$ 12,375	\$ -	\$ -	\$ -	\$ 12,375
Committed	703,913	151,159	4,920,041	601,091	6,376,204
Unassigned	13,255,082	-	-	-	13,255,082
Total fund balances	<u>\$ 13,971,370</u>	<u>\$ 151,159</u>	<u>\$ 4,920,041</u>	<u>\$ 601,091</u>	<u>\$ 19,643,661</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,663,734</u>	<u>\$ 161,892</u>	<u>\$ 4,920,041</u>	<u>\$ 601,091</u>	<u>\$ 20,346,758</u>

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

County of Nottoway, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	19,643,661
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The net pension asset is not an available resource and, therefore, is not reported in the funds.		294,795
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 31,938,367		
Accumulated depreciation	<u>(10,193,729)</u>		21,744,638

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

Unavailable revenue - property taxes	\$ 588,204		
Items related to measurement of net pension liability	<u>(910,690)</u>		(322,486)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.		213,086
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

General obligation bonds	\$ (2,316,329)		
Bond anticipation note	(335,000)		
Premium on general obligation bond	(81,624)		
State literary loans	(1,181,183)		
Landfill closure liability	(4,454,672)		
Compensated absences	(223,900)		
Accrued interest payable	<u>(71,576)</u>		(8,664,284)

Net position of governmental activities	\$	<u><u>32,909,410</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Nottoway, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General <u>Fund</u>	Landfill <u>Fund</u>	LRA Land Sale <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 6,611,983	\$ -	\$ -	\$ -	\$ 6,611,983
Other local taxes	1,380,257	176,181	-	440	1,556,878
Permits, privilege fees, and regulatory licenses	87,022	-	-	-	87,022
Fines and forfeitures	3,848	-	-	-	3,848
Revenue from the use of money and property	711,772	-	-	-	711,772
Charges for services	53,702	438,634	-	-	492,336
Miscellaneous	68,162	-	-	-	68,162
Recovered costs	10,978	-	-	-	10,978
Intergovernmental:					
Commonwealth	3,549,745	259,755	-	130,098	3,939,598
Federal	811,330	-	-	-	811,330
Total revenues	<u>\$ 13,288,799</u>	<u>\$ 874,570</u>	<u>\$ -</u>	<u>\$ 130,538</u>	<u>\$ 14,293,907</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,340,100	\$ -	\$ -	\$ -	\$ 1,340,100
Judicial administration	675,769	-	-	-	675,769
Public safety	2,422,399	-	-	138,468	2,560,867
Public works	253,475	850,698	-	-	1,104,173
Health and welfare	2,285,888	-	-	-	2,285,888
Education	4,057,576	-	-	-	4,057,576
Parks, recreation, and cultural	277,835	-	-	-	277,835
Community development	976,404	-	-	-	976,404
Debt service:					
Principal retirement	689,368	40,000	-	-	729,368
Interest and other fiscal charges	159,513	-	-	-	159,513
Total expenditures	<u>\$ 13,138,327</u>	<u>\$ 890,698</u>	<u>\$ -</u>	<u>\$ 138,468</u>	<u>\$ 14,167,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 150,472</u>	<u>\$ (16,128)</u>	<u>\$ -</u>	<u>\$ (7,930)</u>	<u>\$ 126,414</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	\$ -	\$ -	\$ 4,910,041	\$ -	\$ 4,910,041
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,910,041</u>	<u>\$ -</u>	<u>\$ 4,910,041</u>
Net change in fund balances	\$ 150,472	\$ (16,128)	\$ 4,910,041	\$ (7,930)	\$ 5,036,455
Fund balances - beginning	13,820,898	167,287	10,000	609,021	14,607,206
Fund balances - ending	<u>\$ 13,971,370</u>	<u>\$ 151,159</u>	<u>\$ 4,920,041</u>	<u>\$ 601,091</u>	<u>\$ 19,643,661</u>

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

County of Nottoway, 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, 2015

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

Net change in fund balances - total governmental funds	\$	5,036,455
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$	393,522	
Depreciation expense		(847,647)	
Jointly owned asset allocation		(485,745)	(939,870)

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		(8,666,675)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase(decrease) in unavailable property taxes	\$	41,255	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability/asset		(910,690)	(869,435)

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

Principal retirement on general obligation bonds	\$	164,164	
Principal retirement on bond anticipation note		120,000	
Principal retirement on state literary fund loans		405,204	
Principal retirement on note payable		40,000	
Increase in landfill closure liability		(404,037)	325,331

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:

Decrease (increase) in compensated absences	\$	2,430	
Decrease (increase) in premium on general obligation bond		6,279	
Decrease (increase) in net pension liability/asset		1,197,372	
(Decrease) increase in deferred outflows related to pension payments subsequent to the measurement date		(27,589)	
Decrease (increase) in accrued interest payable		22,102	1,200,594

Change in net position of governmental activities	\$	(3,913,600)
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The notes to the financial statements are an integral part of this statement.

County of Nottoway, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	Agency <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 5,871
Total assets	<u>\$ 5,871</u>
LIABILITIES	
Amounts held for social services clients	\$ 5,871
Total liabilities	<u>\$ 5,871</u>

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

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2015

Note 1—Summary of Significant Accounting Policies:

The County of Nottoway, 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; sanitation services; recreational activities; cultural events; education; and social services.

The financial statements of the County of Nottoway, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. 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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 reporting model, governments provide budgetary comparison information in their annual reports, including 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 Nottoway (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.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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, 2015.

Discretely Presented Component Units. The School Board members are elected by the citizens of Nottoway 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 Board 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, 2015.

The Industrial Development Authority of Nottoway County is responsible for industrial and commercial development in the County. The Authority consists of members that are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2015. The Industrial Development Authority of Nottoway County does not issue a separate financial report.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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 County reports the General Fund as a major governmental 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 reporting purposes.

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the following funds: Landfill, E-911, LRA Land Sale, and Dare. The Landfill and LRA Land Sale funds are reported as major funds.

2. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include 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. Fiduciary funds consist of the Special Welfare Fund.

E. Cash and Cash Equivalents

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

F. Investments

Investments for the primary government, as well as for its component units, are reported at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “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 \$360,295 at June 30, 2015 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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 at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life 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 units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-45
Motor vehicles	3-10
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 to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the statement of net position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. 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.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

K. Fund Equity

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

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

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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).

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

K. Fund Equity (Continued)

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

	General Fund	Major Special Revenue Fund Landfill Fund	Major Special Revenue Fund LRA Land Sale Fund	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 12,375	\$ -	\$ -	\$ -	\$ 12,375
Total Nonspendable Fund Balance	\$ 12,375	\$ -	\$ -	\$ -	\$ 12,375
Committed:					
Encumbrances and carry-over from prior year	\$ 662,021	\$ 15,200	\$ -	\$ 8,928	\$ 686,149
Landfill	-	135,959	-	-	135,959
E-911	-	-	-	592,163	592,163
Community development block grant	41,892	-	-	-	41,892
Local Reuse Authority land sale	-	-	4,920,041	-	4,920,041
Total Committed Fund Balance	\$ 703,913	\$ 151,159	\$ 4,920,041	\$ 601,091	\$ 6,376,204
Unassigned	\$ 13,255,082	\$ -	\$ -	\$ -	\$ 13,255,082
Total Fund Balances	\$ 13,971,370	\$ 151,159	\$ 4,920,041	\$ 601,091	\$ 19,643,661

L. Net Position

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

M. Net Position Flow Assumption

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

O. Long-term Obligations

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

P. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing assets, liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a restatement of net position, reference Note 17.

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.
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 County Administrator 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 did not exceed appropriations at June 30, 2015.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 3—Deposits and Investments:

Deposits

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

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The County had no investments at June 30, 2015.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 4—Due to/from Other Governments:

At June 30, 2015, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board	Component Unit Industrial Development Authority
Other Local Governments:			
County of Nottoway School Board	\$ 1,268,187	\$ -	\$ -
Nottoway County Industrial Development Authority	76,378	-	-
Commonwealth of Virginia:			
Local sales tax	178,828	-	-
Shared expenses	116,574	-	-
Recordation tax	5,367	-	-
Rolling stock tax	85,916	-	-
VPA funds	35,116	-	-
State sales tax	-	381,418	-
Victim witness	22,721	-	-
Comprehensive services act	127,976	-	-
Rental vehicle tax	102	-	-
Other state funds	200	-	-
Federal Government:			
School fund grants	-	190,287	-
Byrne justice assistance grant	751	-	-
VPA funds	65,074	-	-
Total due from other governments	\$ <u>1,983,190</u>	\$ <u>571,705</u>	\$ <u>-</u>

At June 30, 2015 amounts due to other local governments are as follows:

Other Local Governments:			
County of Nottoway	\$ <u>-</u>	\$ <u>1,268,187</u>	\$ <u>76,378</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2015 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

Primary Government:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 18,269,410	\$ 72,000	\$ 8,666,675	\$ 9,674,735
Total capital assets not subject to depreciation	\$ 18,269,410	\$ 72,000	\$ 8,666,675	\$ 9,674,735
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,548,058	\$ 203,936	\$ -	\$ 10,751,994
Machinery and equipment	3,453,782	104,210	62,641	3,495,351
Jointly owned assets	9,008,366	13,376	1,005,455	8,016,287
Total capital assets subject to depreciation	\$ 23,010,206	\$ 321,522	\$ 1,068,096	\$ 22,263,632
Accumulated Depreciation:				
Buildings and improvements	\$ 2,965,349	\$ 284,422	\$ -	\$ 3,249,771
Machinery and equipment	2,564,503	258,322	62,641	2,760,184
Jointly owned assets	4,398,581	304,903	519,710	4,183,774
Total accumulated depreciation	\$ 9,928,433	\$ 847,647	\$ 582,351	\$ 10,193,729
Total capital assets being depreciated, net	\$ 13,081,773	\$ (526,125)	\$ 485,745	\$ 12,069,903
Governmental activities capital assets, net	\$ 31,351,183	\$ (454,125)	\$ 9,152,420	\$ 21,744,638

