

COUNTY OF NOTTOWAY, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2012

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COUNTY OF NOTTOWAY, VIRGINIA

Board of Supervisors

Jack J. Green, Chairperson

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

Steve W. Bowen
Clarence A. Simpson

School Board

Helen M. Simmons, Chairperson

Wallace B. Hurt, Vice-Chairperson
Shelli Hinton, Jr.

Jackie Hawkes
Robert L. Horn, Sr.

Board of Social Services

Erika Jackson Quarles, Chairperson

Lisa D. Wallace, Vice-Chairperson
Betsy Davis

Lillie Lewis
Nicole Martin

Other Officials

Judge of the Circuit Court	Honorable Paul W. Cella
Clerk of the Circuit Court	Jane L. Brown
Commonwealth's Attorney	Mayo K. Gravatt
Treasurer	Barbara L. Senger
Sheriff	Larry J. Parrish
Superintendent of Schools	Daniel Grounard
Director of Social Services	Robert H. Reitmeier
Commissioner of the Revenue	Irving J. Arnold
County Administrator	Ronald E. Roark

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	9
Exhibit 2 Statement of Activities	10-11
Fund Financial Statements:	
Exhibit 3 Balance Sheet--Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	14
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Fiduciary Net Assets--Fiduciary Funds	16
Notes to Financial Statements	17-44

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 8 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	45
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual– Special Revenue Fund	46
Exhibit 10 Schedule of Pension Funding Progress	47
Exhibit 11 Schedule of Funding Progress–Retiree Healthcare Plan	48
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 12 Combining Balance Sheet - Nonmajor Special Revenue Funds	49
Exhibit 13 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	50
Exhibit 14 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	51-52
Exhibit 15 Statement of Changes in Assets and Liabilities - Agency Fund	53
Discretely Presented Component Unit School Board:	
Exhibit 16 Combining Balance Sheet	54
Exhibit 17 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	55
Exhibit 18 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual - School Operating and Textbook Funds	56
Exhibit 19 Schedule of Revenues, Expenditures, and changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Fund	57
Discretely Presented Component Unit Industrial Development Authority:	
Exhibit 20 Statement of Net Assets	58
Exhibit 21 Statement of Revenues, Expenses and Changes in Fund Net Assets	59
Exhibit 22 Statement of Cash Flows	60

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Other Supplementary Information:</u>	
<u>Supporting Schedules:</u>	
Schedule 1 Governmental Funds–Schedule of Revenues–Budget and Actual	61-66
Schedule 2 Governmental Funds–Schedule of Expenditures–Budget and Actual	67-71
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function–Last Ten Fiscal Years	72
Table 2 Government-Wide Revenues–Last Ten Fiscal Years	73
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	74
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	75
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	76
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	77
Table 7 Property Tax Rates–Last Ten Fiscal Years	78
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	79
<u>Compliance:</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80-81
Independent Auditors’ Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	82-83
Schedule of Expenditures of Federal Awards	84-85
Notes to Schedule of Expenditures of Federal Awards	86
Schedule of Findings and Questioned Costs	87
Schedule of Prior Year Findings and Questioned Costs	88

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

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

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 the County of Nottoway, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Nottoway, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nottoway, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012, on our consideration of the 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* and should be considered in assessing the results of our audit.

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

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

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

Richmond, Virginia
December 27, 2012

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, 2012.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$38,620,450 (net assets).

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 \$1,029,691 (Exhibit 5) after making contributions totaling \$4,183,752 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$14,647,459, an increase of \$1,029,691 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,471,453 or 96% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$174,014 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.

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

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

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

The Government-wide financial statements include not only the County of 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 assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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 assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$38,620,450 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Nottoway, Virginia's Net Assets		
	Governmental Activities	
	2012	2011
Current and other assets	\$ 15,424,681	\$ 14,271,587
Capital assets	32,662,731	33,166,741
Total assets	48,087,412	47,438,328
Current liabilities	\$ 252,550	\$ 252,471
Long-term liabilities outstanding	9,214,412	9,388,426
Total liabilities	9,466,962	9,640,897
Net assets:		
Invested in capital assets, net of related debt	\$ 26,657,104	\$ 26,689,127
Unrestricted	11,963,346	11,108,304
Total net assets	\$ 38,620,450	\$ 37,797,431

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net assets increased by \$823,019. The following table summarizes the County's Statement of Activities

County of Nottoway, Virginia's Changes in Net Assets		
	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 473,252	\$ 462,676
Operating grants and contributions	4,031,460	3,240,693
Capital grants and contributions	71,955	1,372,452
General revenues:		
General property taxes	6,396,185	6,189,091
Other local taxes	1,474,067	1,458,257
Grants and other contributions not restricted	1,443,945	1,489,054
Other general revenues	823,201	944,970
Total revenues	<u>\$ 14,714,065</u>	<u>\$ 15,157,193</u>
Expenses:		
General government administration	\$ 1,052,738	\$ 853,235
Judicial administration	749,812	715,061
Public safety	2,134,591	2,619,360
Public works	1,281,092	1,106,481
Health and welfare	2,550,832	2,490,161
Education	4,779,326	6,279,361
Parks, recreation, and cultural	328,756	293,289
Community development	839,415	1,178,707
Interest and other fiscal charges	174,484	253,573
Total expenses	<u>\$ 13,891,046</u>	<u>\$ 15,789,228</u>
Change in net assets	\$ 823,019	\$ (632,035)
Net assets, beginning of year	<u>37,797,431</u>	<u>38,429,466</u>
Net assets, end of year	<u><u>\$ 38,620,450</u></u>	<u><u>\$ 37,797,431</u></u>

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 \$14,647,459, an increase of \$1,029,691 in comparison with the prior year. Approximately 85% 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 \$2,534,887 and can be briefly summarized as follows:

- < \$1,623,831 increase in capital project expenditures
- < \$307,979 increase in public safety expenditures
- < \$155,323 increase in education expenditures
- < \$447,754 net increase in various other expenditures

During the year, budgetary estimates exceeded revenues and other financing sources by \$50,954 and expenditures and other financing uses were less than budgetary estimates by \$2,566,566, resulting in a positive variance of \$2,515,612.

Capital Asset and Debt Administration

- < **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2012 amounted to \$32,662,731 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and utility plant.

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 \$5,785,166. Of this amount, \$5,785,166 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt decreased by \$465,708.

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

Economic Factors and Next Year's Budgets and Rates

- < The unemployment rate for the County was 7.5 percent compared to the state's average unemployment rate of 5.7 percent.
- < Inflationary trends in the region compare to national indices.

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

The fiscal year 2013 budget increased by approximately 0.60 percent. The County's Real Estate rate decreased from \$0.49 per \$100 of assessed value to \$0.44 in order to equalize the rate due to reassessment. All other tax rates remain unchanged.

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 Assets
June 30, 2012

	Primary Government Governmental Activities	Component Units School Board	IDA
ASSETS			
Cash and cash equivalents	\$ 12,628,322	\$ 3,666,364	\$ 260,794
Receivables (net of allowance for uncollectibles):			
Taxes receivable	682,725	-	-
Accounts receivable	45,344	-	-
Due from other governmental units	2,068,290	616,374	-
Prepaid expenses	-	266,107	-
Other assets:			
Notes receivable	-	-	2,239,324
Capital assets (net of accumulated depreciation):			
Land	18,287,557	88,670	-
Buildings and improvements	13,325,688	12,524,227	-
Equipment and vehicles	1,049,486	1,873,642	-
Total assets	<u>\$ 48,087,412</u>	<u>\$ 19,035,384</u>	<u>\$ 2,500,118</u>
LIABILITIES			
Accounts payable	\$ 121,757	\$ 22,343	\$ -
Accrued liabilities	-	1,003,280	-
Accrued interest payable	111,375	-	2,273
Due to other governmental units	-	1,372,677	76,378
Unearned revenue	19,418	-	-
Long-term liabilities:			
Due within one year	1,211,233	128,657	64,037
Due in more than one year	8,003,179	320,785	582,327
Total liabilities	<u>\$ 9,466,962</u>	<u>\$ 2,847,742</u>	<u>\$ 725,015</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 26,657,104	\$ 14,486,539	\$ -
Unrestricted (deficit)	11,963,346	1,701,103	1,775,103
Total net assets	<u>\$ 38,620,450</u>	<u>\$ 16,187,642</u>	<u>\$ 1,775,103</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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
PRIMARY GOVERNMENT:			
Governmental activities:			
General government administration	\$ 1,052,738	\$ 2,005	\$ 203,493
Judicial administration	749,812	64,718	370,708
Public safety	2,134,591	89,024	1,280,302
Public works	1,281,092	317,425	1,977
Health and welfare	2,550,832	-	1,801,032
Education	4,779,326	-	-
Parks, recreation, and cultural	328,756	-	42,286
Community development	839,415	80	331,662
Interest on long-term debt	174,484	-	-
Total government activities	<u>\$ 13,891,046</u>	<u>\$ 473,252</u>	<u>\$ 4,031,460</u>
COMPONENT UNITS:			
School Board	\$ 22,765,864	\$ 270,217	\$ 17,355,295
Industrial Development Authority	141,953	231,938	-
Total component units	<u>\$ 22,907,817</u>	<u>\$ 502,155</u>	<u>\$ 17,355,295</u>