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Component Unit - School Board:				
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 88,670	\$ -	\$ -	\$ 88,670
Total capital assets not subject to depreciation	\$ 88,670	\$ -	\$ -	\$ 88,670
Capital assets subject to depreciation:				
Machinery and equipment	\$ 5,660,298	\$ 227,904	\$ 253,814	\$ 5,634,388
Jointly owned assets	23,493,283	-	(1,005,455)	24,498,738
Total capital assets subject to depreciation	\$ 29,153,581	\$ 227,904	\$ (751,641)	\$ 30,133,126
Accumulated Depreciation:				
Machinery and equipment	\$ 4,046,256	\$ 346,042	\$ 253,814	\$ 4,138,484
Jointly owned assets	11,471,243	795,168	(519,710)	12,786,121
Total accumulated depreciation	\$ 15,517,499	\$ 1,141,210	\$ (265,896)	\$ 16,924,605
Total capital assets being depreciated, net	\$ 13,636,082	\$ (913,306)	\$ (485,745)	\$ 13,208,521
Governmental activities capital assets, net	\$ 13,724,752	\$ (913,306)	\$ (485,745)	\$ 13,297,191

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
Primary Government:		
General government administration	\$	10,706
Judicial administration		111,703
Public safety		186,863
Public works		60,957
Health and welfare		61,809
Education		304,903
Parks, recreation and cultural		93,183
Community development		17,523
Total Governmental activities	\$	<u>847,647</u>
Component Unit School Board	\$	<u>1,141,210</u>

Note 6—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 226,330	\$ 20,203	\$ 22,633	\$ 223,900	\$ 22,390
Non-interest bearing note	40,000	-	40,000	-	-
Landfill closure liability	<u>4,050,635</u>	<u>404,037</u>	<u>-</u>	<u>4,454,672</u>	<u>-</u>
Total incurred by County	\$ <u>4,316,965</u>	\$ <u>424,240</u>	\$ <u>62,633</u>	\$ <u>4,678,572</u>	\$ <u>22,390</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 1,586,387	\$ -	\$ 405,204	\$ 1,181,183	\$ 405,204
Bond anticipation note	455,000	-	120,000	335,000	-
General obligation bonds	2,480,493	-	164,164	2,316,329	168,106
Add issuance premium	<u>87,903</u>	<u>-</u>	<u>6,279</u>	<u>81,624</u>	<u>-</u>
Total incurred by School Board	\$ <u>4,609,783</u>	\$ <u>-</u>	\$ <u>695,647</u>	\$ <u>3,914,136</u>	\$ <u>573,310</u>
Total Governmental Activities Obligations	\$ <u>8,926,748</u>	\$ <u>424,240</u>	\$ <u>758,280</u>	\$ <u>8,592,708</u>	\$ <u>595,700</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations			
	General		State	
	Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2016	\$ 168,106	\$ 120,475	\$ 405,204	\$ 18,623
2017	172,254	101,796	155,204	15,520
2018	176,619	92,901	155,204	12,415
2019	181,213	83,766	155,204	9,311
2020	186,048	74,410	155,204	6,207
2021	190,783	65,146	155,163	3,103
2022	195,448	55,949	-	-
2023	200,034	46,831	-	-
2024	204,988	37,347	-	-
2025	210,683	27,121	-	-
2026	139,109	18,391	-	-
2027	143,311	11,189	-	-
2028	147,733	3,767	-	-
Total	\$ <u>2,316,329</u>	\$ <u>739,089</u>	\$ <u>1,181,183</u>	\$ <u>65,179</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations are as follows:

Governmental Activities Obligations:

	<u>Amount Outstanding</u>
<u>Incurring by County:</u>	
Landfill closure liability	\$ <u>4,454,672</u>
Compensated absences (Payable from the General Fund)	\$ <u>223,900</u>
Total Incurred by County	\$ <u>4,678,572</u>
<u>Incurring by School Board:</u>	
<u>General Obligation Bonds:</u>	
\$1,204,354 general obligation bond, issued November 10, 2004, due in varying installments of principal and interest through January 15, 2025, interest payable semi-annually at varying rates.	\$ 678,972
\$2,324,114 general obligation bond, issued November 1, 2007, due in varying installments of principal and interest through July 15, 2027, interest payable semi-annually at 5.10%. Face amount of bonds outstanding \$1,637,357 plus unamortized issuance premium of \$81,624.	<u>1,718,981</u>
Total General Obligation Bonds	\$ <u>2,397,953</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	<u>Amount Outstanding</u>
<u>Bond Anticipation Note:</u>	
\$2,000,000 Bond Anticipation Note issued March 1, 2009; due in one lump principal payment no later than January 31, 2019, interest payable semi-annually at varying rates.	\$ <u>335,000</u>
<u>State Literary Fund Loans:</u>	
\$1,439,954 State Literary Fund Loan issued April 15, 2000; due in annual principal installments of \$72,000 through 2020; interest payable annually at 2%	\$ 431,954
\$1,664,085 State Literary Fund Loan issued August 15, 2000, due in annual principal installments of \$83,204 through 2020; interest payable annually at 2%	499,229
\$2,500,000 State Literary Fund Loan issued May 1996, due in annual principal installments of \$125,000 through 2016; interest payable annually at 2%	125,000
\$2,500,000 State Literary Fund Loan issued May, 1996, due in annual principal installments of \$125,000 through 2016; interest payable annually at 2%	<u>125,000</u>
Total State Literary Fund Loans	\$ <u>1,181,183</u>
Total Incurred by School Board	\$ <u>3,914,136</u>
Total Governmental Activities Obligations	\$ <u><u>8,592,708</u></u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 6—Long-Term Obligations: (Continued)

Component Unit - School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2015:

	Restated Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Obligations :					
Incurred by School Board:					
Compensated absences	\$ 152,025	\$ 6,690	\$ 15,203	\$ 143,512	\$ 14,351
Net pension liability	21,634,197	1,802,207	5,246,114	18,190,290	-
Net OPEB obligation	80,314	94,759	29,698	145,375	-
Total Governmental Obligations	\$ <u>21,866,536</u>	\$ <u>1,903,656</u>	\$ <u>5,291,015</u>	\$ <u>18,479,177</u>	\$ <u>14,351</u>

Details of long-term obligations are as follows:

Net pension liability	\$ 18,190,290
Net OPEB obligation	\$ <u>145,375</u>
Compensated absences (Payable from the School Fund)	\$ <u>143,512</u>
Total governmental obligations	\$ <u>18,479,177</u>

Component Unit Industrial Development Authority:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014	Issuances	Retirements	Balance at June 30, 2015	Amounts Due Within One Year
Deed of trust note	\$ <u>514,354</u>	\$ <u>-</u>	\$ <u>68,200</u>	\$ <u>446,154</u>	\$ <u>70,551</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 6—Long-Term Obligations: (Continued)

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

Year Ending June 30	Deed of Trust Note	
	Principal	Interest
2016	\$ 70,551	\$ 18,049
2017	73,340	14,974
2018	76,549	11,765
2019	79,899	8,416
2020	83,395	4,920
2021	62,420	1,305
Total	\$ 446,154	\$ 59,429

Details of long-term obligations are as follows:

Deed of trust note:

\$700,309 deed of trust note payable, issued June, 2011 due in monthly installments of \$7,359 including principal and interest at 4.29% through March 2021.

\$ 446,154

Total deed of trust note

\$ 446,154

Note 7—Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned and deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue - Property tax revenue representing uncollected tax billings not available for funding of current expenditures totaled \$588,204 at June 30, 2015.

Deferred Prepaid Property Taxes - Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$19,716 at June 30, 2015.

Other Unearned Revenue - Other unearned revenue items totaled \$62,371 at June 30, 2015, which consisted of forfeited asset funds.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 8—Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate in 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 9—Litigation:

At June 30, 2015, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 10—Risk Management:

The County and its component units are 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 and the School Board are members of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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 also participates with other localities in a public entity risk pool for their coverage of general liability and auto insurance with Virginia Municipal League and public officials liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County and Component Unit School Board pay an annual premium to the pools for general insurance through member premiums. The County and Component Unit School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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Note 11—Pension Plan:**Plan Description**

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

Note 11—Pension Plan: (Continued)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	39	33
Inactive members:		
Vested inactive members	8	1
Non-vested inactive members	17	5
Inactive members active elsewhere in VRS	37	9
Total inactive members	62	15
Active members	77	42
Total covered employees	178	90

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2015 was 6.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Note 11—Pension Plan: (Continued)

Contributions (Continued)

Contributions to the pension plan from the County were \$213,086 and \$240,675 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 8.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$86,287 and \$97,577 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability/Asset

The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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Note 11—Pension Plan: (Continued)**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	\$ 13,826,277	\$ 12,923,700	\$ 902,577
Changes for the year:			
Service cost	\$ 281,373	\$ -	\$ 281,373
Interest	951,942	-	951,942
Differences between expected and actual experience	-	-	-
Contributions - employer	-	240,675	(240,675)
Contributions - employee	-	160,078	(160,078)
Net investment income	-	2,040,771	(2,040,771)
Benefit payments, including refunds of employee contributions	(454,219)	(454,219)	-
Administrative expenses	-	(10,945)	10,945
Other changes	-	108	(108)
Net changes	\$ 779,096	\$ 1,976,468	\$ (1,197,372)
Balances at June 30, 2014	\$ 14,605,373	\$ 14,900,168	\$ (294,795)

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 5,492,956	\$ 4,716,759	\$ 776,197
Changes for the year:			
Service cost	\$ 107,776	\$ -	\$ 107,776
Interest	378,446	-	378,446
Differences between expected and actual experience	-	-	-
Contributions - employer	-	97,577	(97,577)
Contributions - employee	-	57,300	(57,300)
Net investment income	-	743,198	(743,198)
Benefit payments, including refunds of employee contributions	(173,181)	(173,181)	-
Administrative expenses	-	(3,985)	3,985
Other changes	-	39	(39)
Net changes	\$ 313,041	\$ 720,948	\$ (407,907)
Balances at June 30, 2014	\$ 5,805,997	\$ 5,437,707	\$ 368,290

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 1,401,021	\$ (294,795)	\$ (1,718,089)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,075,279	\$ 368,290	\$ (228,260)