General revenues:

General property taxes

Local sales and use taxes

Consumer utility taxes

Business licenses

Motor vehicle licenses

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

Payment from Nottoway County

Total general revenues

Change in net assets

Net assets - beginning - as adjusted

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets				
Capital Grants and Contributions	Primary Government		Component Units	
	Governmental Activities	School Board	IDA	
\$ -	\$ (847,240)	\$ -	\$ -	
-	(314,386)	-	-	
-	(765,265)	-	-	
-	(961,690)	-	-	
-	(749,800)	-	-	
-	(4,779,326)	-	-	
-	(286,470)	-	-	
71,955	(435,718)	-	-	
-	(174,484)	-	-	
<u>\$ 71,955</u>	<u>\$ (9,314,379)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ (5,140,352)	\$ -	
-	-	-	89,985	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,140,352)</u>	<u>\$ 89,985</u>	
	\$ 6,396,185	\$ -	\$ -	
	964,902	-	-	
	148,180	-	-	
	146,742	-	-	
	138,557	-	-	
	75,686	-	-	
	728,438	3,113	655	
	94,763	232,517	-	
	1,443,945	-	-	
	-	4,487,571	-	
	<u>\$ 10,137,398</u>	<u>\$ 4,723,201</u>	<u>\$ 655</u>	
	823,019	(417,151)	90,640	
	37,797,431	16,604,793	1,684,463	
	<u>\$ 38,620,450</u>	<u>\$ 16,187,642</u>	<u>\$ 1,775,103</u>	

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FUND FINANCIAL STATEMENTS

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County of Nottoway, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Landfill</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 11,807,105	\$ 298,808	\$ 522,409	\$ 12,628,322
Receivables (net of allowance for uncollectibles):				
Taxes receivable	682,725	-	-	682,725
Accounts receivable	8,285	37,059	-	45,344
Due from other governmental units	2,004,414	45,407	18,469	2,068,290
Total assets	<u>\$ 14,502,529</u>	<u>\$ 381,274</u>	<u>\$ 540,878</u>	<u>\$ 15,424,681</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 121,757	\$ -	\$ -	\$ 121,757
Deferred revenue	655,465	-	-	655,465
Total liabilities	<u>\$ 777,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,222</u>
Fund balances:				
Committed	\$ 1,253,854	\$ 381,274	\$ 540,878	\$ 2,176,006
Unassigned	12,471,453	-	-	12,471,453
Total fund balances	<u>\$ 13,725,307</u>	<u>\$ 381,274</u>	<u>\$ 540,878</u>	<u>\$ 14,647,459</u>
Total liabilities and fund balances	<u>\$ 14,502,529</u>	<u>\$ 381,274</u>	<u>\$ 540,878</u>	<u>\$ 15,424,681</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 Assets
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,647,459
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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	\$ 41,477,496		
Accumulated depreciation	<u>(8,814,765)</u>		32,662,731

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		636,047
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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	\$ 2,797,769		
Bond anticipation note	590,602		
Premium on general obligation bond	100,461		
Note payable	120,000		
State literary loans	2,396,795		
Landfill closure liability	3,023,092		
Compensated absences	185,693		
Accrued interest payable	<u>111,375</u>		(9,325,787)

Net assets of governmental activities	\$	<u><u>38,620,450</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, 2012

	<u>General</u>	<u>Landfill</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 6,304,420	\$ -	\$ -	\$ 6,304,420
Other local taxes	1,300,008	173,654	405	1,474,067
Permits, privilege fees, and regulatory licenses	78,966	-	-	78,966
Fines and forfeitures	16,740	-	-	16,740
Revenue from the use of money and property	718,438	-	10,000	728,438
Charges for services	60,121	317,425	-	377,546
Miscellaneous	94,763	-	-	94,763
Recovered costs	190,890	-	-	190,890
Intergovernmental revenues:				
Commonwealth	3,632,034	265,875	278,625	4,176,534
Federal	1,370,826	-	-	1,370,826
Total revenues	<u>\$ 13,767,206</u>	<u>\$ 756,954</u>	<u>\$ 289,030</u>	<u>\$ 14,813,190</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,192,422	\$ -	\$ -	\$ 1,192,422
Judicial administration	638,417	-	-	638,417
Public safety	1,896,378	-	278,253	2,174,631
Public works	259,001	840,328	-	1,099,329
Health and welfare	2,516,591	-	-	2,516,591
Education	4,187,340	-	-	4,187,340
Parks, recreation, and cultural	238,858	-	-	238,858
Community development	738,042	-	-	738,042
Capital projects	509,223	-	-	509,223
Debt service:				
Principal retirement	585,708	-	-	585,708
Interest and other fiscal charges	212,322	-	-	212,322
Total expenditures	<u>\$ 12,974,302</u>	<u>\$ 840,328</u>	<u>\$ 278,253</u>	<u>\$ 14,092,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 792,904</u>	<u>\$ (83,374)</u>	<u>\$ 10,777</u>	<u>\$ 720,307</u>
OTHER FINANCING SOURCES (USES)				
Issuance of note payable	\$ -	\$ 120,000	\$ -	\$ 120,000
Sale of property	189,384	-	-	189,384
Total other financing sources (uses)	<u>\$ 189,384</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 309,384</u>
Net change in fund balances	\$ 982,288	\$ 36,626	\$ 10,777	\$ 1,029,691
Fund balances - beginning, as adjusted	12,743,019	344,648	530,101	13,617,768
Fund balances - ending	<u>\$ 13,725,307</u>	<u>\$ 381,274</u>	<u>\$ 540,878</u>	<u>\$ 14,647,459</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, 2012

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

Net change in fund balances - total governmental funds	\$ 1,029,691
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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	\$ 921,129	
Depreciation expense	(931,936)	
Jointly owned asset allocation	<u>(303,819)</u>	(314,626)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(189,384)
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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.	91,765
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$ 153,475	
Principal retirement on bond anticipation note	27,029	
Principal retirement on state literary loan	405,204	
Issuance of note payable	(120,000)	
Increase in landfill closure liability	<u>(319,184)</u>	146,524

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 in compensated absences	\$ 21,211	
Decrease in premium on general obligation bond	6,279	
Decrease in interest payable	<u>31,559</u>	59,049

Change in net assets of governmental activities	<u><u>\$ 823,019</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 Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 7,324
Total assets	<u>\$ 7,324</u>
LIABILITIES	
Amounts held for social services clients	\$ 7,324
Total liabilities	<u>\$ 7,324</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2012

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 specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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, 2012 (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, 2012.

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, 2012.

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, 2012. 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 County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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

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, 2012 (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 deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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, and Dare. The Landfill fund is reported as a major fund.

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 modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

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

F. Investments

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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 \$377,306 at June 30, 2012 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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	35-45
Motor vehicles	5-10
Equipment	2-15

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

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

K. Use of Estimates

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

L. Fund Equity

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

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

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).