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(46,007) and \$20,713 respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 910,690	-	\$ 331,043
Employer contributions subsequent to the measurement date	213,086	-	86,287	-
Total	<u>\$ 213,086</u>	<u>\$ 910,690</u>	<u>\$ 86,287</u>	<u>\$ 331,043</u>

\$213,086 and \$86,287 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (227,673)	\$ (82,761)
2017	(227,673)	(82,761)
2018	(227,673)	(82,761)
2019	(227,671)	(82,760)
Thereafter		

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,585,438 and \$1,260,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school division reported a liability of \$17,822,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.14748% as compared to 0.15141% at June 30, 2013.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the school division recognized pension expense of \$1,312,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$	\$ 2,645,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	443,000
Employer contributions subsequent to the measurement date	<u>1,585,438</u>	<u>-</u>
Total	<u>\$ 1,585,438</u>	<u>\$ 3,088,000</u>

\$1,585,438 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (759,000)
2017	(759,000)
2018	(759,000)
2019	(759,000)
Thereafter	(52,000)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Note 11—Pension Plan: (Continued)**Component Unit School Board (professional) (Continued)****Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Note 11—Pension Plan: (Continued)**Component Unit School Board (professional) (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 26,171,000	\$ 17,822,000	\$ 10,949,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12-Surety Bonds:

	<u>Amount</u>
Commonwealth of Virginia, Department of General Services, Division of Risk Management-Surety	
Jane L. Brown, Clerk of the Circuit Court	\$ 500,000
Barbara L. Senger, Treasurer	400,000
Christy A. Hudson, Commissioner of the Revenue	3,000
Larry J. Parrish, Sheriff	30,000
State Farm Insurance - Surety	
Steve Bowen, Chairperson	2,500
Gary L. Simmons, Vice-Chairperson	2,500
Clarence A. Simpson, Supervisor	2,500
Helen M. Simmons, Supervisor	2,500
Sherman C. Vaughn, Supervisor	2,500
Ronald E. Roark, County Administrator	5,000
Utica Mutual Insurance - Surety	
Clerk of the School Board	15,000
Deputy Clerk of School Board	15,000
Payroll Clerk	15,000
Great American Insurance Company - Surety	
All Social Services Employees - Blanket Bond	100,000

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 13-Jointly Governed Organizations:

The County in conjunction with other localities, has created the Piedmont Regional Jail , the Piedmont Juvenile Detention Center, the Amelia-Nottoway Vocational Center and the Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdiction. During the year, the County contributed \$45,000 to the operations of the Crossroads Community Services Board.

Note 14-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$4,454,672 reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported based on the use of 70% of the estimated capacity of the landfill with the total amount of \$6,363,817 to be recognized over the landfill's remaining life. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual cost may be higher due to inflation, changes in the technology, or changes in regulation. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the Landfill Fund.

The County has demonstrated financial assurance requirements for closure, post-closure 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 15-Lease-Purchase/Notes Receivable:

On May 15, 2001, the Industrial Development Authority entered into a lease-purchase agreement with Colonial Forest Products to sell a shell building. The agreement called for monthly installments of principal and interest of \$7,567 for 20 years to be received by the Industrial Development Authority. The interest rate is 5.5%, and the total amount financed was \$1,100,000. At June 30, 2015, the balance of the lease-purchase receivable was \$577,043.

On February 25, 2000, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant to sell a shell building. The agreement called for monthly installments of principal and interest of \$6,060 for 20 years to be received by the Industrial Development Authority. The interest rate is 5.24% and the total amount financed was \$900,000. At June 30, 2015, the balance of the lease-purchase receivable was \$517,092.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2015 (Continued)

Note 15-Lease-Purchase/Notes Receivable (Continued):

On June 5, 2002, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant to sell a storage building. The agreement called for monthly installments of principal and interest of \$1,900 for 15 years to be received by the Industrial Development Authority. The interest rate is 6.10% and the total amount financed is \$223,720. At June 30, 2015, the balance of the lease-purchase receivable was \$120,813.

On February 18, 2005, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant. The agreement called for monthly installments of principal and interest of \$3,344 for 15 years to be received by the Industrial Development Authority. The total amount financed is \$440,000. At June 30, 2015, the balance of the lease-purchase receivable was \$308,838.

On August 30, 2013, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant. The agreement called for monthly installments of principal and interest of \$5,084 for 15 years to be received by the Industrial Development Authority. The total amount financed is \$700,000. At June 30, 2015, the balance of the lease-purchase receivable was \$645,082.

Note 16-Other Postemployment Benefits VRS Health Insurance Credit:

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 11.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 16–Other Postemployment Benefits VRS Health Insurance Credit: (Continued)

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 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$115,922, \$120,234 and \$120,941, respectively and equaled the required contributions for each year.

Note 17–Other Postemployment Benefits - Health Insurance:

A. Plan Description

Beginning in fiscal year 2010, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that 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 disclose 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 School Board. This funding methodology mirrors the funding approach used for pension benefits.

Nottoway County Public Schools retirees must meet one of the following requirements to be eligible for health benefits.

- retire with years of service and years of participation in the school's health plan that is greater or equal to 20.
- has medical coverage prior to retirement.

The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

B. Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 8 retirees on their plan.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The School Board has elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 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 School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

		<u>School Board</u>
Annual required contribution	\$	96,231
Interest on net OPEB obligation		3,213
Adjustment to annual required contribution		(4,685)
Annual OPEB cost (expense)	\$	<u>94,759</u>
Estimated Contributions made		<u>(29,698)</u>
Increase in net OPEB obligation	\$	65,061
Net OPEB obligation-beginning of year		80,314
Net OPEB obligation-end of year	\$	<u><u>145,375</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

<u>Three Year Trend Information for School Board</u>			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2015	\$ 94,759	31.34%	\$ 145,375
6/30/2014	80,552	88.80%	80,314
6/30/2013	79,274	81.37%	71,321

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2015 (Continued)

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

D. Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$730,812, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,934,055 (based on annual payroll reported to VRS), and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.68 percent.

The projection of future benefit payments for 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.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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.

Cost Method

In the July 1, 2015 most recent actuarial valuation, the projected unit credit method, with linear pro-rata to assumed benefit commencement was used. The unfunded liability is amortized over 20 years on a level percentage of pay.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

Mortality-Life expectancies were based on mortality tables from the 1994 Group Annuity mortality tables for males and females.

Coverage elections -The actuary assumed that 23% of eligible retirees who qualify will elect coverage.

Healthcare cost trend rate -The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological advances. Rates vary from 5% to 10% of medical benefits.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount of 4.0% 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 June 30, 2011 was twenty years.

Note 18-Restatement of Beginning Net Position:

The following adjustments were made to beginning net position and beginning fund balance:

The following adjustments were made to beginning net position:

	Net Position	
	Primary	Component
	Government	Unit School Board
Net position as previously reported on June 30, 2014	\$ 37,484,912	\$ 15,720,469
Implementation of GASB 68:		
Deferred outflows of resources	240,675	1,357,577
Net pension liability	(902,577)	(21,634,197)
Net position, as restated	<u>\$ 36,823,010</u>	<u>\$ (4,556,151)</u>

Note 19-Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2015 (Continued)

Note 19–Upcoming Pronouncements: (Continued)

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 19–Upcoming Pronouncements: (Continued)

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Nottoway, Virginia
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 6,511,327	\$ 6,511,327	\$ 6,611,983	\$ 100,656
Other local taxes	1,457,600	1,456,913	1,380,257	(76,656)
Permits, privilege fees, and regulatory licenses	65,660	65,860	87,022	21,162
Fines and forfeitures	10,000	10,000	3,848	(6,152)
Revenue from the use of money and property	630,967	630,967	711,772	80,805
Charges for services	43,352	43,352	53,702	10,350
Miscellaneous	180,690	520,396	68,162	(452,234)
Recovered costs	11,774	11,774	10,978	(796)
Intergovernmental:				
Commonwealth	3,884,099	3,956,013	3,549,745	(406,268)
Federal	1,058,422	1,070,593	811,330	(259,263)
Total revenues	<u>\$ 13,853,891</u>	<u>\$ 14,277,195</u>	<u>\$ 13,288,799</u>	<u>\$ (988,396)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,377,330	\$ 1,502,437	\$ 1,340,100	\$ 162,337
Judicial administration	736,536	736,101	675,769	60,332
Public safety	2,599,565	2,886,533	2,422,399	464,134
Public works	278,834	283,633	253,475	30,158
Health and welfare	2,804,356	2,808,233	2,285,888	522,345
Education	4,899,663	4,899,663	4,057,576	842,087
Parks, recreation, and cultural	274,425	327,728	277,835	49,893
Community development	881,557	1,346,888	976,404	370,484
Debt service:				
Principal retirement	689,368	689,368	689,368	-
Interest and other fiscal charges	159,412	159,412	159,513	(101)
Total expenditures	<u>\$ 14,701,046</u>	<u>\$ 15,639,996</u>	<u>\$ 13,138,327</u>	<u>\$ 2,501,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (847,155)</u>	<u>\$ (1,362,801)</u>	<u>\$ 150,472</u>	<u>\$ 1,513,273</u>
Net change in fund balances	\$ (847,155)	\$ (1,362,801)	\$ 150,472	\$ 1,513,273
Fund balances - beginning balance	1,153,155	1,632,733	13,820,898	12,188,165
Fund balances - ending	<u>\$ 306,000</u>	<u>\$ 269,932</u>	<u>\$ 13,971,370</u>	<u>\$ 13,701,438</u>

County of Nottoway, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Landfill Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 183,860	\$ 183,860	\$ 176,181	\$ (7,679)
Charges for services	369,013	369,013	438,634	69,621
Intergovernmental:				
Commonwealth	270,345	270,345	259,755	(10,590)
Total revenues	<u>\$ 823,218</u>	<u>\$ 823,218</u>	<u>\$ 874,570</u>	<u>\$ 51,352</u>
EXPENDITURES				
Current:				
Public works	\$ 783,218	\$ 878,127	\$ 850,698	\$ 27,429
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Total expenditures	<u>\$ 823,218</u>	<u>\$ 918,127</u>	<u>\$ 890,698</u>	<u>\$ 27,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (94,909)</u>	<u>\$ (16,128)</u>	<u>\$ 78,781</u>
Net change in fund balances	\$ -	\$ (94,909)	\$ (16,128)	\$ 78,781
Fund balances - beginning balance	-	94,909	167,287	72,378
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,159</u>	<u>\$ 151,159</u>