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

L. 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	Other Governmental Funds	Total
Fund Balances:				
Committed to:				
Encumbrances and carry-over from prior year	\$ 1,253,854	\$ 249,992	\$ 87,442	\$ 1,591,288
Landfill	-	131,282	-	131,282
E-911	-	-	443,436	443,436
Local Reuse Authority land sale	-	-	10,000	10,000
Total Committed Fund Balance	\$ 1,253,854	\$ 381,274	\$ 540,878	\$ 2,176,006
Unassigned Fund Balance	\$ 12,471,453	\$ -	\$ -	\$ 12,471,453
Total Fund Balances	\$ 13,725,307	\$ 381,274	\$ 540,878	\$ 14,647,459

M. Net Assets

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

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. 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.

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, 2012.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 4—Due to/from Other Governments:

At June 30, 2012, 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	\$ 1,372,677	\$ -	\$ -
Nottoway County Industrial Development Authority	76,378	-	-
Commonwealth of Virginia:			
Local sales tax	177,731	-	-
Shared expenses	109,921	-	-
Recordation tax	3,905	-	-
Rolling stock tax	308	-	-
VPA funds	39,757	-	-
State sales Tax	-	355,333	-
Mobile home titling tax	11,841	-	-
Comprehensive services act	75,153	-	-
Fire program fund	3,579	-	-
Wireless grant	3,333	-	-
Communications tax	60,543	-	-
State police - gasoline purchased	26	-	-
Local law enforcement block grant	2,323	-	-
Other state funds	338	-	-
Federal Government:			
School fund grants	-	261,041	-
ISTEA funds	71,955	-	-
VPA funds	58,522	-	-
Total due from other governments	\$ <u>2,068,290</u>	\$ <u>616,374</u>	\$ <u>-</u>

At June 30, 2012 amounts due to other local governments are as follows:

Other Local Governments:			
County of Nottoway	\$ <u>-</u>	\$ <u>1,372,677</u>	\$ <u>76,378</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2012 (Continued)

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 18,316,941	\$ 160,000	\$ 189,384	\$ 18,287,557
Total capital assets not subject to depreciation	\$ 18,316,941	\$ 160,000	\$ 189,384	\$ 18,287,557
Capital assets subject to depreciation:				
Buildings and improvements	\$ 9,850,120	\$ -	\$ -	\$ 9,850,120
Equipment and vehicles	2,401,992	685,097	-	3,087,089
Jointly owned assets	10,668,346	76,032	491,648	10,252,730
Total capital assets subject to depreciation	\$ 22,920,458	\$ 761,129	\$ 491,648	\$ 23,189,939
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,160,226	\$ 249,834	\$ -	\$ 2,410,060
Equipment and vehicles	1,719,701	317,902	-	2,037,603
Jointly owned assets	4,190,731	364,200	187,829	4,367,102
Total accumulated depreciation	\$ 8,070,658	\$ 931,936	\$ 187,829	\$ 8,814,765
Total capital assets being depreciated, net	\$ 14,849,800	\$ (170,807)	\$ 303,819	\$ 14,375,174
Governmental capital assets, net	\$ 33,166,741	\$ (10,807)	\$ 493,203	\$ 32,662,731

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
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:				
Equipment and vehicles	\$ 4,859,052	\$ 473,634	\$ 133,732	\$ 5,198,954
Jointly owned assets	21,325,486	-	(491,648)	21,817,134
Total capital assets subject to depreciation	\$ 26,184,538	\$ 473,634	\$ (357,916)	\$ 27,016,088
Less accumulated depreciation for:				
Equipment and vehicles	\$ 3,103,912	\$ 355,132	\$ 133,732	\$ 3,325,312
Jointly owned assets	8,377,061	728,017	(187,829)	9,292,907
Total accumulated depreciation	\$ 11,480,973	\$ 1,083,149	\$ (54,097)	\$ 12,618,219
Total capital assets being depreciated, net	\$ 14,703,565	\$ (609,515)	\$ (303,819)	\$ 14,397,869
Governmental capital assets, net	\$ 14,792,235	\$ (609,515)	\$ (303,819)	\$ 14,486,539

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government administration	\$	26,790
Judicial administration		111,740
Public safety		247,733
Public works		36,033
Health and welfare		41,011
Education		364,199
Parks, recreation and cultural		93,579
Community development		10,851

Total Governmental activities	\$	<u>931,936</u>
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Component Unit School Board	\$	<u>1,083,149</u>
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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, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 206,904	\$ -	\$ 21,211	\$ 185,693	\$ 18,569
Non-interest bearing note payable	-	120,000	-	120,000	40,000
Landfill closure liability	<u>2,703,908</u>	<u>319,184</u>	<u>-</u>	<u>3,023,092</u>	<u>-</u>
Total incurred by County	\$ <u>2,910,812</u>	\$ <u>439,184</u>	\$ <u>21,211</u>	\$ <u>3,328,785</u>	\$ <u>58,569</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 2,801,999	\$ -	\$ 405,204	\$ 2,396,795	\$ 405,204
Bond anticipation note	617,631	-	27,029	590,602	590,602
General Obligation Bonds payable	2,951,244	-	153,475	2,797,769	156,858
Add deferred amounts for: issuance premium	<u>106,740</u>	<u>-</u>	<u>6,279</u>	<u>100,461</u>	<u>-</u>
Total incurred by School Board	\$ <u>6,477,614</u>	\$ <u>-</u>	\$ <u>591,987</u>	\$ <u>5,885,627</u>	\$ <u>1,152,664</u>
Total Governmental Obligations	\$ <u>9,388,426</u>	\$ <u>439,184</u>	\$ <u>613,198</u>	\$ <u>9,214,412</u>	\$ <u>1,211,233</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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		Bond		Literary Fund Loans	
	Obligation	Bonds	Anticipation	Note	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 156,858	\$ 135,315	\$ 590,602	\$ 12,698	\$ 405,204	\$ 47,936
2014	160,418	127,226	-	-	405,204	39,832
2015	164,164	118,949	-	-	405,204	31,728
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	\$ 2,797,769	\$ 1,120,579	\$ 590,602	\$ 12,698	\$ 2,396,795	\$ 184,675

Year Ending June 30	County Obligations	
	Non-Interest	
	Bearing Note	Payable
	Principal	Interest
2013	\$ 40,000	\$ -
2014	40,000	-
2015	40,000	-
Total	\$ 120,000	\$ -

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations are as follows:

Governmental Obligations:

Incurred by County:

Landfill closure liability	\$ <u>3,023,092</u>
Non-interest bearing note payable, issued March 7, 2012, due in annual installments of \$40,000 through 2014 (Payable from the General Fund)	\$ <u>120,000</u>
Compensated absences payable (Payable from the General Fund)	\$ <u>185,693</u>
Total Incurred by County	\$ <u>3,328,785</u>

Incurred by School Board:

General Obligation Bonds Payable:

\$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.	\$ 851,411
\$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 \$1,946,358 plus unamortized issuance premium of \$100,461.	<u>2,046,819</u>
Total General Obligation Bonds	\$ <u>2,898,230</u>

Bond Anticipation Notes:

\$2,000,000 Bond Anticipation Note issued March 1, 2009; due in one lump principal payment in 2013, interest payable semi-annually at varying rates.	\$ <u>590,602</u>
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State Literary Fund Loans:

\$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%	\$ 647,954
\$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%	748,841
\$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%	500,000
\$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>500,000</u>
Total State Literary Fund Loans	\$ <u>2,396,795</u>
Total Incurred by School Board	\$ <u>5,885,627</u>
Total Governmental Obligations	\$ <u>9,214,412</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Governmental Obligations :					
Incurred by School Board:					
Compensated absences payable	\$ 153,555	\$ 4,627	\$ -	\$ 158,182	\$ 15,818
OPEB liability	47,589	78,047	69,080	56,556	-
Early retirement liability	339,183	-	104,479	234,704	112,839
Total Governmental Obligations	\$ <u>540,327</u>	\$ <u>82,674</u>	\$ <u>173,559</u>	\$ <u>449,442</u>	\$ <u>128,657</u>

Details of long-term obligations are as follows:

Early Retirement liability, issued July 1, 1994 at 8% over 20 years	\$ <u>234,704</u>
OPEB liability	\$ <u>56,556</u>
Compensated absences payable (Payable from the School Fund)	\$ <u>158,182</u>
Total governmental obligations	\$ <u>449,442</u>

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

Year Ending June 30	Early Retirement Liability Payable	
	Principal	Interest
2013	\$ 112,839	\$ 18,776
2014	<u>121,865</u>	<u>9,750</u>
Total	\$ <u>234,704</u>	\$ <u>28,526</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 6—Long-Term Obligations: (Continued)

Component Unit Industrial Development Authority:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Notes Payable	\$ <u>700,309</u>	\$ <u>-</u>	\$ <u>53,945</u>	\$ <u>646,364</u>	\$ <u>64,037</u>

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

Year Ending June 30	Notes Payable	
	Principal	Interest
2013	\$ 64,037	\$ 24,278
2014	64,593	23,722
2015	67,419	20,895
2016	70,369	17,946
2017	73,448	14,867
2018	76,662	11,653
2019	80,016	8,299
2020	83,517	4,798
2021	<u>66,303</u>	<u>1,214</u>
Total	\$ <u>646,364</u>	\$ <u>127,672</u>

Details of long-term obligations are as follows:

Notes Payable:

\$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.

\$ 646,364

Total Notes payable

\$ 646,364

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$655,465 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$636,047 at June 30, 2012.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$19,418 at June 30, 2012.

Note 8—Commitments and Contingencies:

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.

The following construction contract was outstanding at June 30, 2012:

	<u>Project</u>	<u>Contractor</u>	<u>Contract</u>	<u>Outstanding</u>
Primary Government	Farm to Fuel Project	W.A. Stratton	\$ 617,752	\$ 617,752

Note 9—Litigation:

At June 30, 2012, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 10—Risk Management:

The County and the Component Unit School Board 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.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Risk Management: (Continued)

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

The County 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.

Note 11—Defined Benefit Pension Plan:

Primary Government and Discretely Presented Component Unit School Board:

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 11—Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit School Board: (continued)

A. Plan Description (Continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1, of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report (CAFR) 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/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rates for the fiscal year ended 2012 were 6.44% and 5.80% of annual covered payroll, respectively.

The Nottoway County School Board professional employees rate was 6.33%, 3.93% and 8.81% of annual covered payroll the years ending June 30, 2012, 2011 and 2010, respectively. The contribution requirements of plan members and Nottoway County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2012, 2011, and 2010 were \$662,435, \$412,700 and \$698,954, respectively, and equal to the required contributions for each year.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 11—Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit School Board: (continued)

C. Annual Pension Cost

For fiscal year 2012, the County's annual pension cost of \$338,631 (which includes the portion of the employee share assumed by the employer which was \$148,003) was equal to the County's required and actual contributions.

For the fiscal year 2012, the County School Board's annual pension cost for the Board's non-professional employees was \$118,515 (which includes the portion of the employees share assumed by the County which was \$54,868) which was equal to the Board's required and actual contributions.

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2012	\$ 190,628	100%	\$ -
June 30, 2011	190,267	100%	-
June 30, 2010	238,025	100%	-
School Board:			
Non-Professional:			
June 30, 2012	\$ 63,647	100%	\$ -
June 30, 2011	63,199	100%	-
June 30, 2010	67,961	100%	-

(1) Employer portion only

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 11—Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit School Board: (continued)

D. Funded Status and Funding Progress:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 86.09% funded. The actuarial accrued liability for benefits was \$13,437,615, and the actuarial value of assets was \$11,568,387, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,869,228. The covered payroll (annual payroll of active employees covered by the plan) was \$2,966,754, and ratio of the UAAL to the covered payroll was 63.01%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board's Non-Professions plan was 82.62% funded. The actuarial accrued liability for benefits was \$5,246,746 and the actuarial value of assets was \$4,334,673, resulting in an unfunded actuarial accrued liability (UAAL) of \$912,073. The covered payroll (annual payroll of active employees covered by the plan) was \$1,089,636 and ratio of the UAAL to the covered payroll was 83.70%.

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

Note 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
Irving J. Arnold, Commissioner of the Revenue	3,000
Larry J. Parrish, Sheriff	30,000
State Farm Insurance - Surety	
Jack J. Green, Chairperson	2,500
Sherman C. Vaughn, Vice-Chairperson	2,500
Gary L. Simmons, Supervisor	2,500
Clarence A. Simpson, Supervisor	2,500
Steve Bowen, 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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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 \$43,700 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 \$3,023,092 reported as landfill closure and postclosure care liability at June 30, 2012, represents the cumulative amount reported based on the use of 60% of the estimated capacity of the landfill with the total amount of \$5,038,486 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 2012. 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 June 1, 1998, the Industrial Development Authority entered into a lease-purchase agreement with Hudson Industries Plant to sell a shell building and improvements. The agreement called for monthly installments of principal and interest of \$5,697 for 20 years to be received by the Industrial Development Authority. The interest rate is 4.344%, and the total amount financed was \$883,329. At June 30, 2012, the balance of the lease purchase receivable was \$369,299.

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, 2012, the balance of the lease-purchase receivable was \$770,337.

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, 2012, the balance of the lease-purchase receivable was \$596,670.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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, 2012, the balance of the lease-purchase receivable was \$147,513.

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, 2012, the balance of the lease-purchase receivable was \$355,505.

Note 16-Restatement of Beginning Fund Balances/Net Assets:

The following adjustments were made to beginning fund balances/net assets:

	Fund Balance		Net Assets	
	General Fund	Component Unit- Textbook Fund	Governmental Activities	Component Unit- School Fund
Fund balances/net assets as previously reported	\$ 12,693,019	\$ 179,378	\$ 37,747,431	\$ 16,479,896
Adjustment to record prior year payment from the School Board posted to miscellaneous revenue	50,000	-	50,000	-
Adjustment to correct a transfer from the prior year from the School Fund to the Textbook Fund	-	124,897	-	124,897
Fund balances/net assets, as restated	<u>\$ 12,743,019</u>	<u>\$ 304,275</u>	<u>\$ 37,797,431</u>	<u>\$ 16,604,793</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2012, 2011, and 2010 were \$62,790, \$63,008 and \$82,937, respectively and equaled the required contributions for each year.

Note 18-Post-Employment Benefits Other Than Pensions:

Beginning in fiscal year 2010, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to post-employment 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.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 18-Post-Employment Benefits Other Than Pensions: (Continued)

Plan Description

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.

Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 12 retirees on their plan.

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	\$	78,790
Interest on net OPEB obligation		1,622
Adjustment to annual required contribution		(2,365)
Annual OPEB cost (expense)	\$	<u>78,047</u>
Estimated Contributions made		<u>(69,080)</u>
Increase in net OPEB obligation	\$	8,967
Net OPEB obligation-beginning of year		<u>47,589</u>
Net OPEB obligation-end of year	\$	<u><u>56,556</u></u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 18-Post-Employment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012, and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2012	\$ 78,047	88.51%	\$ 56,556
6/30/2011	85,300	78.31%	47,589
6/30/2010	82,329	64.67%	29,089

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$757,095, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$12,232,094, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.19 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.

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.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 18-Post-Employment Benefits Other Than Pensions: (Continued)

Cost Method

In the July 1, 2011 actuarial valuation, the projected unit credit method, with linear pro-ratio to assumed benefit commencement was used. The unfunded liability is amortized over 20 years 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.