County of Nottoway, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	LRA Land Sale Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 4,910,041	\$ 4,910,041
Total other financing sources (uses)	\$ -	\$ -	\$ 4,910,041	\$ 4,910,041
Net change in fund balances	\$ -	\$ -	\$ 4,910,041	\$ 4,910,041
Fund balances - beginning balance	-	-	10,000	10,000
Fund balances - ending	\$ -	\$ -	\$ 4,920,041	\$ 4,920,041

County of Nottoway, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll*	UAAL as % of Covered Payroll (4)/(6)
School Board:						
7/1/2009	\$ -	\$ 872,423	\$ 872,423	0.00%	\$ 12,232,094	7.13%
7/1/2011	-	757,095	757,095	0.00%	12,232,094	6.19%
7/1/2015	-	730,812	730,812	0.00%	10,934,055	6.68%

* Based on annual payroll reported to the Virginia Retirement System

County of Nottoway, Virginia
Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 281,373
Interest	951,942
Benefit payments, including refunds of employee contributions	(454,219)
Net change in total pension liability	\$ 779,096
Total pension liability - beginning	13,826,277
Total pension liability - ending (a)	\$ 14,605,373
Plan fiduciary net position	
Contributions - employer	\$ 240,675
Contributions - employee	160,078
Net investment income	2,040,771
Benefit payments, including refunds of employee contributions	(454,219)
Administrative expense	(10,945)
Other	108
Net change in plan fiduciary net position	\$ 1,976,468
Plan fiduciary net position - beginning	12,923,700
Plan fiduciary net position - ending (b)	\$ 14,900,168
County's net pension liability (asset) - ending (a) - (b)	\$ (294,795)
Plan fiduciary net position as a percentage of the total pension liability	102.02%
Covered-employee payroll	\$ 3,211,013
County's net pension liability (asset) as a percentage of covered-employee payroll	-9.18%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Nottoway, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 107,776
Interest	378,446
Benefit payments, including refunds of employee contributions	(173,181)
Net change in total pension liability	\$ 313,041
Total pension liability - beginning	5,492,956
Total pension liability - ending (a)	<u>\$ 5,805,997</u>
Plan fiduciary net position	
Contributions - employer	\$ 97,577
Contributions - employee	57,300
Net investment income	743,198
Benefit payments, including refunds of employee contributions	(173,181)
Administrative expense	(3,985)
Other	39
Net change in plan fiduciary net position	\$ 720,948
Plan fiduciary net position - beginning	4,716,759
Plan fiduciary net position - ending (b)	<u>\$ 5,437,707</u>
School Division's net pension liability - ending (a) - (b)	\$ 368,290
Plan fiduciary net position as a percentage of the total pension liability	93.66%
Covered-employee payroll	\$ 1,156,754
School Division's net pension liability as a percentage of covered-employee payroll	31.84%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Nottoway, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14748%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,822,000
Employer's Covered-Employee Payroll	10,831,896
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	164.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	\$ 213,086	\$ 213,086	\$ -	\$ 3,211,013	6.64%
Component Unit School Board (nonprofessional)					
2015	\$ 86,287	\$ 86,287	\$ -	\$ 1,156,754	7.46%
Component Unit School Board (professional)					
2015	\$ 1,585,438	\$ 1,585,438	\$ -	\$ 10,934,055	14.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Nottoway, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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County of Nottoway, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	E-911 <u>Fund</u>	Dare <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 579,494	\$ 99	\$ 579,593
Receivables (net of allowance for uncollectibles):			
Accounts receivable	21,498	-	21,498
Total assets	<u>\$ 600,992</u>	<u>\$ 99</u>	<u>\$ 601,091</u>
FUND BALANCES			
Fund balances:			
Committed	\$ 600,992	\$ 99	\$ 601,091
Total fund balances	<u>\$ 600,992</u>	<u>\$ 99</u>	<u>\$ 601,091</u>

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County of Nottoway, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	E-911 <u>Fund</u>	Dare <u>Fund</u>	<u>Total</u>
REVENUES			
Other local taxes	\$ 440	\$ -	\$ 440
Intergovernmental:			
Commonwealth	130,098	-	130,098
Total revenues	<u>\$ 130,538</u>	<u>\$ -</u>	<u>\$ 130,538</u>
EXPENDITURES			
Current:			
Public safety	\$ 138,468	\$ -	\$ 138,468
Total expenditures	<u>\$ 138,468</u>	<u>\$ -</u>	<u>\$ 138,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,930)</u>	<u>\$ -</u>	<u>\$ (7,930)</u>
Net change in fund balances	\$ (7,930)	\$ -	\$ (7,930)
Fund balances - beginning	608,922	99	609,021
Fund balances - ending	<u><u>\$ 600,992</u></u>	<u><u>\$ 99</u></u>	<u><u>\$ 601,091</u></u>

County of Nottoway, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	E-911 Fund			Variance with
	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Other local taxes	\$ 400	\$ 400	\$ 440	\$ 40
Intergovernmental:				
Commonwealth	147,580	147,580	130,098	(17,482)
Total revenues	\$ 147,980	\$ 147,980	\$ 130,538	\$ (17,442)
EXPENDITURES				
Current:				
Public safety	\$ 147,980	\$ 147,980	\$ 138,468	\$ 9,512
Total expenditures	\$ 147,980	\$ 147,980	\$ 138,468	\$ 9,512
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (7,930)	\$ (7,930)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (7,930)	\$ (7,930)
Fund balances - beginning	-	-	608,922	608,922
Fund balances - ending	\$ -	\$ -	\$ 600,992	\$ 600,992

Dare Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
<u>Original</u>	<u>Final</u>			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ 99	\$ -	\$ 99	
\$ -	\$ 99	\$ -	\$ 99	
\$ -	\$ (99)	\$ -	\$ 99	
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ (99)	\$ -	\$ 99	99
-	99	99	-	-
\$ -	\$ -	\$ 99	\$ 99	99

County of Nottoway, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets				
Cash and cash equivalents	<u>\$ 6,601</u>	<u>\$ 13,339</u>	<u>\$ 14,069</u>	<u>\$ 5,871</u>
Liabilities				
Amounts held for social services clients	<u>\$ 6,601</u>	<u>\$ 13,339</u>	<u>\$ 14,069</u>	<u>\$ 5,871</u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Nottoway, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,727,080	\$ 364,418	\$ 586,553	\$ 3,678,051
Due from other governmental units	556,474	-	15,231	571,705
Prepaid items	561,724	-	-	561,724
Total assets	<u>\$ 3,845,278</u>	<u>\$ 364,418</u>	<u>\$ 601,784</u>	<u>\$ 4,811,480</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 210,373	\$ -	\$ -	\$ 210,373
Accrued liabilities	999,687	-	35,503	1,035,190
Due to other governmental units	1,268,187	-	-	1,268,187
Total liabilities	<u>\$ 2,478,247</u>	<u>\$ -</u>	<u>\$ 35,503</u>	<u>\$ 2,513,750</u>
Fund balances:				
Nonspendable	\$ 561,724	\$ -	\$ -	\$ 561,724
Committed	805,307	364,418	566,281	1,736,006
Total fund balances	<u>\$ 1,367,031</u>	<u>\$ 364,418</u>	<u>\$ 566,281</u>	<u>\$ 2,297,730</u>
Total liabilities and fund balances	<u>\$ 3,845,278</u>	<u>\$ 364,418</u>	<u>\$ 601,784</u>	<u>\$ 4,811,480</u>

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

Total fund balances per above	\$ 2,297,730
-------------------------------	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 30,221,796	
Accumulated depreciation	<u>(16,924,605)</u>	13,297,191

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

Items related to measurement of net pension liability	(3,419,043)
---	-------------

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	1,671,725
--	-----------

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (143,512)	
Net pension liability	(18,190,290)	
Net OPEB obligation	<u>(145,375)</u>	(18,479,177)

Net position of governmental activities	<u>\$ (4,631,574)</u>
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County of Nottoway, 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, 2015

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,248	\$ 3,248
Charges for services	2,530	-	195,010	197,540
Miscellaneous	110,095	6,820	57,403	174,318
Recovered costs	120,598	-	-	120,598
Intergovernmental:				
Local government	4,053,850	-	-	4,053,850
Commonwealth	14,795,312	-	19,002	14,814,314
Federal	1,553,985	-	815,749	2,369,734
Total revenues	<u>\$ 20,636,370</u>	<u>\$ 6,820</u>	<u>\$ 1,090,412</u>	<u>\$ 21,733,602</u>
EXPENDITURES				
Current:				
Education	\$ 20,030,661	\$ 213,949	\$ 1,153,390	\$ 21,398,000
Capital projects	265,928	-	-	265,928
Total expenditures	<u>\$ 20,296,589</u>	<u>\$ 213,949</u>	<u>\$ 1,153,390</u>	<u>\$ 21,663,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 339,781</u>	<u>\$ (207,129)</u>	<u>\$ (62,978)</u>	<u>\$ 69,674</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 206,270	\$ -	\$ 206,270
Transfers out	(206,270)	-	-	(206,270)
Total other financing sources (uses)	<u>\$ (206,270)</u>	<u>\$ 206,270</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 133,511	\$ (859)	\$ (62,978)	\$ 69,674
Fund balances - beginning	1,233,520	365,277	629,259	2,228,056
Fund balances - ending	<u>\$ 1,367,031</u>	<u>\$ 364,418</u>	<u>\$ 566,281</u>	<u>\$ 2,297,730</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 69,674

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 depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 227,904	
Depreciation expense	(1,141,210)	
Jointly owned asset allocation	<u>485,745</u>	(427,561)

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

(Increase) decrease in items related to measurement of net pension liability (3,419,043)

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.