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, 2012 was twenty years.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 5,813,157	\$ 5,813,157	\$ 6,304,420	\$ 491,263
Other local taxes	1,264,880	1,264,880	1,300,008	35,128
Permits, privilege fees, and regulatory licenses	66,230	66,230	78,966	12,736
Fines and forfeitures	10,000	10,000	16,740	6,740
Revenue from the use of money and property	783,800	799,692	718,438	(81,254)
Charges for services	27,342	34,556	60,121	25,565
Miscellaneous	113,400	334,266	94,763	(239,503)
Recovered costs	39,447	39,447	190,890	151,443
Intergovernmental revenues:				
Commonwealth	3,550,179	4,507,770	3,632,034	(875,736)
Federal	1,137,546	1,137,546	1,370,826	233,280
Total revenues	<u>\$ 12,805,981</u>	<u>\$ 14,007,544</u>	<u>\$ 13,767,206</u>	<u>\$ (240,338)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,218,243	\$ 1,360,073	\$ 1,192,422	\$ 167,651
Judicial administration	642,097	677,986	638,417	39,569
Public safety	1,922,156	2,230,135	1,896,378	333,757
Public works	266,944	266,461	259,001	7,460
Health and welfare	2,808,692	2,808,697	2,516,591	292,106
Education	4,325,106	4,480,429	4,187,340	293,089
Parks, recreation, and cultural	223,143	240,381	238,858	1,523
Community development	806,663	1,059,938	738,042	321,896
Capital projects	33,287	1,657,118	509,223	1,147,895
Debt service:				
Principal retirement	586,874	560,374	585,708	(25,334)
Interest and other fiscal charges	172,776	199,276	212,322	(13,046)
Total expenditures	<u>\$ 13,005,981</u>	<u>\$ 15,540,868</u>	<u>\$ 12,974,302</u>	<u>\$ 2,566,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (200,000)</u>	<u>\$ (1,533,324)</u>	<u>\$ 792,904</u>	<u>\$ 2,326,228</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	\$ -	\$ -	\$ 189,384	\$ 189,384
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,384</u>	<u>\$ 189,384</u>
Net change in fund balances	<u>\$ (200,000)</u>	<u>\$ (1,533,324)</u>	<u>\$ 982,288</u>	<u>\$ 2,515,612</u>
Fund balances - beginning balance, as adjusted	500,000	1,533,324	12,743,019	11,209,695
Fund balances - ending	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 13,725,307</u>	<u>\$ 13,725,307</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, 2012

	Landfill Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Other local taxes	\$ 172,589	\$ 172,589	\$ 173,654	\$ 1,065
Charges for services	485,524	485,524	317,425	(168,099)
Intergovernmental revenues:				
Commonwealth	250,000	250,000	265,875	15,875
Total revenues	<u>\$ 908,113</u>	<u>\$ 908,113</u>	<u>\$ 756,954</u>	<u>\$ (151,159)</u>
EXPENDITURES				
Current:				
Public works	\$ 908,113	\$ 1,022,732	\$ 840,328	\$ 182,404
Total expenditures	<u>\$ 908,113</u>	<u>\$ 1,022,732</u>	<u>\$ 840,328</u>	<u>\$ 182,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (114,619)</u>	<u>\$ (83,374)</u>	<u>\$ 31,245</u>
OTHER FINANCING SOURCES (USES)				
Issuance of note payable	\$ -	\$ -	\$ 120,000	\$ 120,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>
Net change in fund balances	\$ -	\$ (114,619)	\$ 36,626	\$ 151,245
Fund balances - beginning balance	-	114,619	344,648	230,029
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,274</u>	<u>\$ 381,274</u>

County of Nottoway, Virginia

Schedule of Pension Funding Progress

For the Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3-2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
County:						
6/30/2011	\$ 11,568,387	\$ 13,437,615	\$ 1,869,228	86.09%	\$ 2,966,754	63.01%
6/30/2010	11,152,626	12,817,339	1,664,713	87.01%	2,999,941	55.49%
6/30/2009	10,890,168	11,924,799	1,034,631	91.32%	3,148,349	32.86%
6/30/2008	10,586,780	11,264,205	677,425	93.99%	2,942,340	23.02%
6/30/2007	9,574,377	10,102,698	528,321	94.77%	2,798,719	18.88%
6/30/2006	8,489,219	9,304,738	815,519	91.24%	2,623,258	31.09%
6/30/2005	7,971,700	8,680,164	708,464	91.84%	2,379,574	29.77%
6/30/2004	7,712,013	7,339,235	(372,778)	105.08%	2,277,421	-16.37%
6/30/2003	7,554,053	6,752,348	(801,705)	111.87%	2,234,052	-35.89%
6/30/2002	7,387,510	6,265,536	(1,121,974)	117.91%	2,248,001	-49.91%
School Board Non-Professionals:						
6/30/2011	\$ 4,334,673	\$ 5,246,746	\$ 912,073	82.62%	\$ 1,089,636	83.70%
6/30/2010	4,252,104	5,183,492	931,388	82.03%	1,115,662	83.48%
6/30/2009	4,302,604	4,728,249	425,645	91.00%	1,166,326	36.49%
6/30/2008	4,307,256	4,543,896	236,640	94.79%	1,106,182	21.39%
6/30/2007	4,019,545	4,324,245	304,700	92.95%	1,133,856	26.87%
6/30/2006	3,450,173	3,917,270	467,097	88.08%	1,085,719	43.02%
6/30/2005	3,207,861	3,684,206	476,345	87.07%	1,050,934	45.33%
6/30/2004	3,086,522	3,172,098	85,576	97.30%	969,813	8.82%
6/30/2003	3,057,916	3,072,281	14,365	99.53%	966,975	1.49%
6/30/2002	3,031,237	2,814,363	(216,874)	107.71%	962,212	-22.54%

County of Nottoway, Virginia

Schedule of Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3-2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

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County of Nottoway, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	<u>E-911</u> <u>Fund</u>	<u>Dare</u> <u>Fund</u>	<u>LRA</u> <u>Land Sale</u> <u>Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 512,067	\$ 342	\$ 10,000	\$ 522,409
Due from other governmental units	18,469	-	-	18,469
Total assets	<u>\$ 530,536</u>	<u>\$ 342</u>	<u>\$ 10,000</u>	<u>\$ 540,878</u>
LIABILITIES AND FUND BALANCES				
Fund balances:				
Committed	\$ 530,536	\$ 342	\$ 10,000	\$ 540,878
Total fund balances	<u>\$ 530,536</u>	<u>\$ 342</u>	<u>\$ 10,000</u>	<u>\$ 540,878</u>
Total liabilities and fund balances	<u>\$ 530,536</u>	<u>\$ 342</u>	<u>\$ 10,000</u>	<u>\$ 540,878</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, 2012

	<u>E-911 Fund</u>	<u>Dare Fund</u>	<u>LRA Land Sale Fund</u>	<u>Total</u>
REVENUES				
Other local taxes	\$ 405	\$ -	\$ -	\$ 405
Revenue from the use of money and property	-	-	10,000	10,000
Intergovernmental revenues:				
Commonwealth	278,625	-	-	278,625
Total revenues	<u>\$ 279,030</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 289,030</u>
EXPENDITURES				
Current:				
Public safety	\$ 278,253	\$ -	\$ -	\$ 278,253
Total expenditures	<u>\$ 278,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 777</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,777</u>
Net change in fund balances	\$ 777	\$ -	\$ 10,000	\$ 10,777
Fund balances - beginning	529,759	342	-	530,101
Fund balances - ending	<u><u>\$ 530,536</u></u>	<u><u>\$ 342</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 540,878</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, 2012

	E-911 Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Other local taxes	\$ 500	\$ 500	\$ 405	\$ (95)
Revenue from the use of money and property	-	-	-	-
Intergovernmental revenues:				
Commonwealth	124,803	357,127	278,625	(78,502)
Total revenues	<u>\$ 125,303</u>	<u>\$ 357,627</u>	<u>\$ 279,030</u>	<u>\$ (78,597)</u>
EXPENDITURES				
Current:				
Public safety	\$ 125,303	\$ 370,322	\$ 278,253	\$ 92,069
Total expenditures	<u>\$ 125,303</u>	<u>\$ 370,322</u>	<u>\$ 278,253</u>	<u>\$ 92,069</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (12,695)</u>	<u>\$ 777</u>	<u>\$ 13,472</u>
Net change in fund balances	\$ -	\$ (12,695)	\$ 777	\$ 13,472
Fund balances - beginning	-	12,695	529,759	517,064
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,536</u>	<u>\$ 530,536</u>