(Increase) decrease in net OPEB obligation	\$ (65,061)	
(Increase) decrease in net pension liability	3,443,907	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	314,148	
(Increase) decrease in compensated absences	<u>8,513</u>	3,701,507

Change in net position of governmental activities \$ (75,423)

County of Nottoway, 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, 2015

	School Operating Fund			Variance with
	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive
				(Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	2,530	2,530
Miscellaneous	95,000	104,918	110,095	5,177
Recovered costs	100,000	100,000	120,598	20,598
Intergovernmental:				
Local government	4,895,937	4,895,937	4,053,850	(842,087)
Commonwealth	14,994,137	15,009,213	14,795,312	(213,901)
Federal	1,715,021	2,068,573	1,553,985	(514,588)
Total revenues	\$ 21,800,095	\$ 22,178,641	\$ 20,636,370	\$ (1,542,271)
EXPENDITURES				
Current:				
Education	\$ 21,236,940	\$ 21,995,829	\$ 20,030,661	\$ 1,965,168
Capital projects	563,155	914,678	265,928	648,750
Total expenditures	\$ 21,800,095	\$ 22,910,507	\$ 20,296,589	\$ 2,613,918
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (731,866)	\$ 339,781	\$ 1,071,647
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(206,270)	(206,270)
Total other financing sources (uses)	\$ -	\$ -	\$ (206,270)	\$ (206,270)
Net change in fund balances	\$ -	\$ (731,866)	\$ 133,511	\$ 865,377
Fund balances - beginning	-	731,866	1,233,520	501,654
Fund balances - ending	\$ -	\$ -	\$ 1,367,031	\$ 1,367,031

Textbook Fund				School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ 3,248	\$ 248
-	-	-	-	225,000	225,000	195,010	(29,990)
-	225,000	6,820	(218,180)	67,200	67,200	57,403	(9,797)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	22,584	22,584	19,002	(3,582)
-	-	-	-	750,000	750,000	815,749	65,749
\$ -	\$ 225,000	\$ 6,820	\$ (218,180)	\$ 1,067,784	\$ 1,067,784	\$ 1,090,412	\$ 22,628
\$ -	\$ 225,000	\$ 213,949	\$ 11,051	\$ 1,122,784	\$ 1,265,939	\$ 1,153,390	\$ 112,549
-	-	-	-	-	-	-	-
\$ -	\$ 225,000	\$ 213,949	\$ 11,051	\$ 1,122,784	\$ 1,265,939	\$ 1,153,390	\$ 112,549
\$ -	\$ -	\$ (207,129)	\$ (207,129)	\$ (55,000)	\$ (198,155)	\$ (62,978)	\$ 135,177
\$ -	\$ -	\$ 206,270	\$ 206,270	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 206,270	\$ 206,270	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (859)	\$ (859)	\$ (55,000)	\$ (198,155)	\$ (62,978)	\$ 135,177
-	-	365,277	365,277	55,000	198,155	629,259	431,104
\$ -	\$ -	\$ 364,418	\$ 364,418	\$ -	\$ -	\$ 566,281	\$ 566,281

County of Nottoway, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 269,666
Notes receivable - current portion	199,558
Total current assets	<u>\$ 469,224</u>

Noncurrent assets:

Notes receivable - net of current portion	\$ 1,969,310
Total noncurrent assets	<u>\$ 1,969,310</u>
Total assets	<u>\$ 2,438,534</u>

LIABILITIES

Current liabilities:

Due to other governmental units	\$ 76,378
Notes payable - current portion	70,551
Total current liabilities	<u>\$ 146,929</u>

Noncurrent liabilities:

Notes payable - net of current portion	\$ 375,603
Total noncurrent liabilities	<u>\$ 375,603</u>
Total liabilities	<u>\$ 522,532</u>

NET POSITION

Unrestricted	\$ 1,916,002
Total net position	<u><u>\$ 1,916,002</u></u>

County of Nottoway, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2015

OPERATING REVENUES

Charges for services:

Rents	\$ 102,884
Other revenues	152,320
Total operating revenues	<u>\$ 255,204</u>

OPERATING EXPENSES

Other charges	\$ 166,190
Total operating expenses	<u>\$ 166,190</u>

Operating income (loss)	<u>\$ 89,014</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 59
Interest expense	(20,114)
Total nonoperating revenues (expenses)	<u>\$ (20,055)</u>

Change in net position	\$ 68,959
------------------------	-----------

Total net position - beginning	1,847,043
Total net position - ending	<u><u>\$ 1,916,002</u></u>

County of Nottoway, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 435,067
Payments for operating activities	(166,190)
Net cash provided by (used for) operating activities	<u>\$ 268,877</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES

Principal payments on note payable	\$ (68,200)
Interest payments	(20,114)
Net cash provided by (used for) capital and related financing activities	<u>\$ (88,314)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 59
Net cash provided by (used for) investing activities	<u>\$ 59</u>

Net increase (decrease) in cash and cash equivalents \$ 180,622

Cash and cash equivalents - beginning 89,044

Cash and cash equivalents - ending \$ 269,666

Reconciliation of operating income (loss) to net cash

provided by (used for) operating activities:

Operating income (loss) \$ 89,014

Adjustments to reconcile operating income to net cash

provided (used) by operating activities:

(Increase) decrease in notes receivable \$ 179,863

Total adjustments \$ 179,863

Net cash provided by (used for) operating activities \$ 268,877

SUPPORTING SCHEDULES

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County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,262,277	\$ 4,262,277	\$ 4,139,952	\$ (122,325)
Real and personal public service corporation taxes	429,000	429,000	444,351	15,351
Personal property taxes	1,493,750	1,493,750	1,689,243	195,493
Mobile home taxes	12,800	12,800	12,283	(517)
Machinery and tools taxes	183,500	183,500	167,620	(15,880)
Penalties	85,000	85,000	92,338	7,338
Interest	45,000	45,000	66,196	21,196
Total general property taxes	\$ 6,511,327	\$ 6,511,327	\$ 6,611,983	\$ 100,656
Other local taxes:				
Local sales and use taxes	\$ 1,075,000	\$ 1,075,000	\$ 1,026,530	\$ (48,470)
Business license taxes	166,600	166,600	159,816	(6,784)
Motor vehicle licenses	150,000	150,000	123,636	(26,364)
Taxes on recordation and wills	62,000	61,313	70,275	8,962
Hotel and motel room taxes	4,000	4,000	-	(4,000)
Total other local taxes	\$ 1,457,600	\$ 1,456,913	\$ 1,380,257	\$ (76,656)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,710	\$ 15,710	\$ 13,699	\$ (2,011)
Permits and other licenses	49,950	50,150	73,323	23,173
Total permits, privilege fees, and regulatory licenses	\$ 65,660	\$ 65,860	\$ 87,022	\$ 21,162
Fines and forfeitures:				
Court fines and forfeitures	\$ 10,000	\$ 10,000	\$ 3,848	\$ (6,152)
Total fines and forfeitures	\$ 10,000	\$ 10,000	\$ 3,848	\$ (6,152)
Revenue from use of money and property:				
Revenue from use of money	\$ 60,000	\$ 60,000	\$ 37,145	\$ (22,855)
Revenue from use of property	570,967	570,967	674,627	103,660
Total revenue from use of money and property	\$ 630,967	\$ 630,967	\$ 711,772	\$ 80,805
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,042	\$ 1,042	\$ 1,042	\$ -
Charges for court costs	9,000	9,000	7,827	(1,173)
Charges for courthouse security	30,000	30,000	35,672	5,672
Charges for Commonwealth's Attorney	1,210	1,210	1,489	279
Charges for law library	1,500	1,500	1,361	(139)
Charges for other protection	500	500	2,562	2,062
Charges for data processing	-	-	3,574	3,574

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sale of historical material	\$ 100	\$ 100	\$ 175	\$ 75
Total charges for services	\$ 43,352	\$ 43,352	\$ 53,702	\$ 10,350
Miscellaneous revenue:				
Miscellaneous	\$ 180,690	\$ 520,396	\$ 68,162	\$ (452,234)
Total miscellaneous revenue	\$ 180,690	\$ 520,396	\$ 68,162	\$ (452,234)
Recovered costs:				
Dispatching - Towns	\$ 8,274	\$ 8,274	\$ 6,978	\$ (1,296)
Library contribution	3,500	3,500	4,000	500
Total recovered costs	\$ 11,774	\$ 11,774	\$ 10,978	\$ (796)
Total revenue from local sources	\$ 8,911,370	\$ 9,250,589	\$ 8,927,724	\$ (322,865)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 87,000	\$ 87,000	\$ 169,345	\$ 82,345
Mobile home titling tax	16,000	16,000	10,678	(5,322)
Tax on Deeds	12,000	12,000	22,594	10,594
Motor vehicle rental tax	-	-	1,050	1,050
State recordation tax	-	-	25,914	25,914
Personal property tax relief funds	1,049,790	1,049,790	1,049,790	-
Total noncategorical aid	\$ 1,164,790	\$ 1,164,790	\$ 1,279,371	\$ 114,581
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 262,850	\$ 260,251	\$ 209,664	\$ (50,587)
Sheriff	811,544	807,933	779,197	(28,736)
Commissioner of revenue	79,300	79,046	76,573	(2,473)
Treasurer	92,642	92,041	88,444	(3,597)
Registrar/electoral board	45,313	44,198	35,034	(9,164)
Clerk of the Circuit Court	177,997	175,986	175,743	(243)
Total shared expenses	\$ 1,469,646	\$ 1,459,455	\$ 1,364,655	\$ (94,800)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 506,903	\$ 512,732	\$ 385,572	\$ (127,160)
Comprehensive services act	658,260	634,858	256,600	(378,258)
Litter control grant	5,000	6,357	6,357	-
Bio solids fees	-	-	550	550
Victim witness grant	-	-	47,721	47,721
Emergency medical services	-	-	12,621	12,621
Library grant	60,000	58,536	46,774	(11,762)
Forfeited assets	-	375	700	325
VJCCCS grant	19,500	18,910	18,809	(101)
Department of agriculture grant	-	100,000	100,000	-
Fire programs	-	-	30,015	30,015
Total other categorical aid	\$ 1,249,663	\$ 1,331,768	\$ 905,719	\$ (426,049)
Total categorical aid	\$ 2,719,309	\$ 2,791,223	\$ 2,270,374	\$ (520,849)
Total revenue from the Commonwealth	\$ 3,884,099	\$ 3,956,013	\$ 3,549,745	\$ (406,268)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,058,422	\$ 1,070,593	\$ 805,080	\$ (265,513)
Forfeited assets	-	-	5,499	5,499
Byrne justice assistance	-	-	751	751
Total categorical aid	\$ 1,058,422	\$ 1,070,593	\$ 811,330	\$ (259,263)
Total revenue from the federal government	\$ 1,058,422	\$ 1,070,593	\$ 811,330	\$ (259,263)
Total General Fund	\$ 13,853,891	\$ 14,277,195	\$ 13,288,799	\$ (988,396)
Special Revenue Funds:				
Landfill Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility tax	\$ 158,860	\$ 158,860	\$ 147,774	\$ (11,086)
Consumption tax	25,000	25,000	28,407	3,407
Total other local taxes	\$ 183,860	\$ 183,860	\$ 176,181	\$ (7,679)
Charges for services:				
Landfill use fees	\$ 369,013	\$ 369,013	\$ 438,634	\$ 69,621
Total revenue from local sources	\$ 552,873	\$ 552,873	\$ 614,815	\$ 61,942

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Landfill Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 270,345	\$ 270,345	\$ 259,755	\$ (10,590)
Total noncategorical aid	\$ 270,345	\$ 270,345	\$ 259,755	\$ (10,590)
Total revenue from the Commonwealth	\$ 270,345	\$ 270,345	\$ 259,755	\$ (10,590)
Total Landfill Fund	\$ 823,218	\$ 823,218	\$ 874,570	\$ 51,352
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 400	\$ 400	\$ 440	\$ 40
Total other local taxes	\$ 400	\$ 400	\$ 440	\$ 40
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications Tax	\$ 91,153	\$ 91,153	\$ 86,585	\$ (4,568)
Total noncategorical aid	\$ 91,153	\$ 91,153	\$ 86,585	\$ (4,568)
Categorical aid:				
Wireless grant funds	\$ 56,427	\$ 56,427	\$ 43,513	\$ (12,914)
Total categorical aid	\$ 56,427	\$ 56,427	\$ 43,513	\$ (12,914)
Total revenue from the Commonwealth	\$ 147,580	\$ 147,580	\$ 130,098	\$ (17,482)
Total E-911 Fund	\$ 147,980	\$ 147,980	\$ 130,538	\$ (17,442)
Total Primary Government	\$ 14,825,089	\$ 15,248,393	\$ 14,293,907	\$ (954,486)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ -	\$ -	\$ 2,530	\$ 2,530
Miscellaneous revenue:				
Other miscellaneous	\$ 95,000	\$ 104,918	\$ 110,095	\$ 5,177
Total miscellaneous revenue	\$ 95,000	\$ 104,918	\$ 110,095	\$ 5,177

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Dual enrollment	\$ 100,000	\$ 100,000	\$ 120,598	\$ 20,598
Total recovered costs	\$ 100,000	\$ 100,000	\$ 120,598	\$ 20,598
 Total revenue from local sources	 \$ 195,000	 \$ 204,918	 \$ 233,223	 \$ 28,305
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nottoway, Virginia	\$ 4,895,937	\$ 4,895,937	\$ 4,053,850	\$ (842,087)
Total revenues from local governments	\$ 4,895,937	\$ 4,895,937	\$ 4,053,850	\$ (842,087)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,178,041	\$ 2,178,041	\$ 2,190,845	\$ 12,804
Basic school aid	7,523,842	7,523,842	7,491,660	(32,182)
ISAEF	7,859	7,859	7,859	-
Remedial education	408,833	408,833	407,966	(867)
Regular foster care	10,929	10,929	9,625	(1,304)
Gifted and talented	75,949	75,949	75,788	(161)
Remedial summer school	106,465	106,465	120,256	13,791
Preschool and 4 year old At Risk	279,856	279,856	243,713	(36,143)
Special education	945,325	945,325	943,321	(2,004)
Project Graduation	11,000	16,076	17,462	1,386
Vocational education	254,164	254,164	251,376	(2,788)
Textbook payments	155,486	155,486	155,156	(330)
Social security and retirement fringe benefits	1,451,115	1,451,115	1,436,750	(14,365)
Early reading intervention	35,780	35,780	50,085	14,305
Homebound education	6,819	6,819	13,579	6,760
Special education - foster children	-	-	5,310	5,310
At risk payments	488,143	488,143	487,278	(865)
VPSA technology funds	335,600	335,600	206,000	(129,600)
Primary class size	602,556	602,556	550,850	(51,706)
Standards of Learning algebra readiness	46,400	46,400	48,898	2,498
English as a second language	68,503	68,503	67,002	(1,501)
National Board Certification	-	-	2,500	2,500
STEM	-	10,000	10,000	-
Mentor teacher program	1,472	1,472	2,033	561
Total categorical aid	\$ 14,994,137	\$ 15,009,213	\$ 14,795,312	\$ (213,901)
 Total revenue from the Commonwealth	 \$ 14,994,137	 \$ 15,009,213	 \$ 14,795,312	 \$ (213,901)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Migrant education	\$ 18,139	\$ 18,139	\$ 17,023	\$ (1,116)
Rural education	39,198	49,574	18,292	(31,282)
Title I	710,659	710,659	593,768	(116,891)
Title II, Part A	128,840	152,884	110,850	(42,034)
Title III, Part A	-	1,077	6,001	4,924
Title VI-B, special education flow-through	547,341	632,341	554,360	(77,981)
Vocational education	54,434	59,434	14,280	(45,154)
Preschool special education	12,790	12,790	-	(12,790)
Preschool handicapped	14,061	17,998	5,178	(12,820)
21st century grant	115,000	339,000	155,507	(183,493)
Consortium incentive grant	3,559	3,559	720	(2,839)
ROTC	67,000	67,000	76,800	9,800
Project Hope grant	4,000	4,118	1,206	(2,912)
Total categorical aid	\$ 1,715,021	\$ 2,068,573	\$ 1,553,985	\$ (514,588)
Total revenue from the federal government	\$ 1,715,021	\$ 2,068,573	\$ 1,553,985	\$ (514,588)
Total School Operating Fund	\$ 21,800,095	\$ 22,178,641	\$ 20,636,370	\$ (1,542,271)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,000	\$ 3,000	\$ 3,248	\$ 248
Charges for services:				
Cafeteria sales	\$ 225,000	\$ 225,000	\$ 195,010	\$ (29,990)
Miscellaneous revenue:				
Other miscellaneous	\$ 67,200	\$ 67,200	\$ 57,403	\$ (9,797)
Total revenue from local sources	\$ 295,200	\$ 295,200	\$ 255,661	\$ (39,539)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 22,584	\$ 22,584	\$ 19,002	\$ (3,582)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 750,000	\$ 750,000	\$ 748,643	\$ (1,357)
Commodities	-	-	67,106	67,106
Total revenue from the federal government	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 815,749</u>	<u>\$ 65,749</u>
Total School Cafeteria Fund	<u>\$ 1,067,784</u>	<u>\$ 1,067,784</u>	<u>\$ 1,090,412</u>	<u>\$ 22,628</u>
Special Revenue Funds: (Continued)				
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue				
Miscellaneous	\$ -	\$ 225,000	\$ 6,820	\$ (218,180)
Total revenue from local sources	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 6,820</u>	<u>\$ (218,180)</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 6,820</u>	<u>\$ (218,180)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,867,879</u>	<u>\$ 23,471,425</u>	<u>\$ 21,733,602</u>	<u>\$ (1,737,823)</u>

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County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 381,315	\$ 479,979	\$ 423,617	\$ 56,362
Total legislative	\$ 381,315	\$ 479,979	\$ 423,617	\$ 56,362
General and financial administration:				
County administrator	\$ 280,122	\$ 279,063	\$ 270,085	\$ 8,978
Legal services	18,804	18,804	10,393	8,411
Commissioner of revenue	189,355	189,101	174,963	14,138
Treasurer	211,199	213,683	199,433	14,250
Data processing	132,347	158,584	122,677	35,907
Other general and financial administration	40,000	40,150	40,191	(41)
Total general and financial administration	\$ 871,827	\$ 899,385	\$ 817,742	\$ 81,643
Board of elections:				
Electoral board and officials	\$ 124,188	\$ 123,073	\$ 98,741	\$ 24,332
Total board of elections	\$ 124,188	\$ 123,073	\$ 98,741	\$ 24,332
Total general government administration	\$ 1,377,330	\$ 1,502,437	\$ 1,340,100	\$ 162,337
Judicial administration:				
Courts:				
Circuit court	\$ 24,300	\$ 24,300	\$ 15,773	\$ 8,527
General district court	9,700	9,700	7,264	2,436
Commissioner of accounts	150	150	-	150
Magistrate	200	200	-	200
Juvenile and domestic relations district court	22,588	22,183	19,729	2,454
Clerk of the circuit court	233,999	231,988	209,609	22,379
Jurors and witnesses	9,412	9,412	2,789	6,623
Sheriff	129,124	128,013	121,653	6,360
Law library	3,000	3,246	525	2,721
Total courts	\$ 432,473	\$ 429,192	\$ 377,342	\$ 51,850
Commonwealth's attorney:				
Commonwealth's attorney	\$ 304,063	\$ 306,909	\$ 298,427	\$ 8,482
Total commonwealth's attorney	\$ 304,063	\$ 306,909	\$ 298,427	\$ 8,482
Total judicial administration	\$ 736,536	\$ 736,101	\$ 675,769	\$ 60,332