Dare Fund				LRA Land Sale Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	10,000	10,000
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
\$ -	\$ 342	\$ -	\$ 342	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 342	\$ -	\$ 342	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (342)	\$ -	\$ 342	\$ -	\$ -	\$ 10,000	\$ 10,000
\$ -	\$ (342)	\$ -	\$ 342	\$ -	\$ -	\$ 10,000	\$ 10,000
-	342	342	-	-	-	-	-
\$ -	\$ -	\$ 342	\$ 342	\$ -	\$ -	\$ 10,000	\$ 10,000

County of Nottoway, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2012

	<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>\$ 8,174</u>	<u>\$ 11,830</u>	<u>\$ 12,680</u>	<u>\$ 7,324</u>
Liabilities				
Amounts held for social services clients	<u>\$ 8,174</u>	<u>\$ 11,830</u>	<u>\$ 12,680</u>	<u>\$ 7,324</u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Nottoway, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,744,880	\$ 391,343	\$ 530,141	\$ 3,666,364
Due from other governmental units	599,755	-	16,619	616,374
Prepaid items	266,107	-	-	266,107
Total assets	<u>\$ 3,610,742</u>	<u>\$ 391,343</u>	<u>\$ 546,760</u>	<u>\$ 4,548,845</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,343	\$ -	\$ -	\$ 22,343
Accrued liabilities	970,338	-	32,942	1,003,280
Due to other governmental units	1,372,677	-	-	1,372,677
Total liabilities	<u>\$ 2,365,358</u>	<u>\$ -</u>	<u>\$ 32,942</u>	<u>\$ 2,398,300</u>
Fund balances:				
Nonspendable	\$ 266,107	\$ -	\$ -	\$ 266,107
Committed	979,277	391,343	513,818	1,884,438
Total fund balances	<u>\$ 1,245,384</u>	<u>\$ 391,343</u>	<u>\$ 513,818</u>	<u>\$ 2,150,545</u>
Total liabilities and fund balances	<u>\$ 3,610,742</u>	<u>\$ 391,343</u>	<u>\$ 546,760</u>	<u>\$ 4,548,845</u>

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

Total fund balances per above	\$ 2,150,545
-------------------------------	--------------

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	\$ 27,104,758	
Accumulated Depreciation	<u>(12,618,219)</u>	14,486,539

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(449,442)
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Net assets of governmental activities	<u>\$ 16,187,642</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, 2012

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,113	\$ 3,113
Charges for services	3,689	-	266,528	270,217
Miscellaneous	199,145	1,143	32,229	232,517
Intergovernmental revenues:				
Local government	4,183,752	-	-	4,183,752
Commonwealth	13,637,886	-	23,986	13,661,872
Federal	2,816,581	-	876,842	3,693,423
Total revenues	<u>\$ 20,841,053</u>	<u>\$ 1,143</u>	<u>\$ 1,202,698</u>	<u>\$ 22,044,894</u>
EXPENDITURES				
Current:				
Education	\$ 20,893,794	\$ 114,011	\$ 1,107,814	\$ 22,115,619
Debt service:				
Principal retirement	104,479	-	-	104,479
Interest and other fiscal charges	27,136	-	-	27,136
Total expenditures	<u>\$ 21,025,409</u>	<u>\$ 114,011</u>	<u>\$ 1,107,814</u>	<u>\$ 22,247,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (184,356)</u>	<u>\$ (112,868)</u>	<u>\$ 94,884</u>	<u>\$ (202,340)</u>
Net change in fund balances	\$ (384,292)	\$ 87,068	\$ 94,884	\$ (202,340)
Fund balances - beginning, as adjusted	1,629,676	304,275	418,934	2,352,885
Fund balances - ending	<u>\$ 1,245,384</u>	<u>\$ 391,343</u>	<u>\$ 513,818</u>	<u>\$ 2,150,545</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 \$ (202,340)

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	\$	473,634	
Depreciation expense		(1,083,149)	
Jointly owned asset allocation		<u>303,819</u>	(305,696)

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

Principal retirement on early retirement liability	104,479
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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 OPEB liability	\$	(8,967)	
(Increase) decrease in compensated absences		<u>(4,627)</u>	(13,594)

Change in net assets of governmental activities	<u>\$ (417,151)</u>
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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, 2012

	School Operating Fund			Textbook Fund		
	Budgeted Amounts		Actual	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final		Original	Final	
REVENUES						
Charges for services	\$ -	\$ -	\$ 3,689	\$ -	\$ -	\$ -
Miscellaneous	15,000	15,000	199,145	-	176,519	1,143
Recovered costs	20,000	20,000	-	-	-	-
Intergovernmental revenues:						
Local government	4,321,518	4,476,841	4,183,752	-	-	-
Commonwealth	13,544,755	13,634,755	13,637,886	-	-	-
Federal	2,360,114	2,980,700	2,816,581	-	-	-
Total revenues	\$ 20,261,387	\$ 21,127,296	\$ 20,841,053	\$ -	\$ 176,519	\$ 1,143
						\$ (175,376)
EXPENDITURES						
Current:						
Education	\$ 20,139,975	\$ 22,148,528	\$ 20,893,794	\$ -	\$ 176,519	\$ 114,011
Capital projects	553,155	482,145	-	-	-	-
Debt service:						
Principal retirement	68,412	104,479	104,479	-	-	-
Interest and other fiscal charges	53,000	65,515	27,136	-	-	-
Total expenditures	\$ 20,814,542	\$ 22,800,667	\$ 21,025,409	\$ -	\$ 176,519	\$ 114,011
						\$ 62,508
Excess (deficiency) of revenues over (under) expenditures	\$ (553,155)	\$ (1,673,371)	\$ (184,356)	\$ -	\$ -	\$ (112,868)
OTHER FINANCING SOURCES (USES)						
Transfers out	\$ -	\$ -	\$ (199,936)	\$ -	\$ -	\$ 199,936
Total other financing sources and uses	\$ -	\$ -	\$ (199,936)	\$ -	\$ -	\$ 199,936
Net change in fund balances	\$ (553,155)	\$ (1,673,371)	\$ (384,292)	\$ -	\$ -	\$ 87,068
Fund balances - beginning, as adjusted	553,155	1,673,371	1,629,676	-	-	304,275
Fund balances - ending	\$ -	\$ -	\$ 1,245,384	\$ -	\$ -	\$ 391,343
						\$ 391,343

County of Nottoway, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 3,113	\$ 2,113
Charges for services	375,000	375,000	266,528	(108,472)
Miscellaneous	24,400	24,400	32,229	7,829
Intergovernmental revenues:				
Commonwealth	26,254	26,254	23,986	(2,268)
Federal	690,000	690,000	876,842	186,842
Total revenues	<u>\$ 1,116,654</u>	<u>\$ 1,116,654</u>	<u>\$ 1,202,698</u>	<u>\$ 86,044</u>
EXPENDITURES				
Current:				
Education	\$ 1,171,654	\$ 1,380,745	\$ 1,107,814	\$ 272,931
Total expenditures	<u>\$ 1,171,654</u>	<u>\$ 1,380,745</u>	<u>\$ 1,107,814</u>	<u>\$ 272,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (55,000)</u>	<u>\$ (264,091)</u>	<u>\$ 94,884</u>	<u>\$ 358,975</u>
Net change in fund balances	\$ (55,000)	\$ (264,091)	\$ 94,884	\$ 358,975
Fund balances - beginning	55,000	264,091	418,934	154,843
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,818</u>	<u>\$ 513,818</u>

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Nottoway, Virginia
Statement of Net Assets
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2012

ASSETS

Current assets:

Cash and cash equivalents	\$ 260,794
Notes receivable - current portion	114,235
Total current assets	<u>\$ 375,029</u>

Noncurrent assets:

Other assets:

Notes receivable - net of current portion	\$ 2,125,089
Total noncurrent assets	<u>\$ 2,125,089</u>
Total assets	<u>\$ 2,500,118</u>

LIABILITIES

Current liabilities:

Accrued interest payable	\$ 2,273
Due to other governmental units	76,378
Notes payable - current portion	64,037
Total current liabilities	<u>\$ 142,688</u>

Noncurrent liabilities:

Notes payable - net of current portion	\$ 582,327
Total noncurrent liabilities	<u>\$ 582,327</u>
Total liabilities	<u>\$ 725,015</u>

NET ASSETS

Unrestricted	\$ 1,775,103
Total net assets	<u><u>\$ 1,775,103</u></u>

County of Nottoway, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2012

OPERATING REVENUES

Charges for services:

Rents	\$ 119,300
Other revenues	112,638
Total operating revenues	<u>\$ 231,938</u>

OPERATING EXPENSES

Other charges	\$ 112,670
Total operating expenses	<u>\$ 112,670</u>

Operating income (loss)	<u>\$ 119,268</u>
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NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$ 655
Interest expense	(29,283)
Total nonoperating revenues (expenses)	<u>\$ (28,628)</u>

Change in net assets	\$ 90,640
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Total net assets - beginning	1,684,463
Total net assets - ending	<u><u>\$ 1,775,103</u></u>

County of Nottoway, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 339,588
Payments for operating activities	(112,670)
Net cash provided by (used for) by operating activities	<u>\$ 226,918</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on notes	\$ (53,945)
Interest payments	(27,010)
Net cash provided by (used for) by capital and related financing activities	<u>\$ (80,955)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ 5,492
Net cash provided by (used for) by investing activities	<u>\$ 5,492</u>

Net increase (decrease) in cash and cash equivalents	\$ 151,455
Cash and cash equivalents - beginning	109,339
Cash and cash equivalents - ending	<u><u>\$ 260,794</u></u>

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	\$ 119,268
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in notes receivable	\$ 107,650
Total adjustments	<u>\$ 107,650</u>
Net cash provided by (used for) operating activities	<u><u>\$ 226,918</u></u>

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SUPPORTING SCHEDULES

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

Schedule 1
Page 1 of 6

<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	\$ 3,865,267	\$ 3,865,267	\$ 4,079,457	\$ 214,190
Real and personal public service corporation taxes	320,000	320,000	370,976	50,976
Personal property taxes	1,297,890	1,297,890	1,410,666	112,776
Mobile home taxes	15,500	15,500	15,999	499
Machinery and tools taxes	200,500	200,500	194,660	(5,840)
Penalties	76,000	76,000	142,628	66,628
Interest	38,000	38,000	90,034	52,034
Total general property taxes	<u>\$ 5,813,157</u>	<u>\$ 5,813,157</u>	<u>\$ 6,304,420</u>	<u>\$ 491,263</u>
Other local taxes:				
Local sales and use taxes	\$ 882,480	\$ 882,480	\$ 964,902	\$ 82,422
Business license taxes	136,400	136,400	146,742	10,342
Motor vehicle licenses	165,000	165,000	138,557	(26,443)
Taxes on recordation and wills	75,000	75,000	44,110	(30,890)
Hotel and motel room taxes	6,000	6,000	5,697	(303)
Total other local taxes	<u>\$ 1,264,880</u>	<u>\$ 1,264,880</u>	<u>\$ 1,300,008</u>	<u>\$ 35,128</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 15,401	\$ 401
Permits and other licenses	51,230	51,230	63,565	12,335
Total permits, privilege fees, and regulatory licenses	<u>\$ 66,230</u>	<u>\$ 66,230</u>	<u>\$ 78,966</u>	<u>\$ 12,736</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 10,000	\$ 10,000	\$ 16,740	\$ 6,740
Total fines and forfeitures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 16,740</u>	<u>\$ 6,740</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 175,000	\$ 175,000	\$ 74,503	\$ (100,497)
Revenue from use of property	608,800	624,692	643,935	19,243
Total revenue from use of money and property	<u>\$ 783,800</u>	<u>\$ 799,692</u>	<u>\$ 718,438</u>	<u>\$ (81,254)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 7,500	\$ 7,500	\$ 9,473	\$ 1,973
Charges for court costs	1,042	1,042	2,772	1,730
Charges for courthouse security	15,000	22,214	42,275	20,061
Charges for Commonwealth's Attorney	450	450	1,263	813
Charges for law library	2,000	2,000	1,668	(332)
Charges for other protection	-	-	585	585
Charges for data processing	1,250	1,250	2,005	755
Charges for sale of historical material	100	100	80	(20)
Total charges for services	<u>\$ 27,342</u>	<u>\$ 34,556</u>	<u>\$ 60,121</u>	<u>\$ 25,565</u>
Miscellaneous revenue:				
Miscellaneous	\$ 113,400	\$ 334,266	\$ 94,763	\$ (239,503)
Total miscellaneous revenue	<u>\$ 113,400</u>	<u>\$ 334,266</u>	<u>\$ 94,763</u>	<u>\$ (239,503)</u>

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

Schedule 1
Page 2 of 6

<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)				
Recovered costs:				
State trooper gas charges	\$ -	\$ -	\$ 13,935	\$ 13,935
Dispatching - Towns	2,758	2,758	-	(2,758)
Library contribution	3,500	3,500	3,500	-
Cost allocation plan	-	-	155,323	155,323
Indirect services - Jail	30,000	30,000	10,139	(19,861)
Planning council contributions	3,189	3,189	7,993	4,804
Total recovered costs	\$ 39,447	\$ 39,447	\$ 190,890	\$ 151,443
Total revenue from local sources	\$ 8,118,256	\$ 8,362,228	\$ 8,764,346	\$ 402,118
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 70,000	\$ 70,000	\$ 308	\$ (69,692)
Mobile home titling tax	16,000	16,000	16,831	831
Tax on Deeds	12,000	12,000	12,797	797
Motor vehicle rental tax	-	-	273	273
State recordation tax	-	-	9,446	9,446
Personal property tax relief funds	1,049,790	1,049,790	1,049,790	-
Total noncategorical aid	\$ 1,147,790	\$ 1,147,790	\$ 1,089,445	\$ (58,345)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 196,231	\$ 196,231	\$ 196,106	\$ (125)
Sheriff	762,837	775,402	762,767	(12,635)
Commissioner of revenue	74,814	74,814	74,093	(721)
Treasurer	85,780	85,780	85,591	(189)
Registrar/electoral board	38,837	45,914	43,809	(2,105)
Clerk of the Circuit Court	169,509	169,509	174,602	5,093
Total shared expenses	\$ 1,328,008	\$ 1,347,650	\$ 1,336,968	\$ (10,682)
Other categorical aid:				
Public assistance and welfare administration	\$ 609,802	\$ 609,802	\$ 457,044	\$ (152,758)
Comprehensive services act	400,000	400,000	501,735	101,735
Litter control grant	4,500	5,000	5,000	-
Bio solids fees	-	-	1,977	1,977
Switch grass facilities and equipment	-	882,000	-	(882,000)
Emergency medical services	-	-	13,140	13,140
Library grant	42,175	51,175	42,286	(8,889)
Local law enforcement block grant	-	-	5,324	5,324
VJCCCS grant	17,904	19,528	19,399	(129)
Tobacco grant	-	-	88,051	88,051
Fire programs	-	-	51,841	51,841
Other grants	-	44,825	19,824	(25,001)
Total other categorical aid	\$ 1,074,381	\$ 2,012,330	\$ 1,205,621	\$ (806,709)
Total categorical aid	\$ 2,402,389	\$ 3,359,980	\$ 2,542,589	\$ (817,391)
Total revenue from the Commonwealth	\$ 3,550,179	\$ 4,507,770	\$ 3,632,034	\$ (875,736)