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 996,720	\$ 1,179,384	\$ 899,647	\$ 279,737
Central dispatching	425,540	437,470	368,383	69,087
Total law enforcement and traffic control	\$ 1,422,260	\$ 1,616,854	\$ 1,268,030	\$ 348,824
Fire and rescue services:				
Volunteer fire department	\$ 198,579	\$ 279,660	\$ 242,960	\$ 36,700
Rescue service	106,720	119,341	88,361	30,980
State forestry service	12,122	12,122	12,122	-
Total fire and rescue services	\$ 317,421	\$ 411,123	\$ 343,443	\$ 67,680
Correction and detention:				
Detention home	\$ 65,000	\$ 43,414	\$ 20,400	\$ 23,014
Piedmont regional jail	650,000	671,586	671,587	(1)
Total correction and detention	\$ 715,000	\$ 715,000	\$ 691,987	\$ 23,013
Inspections:				
Building	\$ 75,944	\$ 77,219	\$ 77,041	\$ 178
Total inspections	\$ 75,944	\$ 77,219	\$ 77,041	\$ 178
Other protection:				
Animal control	\$ 68,740	\$ 66,137	\$ 41,858	\$ 24,279
Medical examiner	200	200	40	160
Total other protection	\$ 68,940	\$ 66,337	\$ 41,898	\$ 24,439
Total public safety	\$ 2,599,565	\$ 2,886,533	\$ 2,422,399	\$ 464,134
Public works:				
Sanitation and waste removal:				
Litter control	\$ 5,000	\$ 6,357	\$ 5,350	\$ 1,007
Total sanitation and waste removal	\$ 5,000	\$ 6,357	\$ 5,350	\$ 1,007
Maintenance of general buildings and grounds:				
General properties	\$ 273,834	\$ 277,276	\$ 248,125	\$ 29,151
Total maintenance of general buildings and grounds	\$ 273,834	\$ 277,276	\$ 248,125	\$ 29,151
Total public works	\$ 278,834	\$ 283,633	\$ 253,475	\$ 30,158

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,000	\$ 100,000	\$ 92,530	\$ 7,470
Total health	\$ 100,000	\$ 100,000	\$ 92,530	\$ 7,470
Mental health and mental retardation:				
Community services board	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Total mental health and mental retardation	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,746,856	\$ 1,764,906	\$ 1,498,614	\$ 266,292
Comprehensive Services Act	912,500	898,327	649,744	248,583
Total welfare	\$ 2,659,356	\$ 2,663,233	\$ 2,148,358	\$ 514,875
Total health and welfare	\$ 2,804,356	\$ 2,808,233	\$ 2,285,888	\$ 522,345
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 3,726	\$ 3,726	\$ 3,726	\$ -
Contribution to County School Board	4,895,937	4,895,937	4,053,850	842,087
Total education	\$ 4,899,663	\$ 4,899,663	\$ 4,057,576	\$ 842,087
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 19,500	\$ 69,059	\$ 19,500	\$ 49,559
Total parks and recreation	\$ 19,500	\$ 69,059	\$ 19,500	\$ 49,559
Library:				
Library administration	\$ 254,925	\$ 258,669	\$ 258,335	\$ 334
Total library	\$ 254,925	\$ 258,669	\$ 258,335	\$ 334
Total parks, recreation, and cultural	\$ 274,425	\$ 327,728	\$ 277,835	\$ 49,893
Community development:				
Planning and community development:				
Economic development	\$ 26,691	\$ 41,822	\$ 22,841	\$ 18,981
Planning commission	84,311	93,842	74,452	19,390
Zoning board	2,850	3,050	3,724	(674)
Total planning and community development	\$ 113,852	\$ 138,714	\$ 101,017	\$ 37,697
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Other environmental management	17,997	17,997	5,753	12,244
Total environmental management	\$ 26,497	\$ 26,497	\$ 14,253	\$ 12,244

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 47,986	\$ 47,986	\$ 46,836	\$ 1,150
Total cooperative extension program	\$ 47,986	\$ 47,986	\$ 46,836	\$ 1,150
Other community development:				
Ft. Pickett local reuse authority	\$ 472,894	\$ 913,363	\$ 619,985	\$ 293,378
Small business incubator	24,953	24,953	9,677	15,276
Lodge at Ft. Pickett	195,375	195,375	184,636	10,739
Total other community development	\$ 693,222	\$ 1,133,691	\$ 814,298	\$ 319,393
Total community development	\$ 881,557	\$ 1,346,888	\$ 976,404	\$ 370,484
School debt service:				
Principal retirement	\$ 689,368	\$ 689,368	\$ 689,368	\$ -
Interest and other fiscal charges	159,412	159,412	159,513	(101)
Total school debt service	\$ 848,780	\$ 848,780	\$ 848,881	\$ (101)
Total General Fund	\$ 14,701,046	\$ 15,639,996	\$ 13,138,327	\$ 2,501,669
Special Revenue Funds:				
Landfill Fund:				
Public works:				
Sanitation and waste removal:				
Landfill	\$ 783,218	\$ 878,127	\$ 850,698	\$ 27,429
Debt service:				
Principal retirement	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total debt service	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total Landfill Fund	\$ 823,218	\$ 918,127	\$ 890,698	\$ 27,429
E-911 Fund:				
Public safety:				
Law enforcement and traffic control:				
Emergency 911 services	\$ 147,980	\$ 147,980	\$ 138,468	\$ 9,512
Total E-911 Fund	\$ 147,980	\$ 147,980	\$ 138,468	\$ 9,512

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Dare Program Fund:				
Public safety:				
Law enforcement and traffic control:				
Dare program	\$ -	\$ 99	\$ -	\$ 99
Total Dare Program Fund	\$ -	\$ 99	\$ -	\$ 99
Total Primary Government	\$ 15,672,244	\$ 16,706,202	\$ 14,167,493	\$ 2,538,709
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 16,289,207	\$ 16,886,359	\$ 15,478,263	\$ 1,408,096
Total instruction costs	\$ 16,289,207	\$ 16,886,359	\$ 15,478,263	\$ 1,408,096
Operating costs:				
Administration, attendance and health services	\$ 1,229,914	\$ 1,140,903	\$ 1,063,910	\$ 76,993
Pupil transportation	1,437,964	1,332,007	1,280,792	51,215
Operation and maintenance of school plant	2,279,855	2,636,560	2,207,696	428,864
Total operating costs	\$ 4,947,733	\$ 5,109,470	\$ 4,552,398	\$ 557,072
Total education	\$ 21,236,940	\$ 21,995,829	\$ 20,030,661	\$ 1,965,168
Capital projects:				
School capital projects	\$ 563,155	\$ 914,678	\$ 265,928	\$ 648,750
Total capital projects	\$ 563,155	\$ 914,678	\$ 265,928	\$ 648,750
Total School Operating Fund	\$ 21,800,095	\$ 22,910,507	\$ 20,296,589	\$ 2,613,918
Special Revenue Funds:				
School Textbook Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ 225,000	\$ 213,949	\$ 11,051
Total School Textbook Fund	\$ -	\$ 225,000	\$ 213,949	\$ 11,051

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,122,784	\$ 1,265,939	\$ 1,086,284	\$ 179,655
Commodities	-	-	67,106	(67,106)
Total School Cafeteria Fund	<u>\$ 1,122,784</u>	<u>\$ 1,265,939</u>	<u>\$ 1,153,390</u>	<u>\$ 112,549</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,922,879</u>	<u>\$ 24,401,446</u>	<u>\$ 21,663,928</u>	<u>\$ 2,737,518</u>

OTHER STATISTICAL INFORMATION

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Table 1

County of Nottoway , Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2006	\$ 902,049	\$ 596,712	\$ 1,750,408	\$ 1,038,727	\$ 2,048,848	\$ 5,635,335	\$ 174,982	\$ 792,430	\$ 155,936	\$ 13,095,427
2007	969,831	666,209	1,812,719	981,761	2,516,297	4,053,533	235,446	724,700	207,695	12,168,191
2008	1,003,186	742,287	2,017,296	3,193,667	2,436,410	4,509,077	235,504	1,249,191	320,456	15,707,074
2009	952,744	751,950	2,164,176	1,451,886	2,960,851	4,105,917	288,816	761,856	253,282	13,691,478
2010	1,030,374	734,255	1,985,731	1,211,446	2,719,493	4,271,797	332,705	1,192,922	267,481	13,746,204
2011	853,235	715,061	2,619,360	1,106,481	2,490,161	6,279,361	293,289	1,178,707	253,573	15,789,228
2012	1,052,738	749,812	2,134,591	1,281,092	2,550,832	4,779,326	328,756	839,415	174,484	13,891,046
2013	1,137,841	760,916	2,508,940	613,101	2,623,446	4,526,212	339,258	1,457,207	211,077	14,177,998
2014	1,161,580	766,111	2,788,375	1,776,879	2,440,221	5,262,880	358,507	774,358	161,935	15,490,846
2015	1,232,743	753,595	2,589,898	1,543,166	2,263,211	4,834,848	361,174	771,383	131,132	14,481,150

Table 2

County of Nottoway, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain/ (Loss) on Disposal of Capital Assets		
2006	\$ 447,871	\$ 3,245,783	\$ -		\$ 4,620,680	\$ 1,900,662	\$ 762,892	\$ 107,128	\$ 1,228,986	\$ (60,000)	\$ 12,254,002	
2007	535,634	3,441,827	-		5,278,029	1,996,430	986,384	160,654	1,235,150	-	13,634,108	
2008	568,831	4,075,732	82,300		6,024,635	1,979,024	936,444	40,470	1,723,017	773,975	16,204,428	
2009	544,386	4,204,403	50,048		5,926,926	1,840,115	1,136,271	209,941	797,297	-	14,709,387	
2010	526,548	3,698,189	242,157		6,143,978	1,425,465	825,800	121,783	1,470,004	258,158	14,712,082	
2011	462,676	3,240,693	1,372,452		6,189,091	1,458,257	785,153	109,817	1,489,054	-	15,107,193	
2012	473,252	4,031,460	71,955		6,396,185	1,474,067	728,438	94,763	1,443,945	-	14,714,065	
2013	475,600	4,026,666	-		6,034,409	1,555,276	716,771	112,145	1,538,961	56,853	14,516,681	
2014	477,320	3,489,580	-		6,666,598	1,586,886	727,700	81,512	1,440,129	-	14,469,725	
2015	583,206	3,125,217	-		6,653,238	1,556,878	711,772	68,162	1,625,711	(3,756,634)	10,567,550	

County of Nottoway, 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
2006	\$ 1,018,269	\$ 482,624	\$ 1,837,003	\$ 824,331	\$ 1,996,609	\$ 20,944,482	\$ 165,313	\$ 621,278	\$ 756,220	\$ 28,646,129
2007	928,922	595,356	1,808,213	932,939	2,494,634	21,646,837	182,463	642,529	801,046	30,032,939
2008	1,044,235	673,492	2,067,127	1,572,814	2,390,868	22,412,062	183,570	1,091,767	841,086	32,277,021
2009	1,071,589	674,133	2,179,682	1,122,463	2,903,489	24,954,627	237,571	748,890	944,246	34,836,690
2010	1,038,838	658,721	1,957,030	1,998,718	2,666,628	21,989,394	243,572	2,332,406	962,444	33,847,751
2011	1,091,117	602,921	1,991,119	962,552	2,434,336	21,782,328	235,094	729,300	2,340,248	32,169,015
2012	1,192,422	638,417	2,174,631	1,099,329	2,516,591	22,119,207	238,858	738,042	929,645	31,647,142
2013	1,104,664	650,265	2,285,758	1,030,169	2,646,524	22,049,473	246,125	660,920	540,574	31,214,472
2014	1,136,864	667,960	2,683,293	1,146,247	2,368,329	21,925,848	276,770	758,808	924,557	31,888,676
2015	1,340,100	675,769	2,560,867	1,104,173	2,285,888	21,667,654	277,835	976,404	888,881	31,777,571

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

Table 4

County of Nottoway, 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
2006	\$ 4,798,641	\$ 1,900,662	\$ 69,822	\$ 6,271	\$ 763,810	\$ 723,932	\$ 323,154	\$ 100,943	\$ 21,422,610	\$ 30,109,845
2007	5,344,378	1,996,430	61,140	6,832	988,384	806,563	323,859	87,501	23,579,515	33,194,602
2008	5,977,418	1,979,024	59,693	10,133	937,816	828,754	234,618	106,774	24,623,214	34,757,444
2009	6,075,814	1,840,115	106,037	16,137	1,137,683	755,632	378,287	102,799	24,251,463	34,663,967
2010	5,950,546	1,425,465	88,505	17,068	831,138	714,884	304,172	107,158	24,398,578	33,837,514
2011	6,115,213	1,458,257	79,701	16,200	790,040	637,966	305,322	391,575	23,546,461	33,340,735
2012	6,304,420	1,474,067	78,966	16,740	731,551	647,763	327,280	190,890	22,902,655	32,674,332
2013	6,054,653	1,555,276	79,368	7,972	720,347	617,069	362,340	17,747	22,796,756	32,211,528
2014	6,735,452	1,586,886	83,156	5,574	730,188	592,821	274,961	421,890	21,881,997	32,312,925
2015	6,611,983	1,556,878	87,022	3,848	715,020	689,876	242,480	131,576	21,934,976	31,973,659

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

Table 5

County of Nottoway, 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 (1,2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2006	\$ 5,832,438	\$ 5,608,668	96.16%	\$ 165,194	\$ 5,773,862	99.00%	\$ 990,053	16.97%
2007	6,394,504	6,154,314	96.24%	146,965	6,301,279	98.54%	685,111	10.71%
2008	6,806,898	6,547,727	96.19%	330,336	6,878,063	101.05%	792,924	11.65%
2009	7,192,469	6,901,884	95.96%	145,342	7,047,226	97.98%	835,419	11.62%
2010	6,904,508	6,572,629	95.19%	257,267	6,829,896	98.92%	793,701	11.50%
2011	7,071,099	6,706,433	94.84%	226,796	6,933,229	98.05%	832,656	11.78%
2012	7,116,812	6,802,180	95.58%	319,368	7,121,548	100.07%	747,418	10.50%
2013	7,029,394	6,659,268	94.73%	260,350	6,919,618	98.44%	775,779	11.04%
2014	7,697,598	7,201,515	93.56%	327,871	7,529,386	97.81%	716,349	9.31%
2015	7,662,773	7,292,723	95.17%	250,767	7,543,490	98.44%	747,240	9.75%

(1) Exclusive of penalties and interest. Includes personal property tax relief funds.

(2) Does not include land redemptions.

Table 6

County of Nottoway, Virginia
Assessed Value of Taxable Property (in thousands)
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Service (2)	Total
2006	\$ 540,862	\$ 72,809	\$ 15,956	\$ 44,394	\$ 674,022
2007	777,728	74,796	18,398	64,454	935,376
2008	790,448	76,093	18,237	66,339	951,116
2009	798,086	80,427	14,482	57,123	950,118
2010	805,070	69,447	13,998	56,230	944,746
2011	819,717	73,693	15,516	62,734	971,660
2012	819,870	72,893	14,799	72,922	980,484
2013	945,617	72,954	13,089	77,364	1,109,024
2014	878,681	77,330	14,849	84,102	1,054,962
2015	878,668	48,782	10,050	90,207	1,027,707

(1) Real estate is assessed at 100% of fair market value.

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utility	
				Real Estate	Personal Property
2006	\$ 0.56	\$ 3.35	\$ 1.25	\$ 0.56	\$ 3.35
2007	0.44	3.35	1.25	0.44	3.35
2008	0.47	3.40	1.35	0.47	3.40
2009	0.49	3.50	1.35	0.49	3.50
2010	0.49	3.50	1.35	0.49	3.50
2011	0.49	3.50	1.35	0.49	3.50
2012	0.49	3.50	1.35	0.49	3.50
2013	0.44	3.50	1.35	0.44	3.50
2014	0.47	3.75	1.35	0.47	3.75
2015	0.47	3.75	1.35	0.47	3.75

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	15,725	\$ 674,022	\$ 5,988,038	\$ 5,988,038	0.89%	\$ 381
2007	15,725	935,376	8,534,523	8,534,523	0.91%	543
2008	15,725	951,116	7,529,614	7,529,614	0.79%	479
2009	15,725	950,118	8,979,904	8,979,904	0.95%	571
2010	15,853	944,746	8,421,596	8,421,596	0.89%	531
2011	15,853	971,660	6,477,614	6,477,614	0.67%	409
2012	15,853	980,484	5,885,627	5,885,627	0.60%	371
2013	15,853	1,109,024	5,301,684	5,301,684	0.48%	334
2014	15,853	1,054,962	4,609,783	4,609,783	0.44%	291
2015	15,853	1,027,707	3,914,136	3,914,136	0.38%	247

(1) Weldon Cooper Center for Public Service - University of Virginia

(2) From Table 6

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, capital leases, notes payable, landfill closure liability and compensated absences.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Nottoway, Virginia's basic financial statements, and have issued our report thereon dated January 8, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Richmond, Virginia
January 8, 2016

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Nottoway, 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 Nottoway, Virginia's major federal programs for the year ended June 30, 2015. County of Nottoway, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Nottoway, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

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

Richmond, Virginia
January 8, 2016

County of Nottoway, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/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	\$ 6,467
Temporary Assistance for Needy Families (TANF)	93.558	0400114/0400115	201,304
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500115	228
Low Income Home Energy Assistance	93.568	06004414/00600415	18,522
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114/0760115	23,469
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114/090115	1,118
Foster Care - Title IV-E	93.658	1100114/1100115	52,923
Adoption Assistance	93.659	1130114/1130115	25,698
Social Services Block Grant	93.667	1000114/1000115	116,975
Chafee Foster Care Independence Program	93.674	9150114/9150115	3,057
Children's Health Insurance Program	93.767	0540114/0540115	5,314
Medical Assistance Program	93.778	1200114/1200115	<u>185,479</u>
Total Department of Health and Human Services			<u>\$ 640,554</u>
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution--School	10.555	17901-45707	\$ 67,105
Department of Education:			
National school lunch program	10.555	17901-40623	551,020
Total CFDA# 10.555			<u>\$ 618,125</u>
School breakfast program	10.553	17901-40591	182,393
Department of Health:			
Summer Food Service Program for Children	10.559	unavailable	15,231
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114	<u>164,526</u>
Total Department of Agriculture			<u>\$ 980,275</u>
Department of Justice:			
Pass Through Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	unavailable	<u>\$ 751</u>
Department of the Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	<u>\$ 76,800</u>
Department of the Treasury:			
Direct Payments:			
Commonwealth of Virginia Attorney General's Office:			
Forfeited assets	21.XXX	N/A	<u>\$ 5,499</u>

Total Department of Agriculture - pass-through payments
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 593,768
Migrant Education - State Grant Program	84.011	17901-42910	17,023
Migrant Education - Coordination Program	84.144	17901-61399	720
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	17901-43071	554,360
Special Education - Preschool Grants	84.173	17901-62521	5,178
Career and Technical Education - Basic Grants to States	84.048	17901-61095	14,280
Twenty-First Century Community Learning Centers	84.287	17901-60565	155,507
English Language Acquisition State Grants	84.365	17901-60512	6,001
Education for Homeless Children and Youth	84.196	N/A	1,206
Rural Education	84.358	17901-43481	18,292
Improving Teacher Quality State Grants	84.367	17901-61480	110,850
Total Department of Education			\$ 1,477,185
Total Expenditures of Federal Awards			\$ 3,181,064

See accompanying notes to schedule of expenditures of federal awards.

County of Nottoway, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of County of Nottoway, Virginia under programs of the federal government for the year ended June 30, 2015. 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 County of Nottoway, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Nottoway, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the County received and disbursed food commodities totaling \$67,105.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 811,330
Total primary government	\$ 811,330

Component Unit School Board:

School Operating Fund	\$ 1,553,985
School Cafeteria Fund	815,749
Total component unit school board	\$ 2,369,734

Total federal expenditures per basic financial statements	\$ 3,181,064
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,181,064
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County of Nottoway, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

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 auditors' report issued on compliance
for major programs: unmodified

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

Identification of major programs:

CFDA Number(s)
10.553/10.555/10.559

Name of Federal Program or Cluster
Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? ✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Nottoway, Virginia

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2015

There were no prior year findings.

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