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

Schedule 1
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental Revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,123,759	\$ 1,123,759	\$ 842,253	\$ (281,506)
Community development block grant	13,787	13,787	192,611	178,824
Homeland security	-	-	208,124	208,124
ISTEA Grant	-	-	71,955	71,955
RDA loan/grant	-	-	46,000	46,000
Ground transportation safety	-	-	9,883	9,883
Total categorical aid	<u>\$ 1,137,546</u>	<u>\$ 1,137,546</u>	<u>\$ 1,370,826</u>	<u>\$ 233,280</u>
Total revenue from the federal government	<u>\$ 1,137,546</u>	<u>\$ 1,137,546</u>	<u>\$ 1,370,826</u>	<u>\$ 233,280</u>
Total General Fund	<u>\$ 12,805,981</u>	<u>\$ 14,007,544</u>	<u>\$ 13,767,206</u>	<u>\$ (240,338)</u>
Special Revenue Funds:				
Landfill Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility tax	\$ 148,100	\$ 148,100	\$ 148,180	\$ 80
Consumption tax	24,489	24,489	25,474	985
Total other local taxes	<u>\$ 172,589</u>	<u>\$ 172,589</u>	<u>\$ 173,654</u>	<u>\$ 1,065</u>
Charges for services:				
Landfill use fees	<u>\$ 485,524</u>	<u>\$ 485,524</u>	<u>\$ 317,425</u>	<u>\$ (168,099)</u>
Total revenue from local sources	<u>\$ 658,113</u>	<u>\$ 658,113</u>	<u>\$ 491,079</u>	<u>\$ (167,034)</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 250,000	\$ 250,000	\$ 265,875	\$ 15,875
Total noncategorical aid	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 265,875</u>	<u>\$ 15,875</u>
Total revenue from the Commonwealth	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 265,875</u>	<u>\$ 15,875</u>
Total Landfill Fund	<u>\$ 908,113</u>	<u>\$ 908,113</u>	<u>\$ 756,954</u>	<u>\$ (151,159)</u>
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 500	\$ 500	\$ 405	\$ (95)
Total revenue from local sources	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 405</u>	<u>\$ (95)</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications Tax	\$ 82,000	\$ 82,000	\$ 88,625	\$ 6,625
Categorical aid:				
Wireless grant funds	\$ 42,803	\$ 42,803	\$ 40,000	\$ (2,803)
PSAP grant	-	232,324	150,000	(82,324)
Total categorical aid	<u>\$ 42,803</u>	<u>\$ 275,127</u>	<u>\$ 190,000</u>	<u>\$ (85,127)</u>
Total revenue from the Commonwealth	<u>\$ 124,803</u>	<u>\$ 357,127</u>	<u>\$ 278,625</u>	<u>\$ (78,502)</u>
Total E-911 Fund	<u>\$ 125,303</u>	<u>\$ 357,627</u>	<u>\$ 279,030</u>	<u>\$ (78,597)</u>

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

Schedule 1
Page 4 of 6

<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)				
LRA Land Sale Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 10,000	\$ 10,000
Total LRA Land Sale Fund	\$ -	\$ -	\$ 10,000	\$ 10,000
Total Primary Government	\$ 13,839,397	\$ 15,273,284	\$ 14,813,190	\$ (460,094)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ -	\$ -	\$ 3,689	\$ 3,689
Miscellaneous revenue:				
Other miscellaneous	\$ 15,000	\$ 15,000	\$ 199,145	\$ 184,145
Total miscellaneous revenue	\$ 15,000	\$ 15,000	\$ 199,145	\$ 184,145
Recovered costs:				
Dual enrollment	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total recovered costs	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total revenue from local sources	\$ 35,000	\$ 35,000	\$ 202,834	\$ 167,834
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Nottoway, Virginia	\$ 4,321,518	\$ 4,476,841	\$ 4,183,752	\$ (293,089)
Total revenues from local governments	\$ 4,321,518	\$ 4,476,841	\$ 4,183,752	\$ (293,089)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,199,192	\$ 2,199,192	\$ 2,193,859	\$ (5,333)
Basic school aid	6,958,841	6,958,841	6,996,713	37,872
ISAP	7,859	7,859	-	(7,859)
Remedial education	261,190	261,190	262,484	1,294
Regular foster care	22,918	22,918	9,995	(12,923)
Gifted and talented	72,108	72,108	72,465	357
Remedial summer school	103,770	103,770	92,505	(11,265)
Preschool and 4 year old At Risk	272,780	272,780	272,780	-
Special education	1,145,712	1,145,712	1,151,388	5,676
Project Graduation	-	12,000	-	(12,000)
Vocational education	281,452	281,452	279,371	(2,081)
Textbook payments	64,993	64,993	65,315	322
Social security and retirement fringe benefits	892,534	892,534	896,954	4,420
GED payments	-	-	7,859	7,859
State lottery payments	240,289	240,289	244,419	4,130
Early reading intervention	43,026	43,026	24,910	(18,116)
Homebound education	4,820	4,820	4,576	(244)
Special education - foster children	-	-	3,979	3,979
At risk payments	352,167	352,167	353,912	1,745
VPSA technology funds	206,000	284,000	283,985	(15)
Primary class size	316,399	316,399	317,173	774
Standards of Learning algebra readiness	39,511	39,511	39,399	(112)
English as a second language	57,039	57,039	59,501	2,462

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

Schedule 1
Page 5 of 6

<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)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
National Board Certification	\$ -	\$ -	\$ 2,500	\$ 2,500
Mentor teacher program	2,155	2,155	1,844	(311)
Total categorical aid	<u>\$ 13,544,755</u>	<u>\$ 13,634,755</u>	<u>\$ 13,637,886</u>	<u>\$ 3,131</u>
Total revenue from the Commonwealth	<u>\$ 13,544,755</u>	<u>\$ 13,634,755</u>	<u>\$ 13,637,886</u>	<u>\$ 3,131</u>
Revenue from the federal government:				
Categorical aid:				
Migrant education	\$ 48,971	\$ 48,971	\$ 44,366	\$ (4,605)
Rural education	10,000	55,624	56,772	1,148
Title I	847,470	1,106,689	826,182	(280,507)
Title I - ARRA	-	2,438	18,342	15,904
Title III, Part A	-	3,991	-	(3,991)
Title VI-B, special education flow-through	525,000	525,000	719,350	194,350
Title VI-B, special education flow-through - ARRA	-	-	103,163	103,163
Vocational education	58,628	58,628	41,921	(16,707)
Preschool special education	50,000	68,037	15,585	(52,452)
Preschool special education - ARRA	-	53,079	18,037	(35,042)
Preschool handicapped	23,662	23,662	-	(23,662)
Title II Part A	182,771	182,771	132,716	(50,055)
Immigrant educations	-	-	5,420	5,420
Title II Part D	5,804	5,804	-	(5,804)
21st century grant	175,000	332,200	253,453	(78,747)
Drug free school	1,500	1,500	370	(1,130)
ROTC	67,000	67,000	73,484	6,484
State fiscal stabilization	-	-	12,191	12,191
Education jobs fund - ARRA	315,058	382,140	474,549	92,409
Learn and serve grant	25,000	25,000	-	(25,000)
Gear up funds	21,250	21,250	20,680	(570)
Project hope grant	3,000	16,916	-	(16,916)
Total categorical aid	<u>\$ 2,360,114</u>	<u>\$ 2,980,700</u>	<u>\$ 2,816,581</u>	<u>\$ (164,119)</u>
Total revenue from the federal government	<u>\$ 2,360,114</u>	<u>\$ 2,980,700</u>	<u>\$ 2,816,581</u>	<u>\$ (164,119)</u>
Total School Operating Fund	<u>\$ 20,261,387</u>	<u>\$ 21,127,296</u>	<u>\$ 20,841,053</u>	<u>\$ (286,243)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 3,113	\$ 2,113
Charges for services:				
Cafeteria sales	\$ 375,000	\$ 375,000	\$ 266,528	\$ (108,472)
Miscellaneous revenue:				
Other miscellaneous	\$ 24,400	\$ 24,400	\$ 32,229	\$ 7,829
Total revenue from local sources	<u>\$ 400,400</u>	<u>\$ 400,400</u>	<u>\$ 301,870</u>	<u>\$ (98,530)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 26,254	\$ 26,254	\$ 23,986	\$ (2,268)

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

Schedule 1
Page 6 of 6

<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)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 690,000	\$ 690,000	\$ 817,922	\$ 127,922
Commodities	-	-	58,920	58,920
Total revenue from the federal government	<u>\$ 690,000</u>	<u>\$ 690,000</u>	<u>\$ 876,842</u>	<u>\$ 186,842</u>
Total School Cafeteria Fund	<u>\$ 1,116,654</u>	<u>\$ 1,116,654</u>	<u>\$ 1,202,698</u>	<u>\$ 86,044</u>
Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue				
Total revenue from local sources	<u>\$ -</u>	<u>\$ 176,519</u>	<u>\$ 1,143</u>	<u>\$ (175,376)</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ 176,519</u>	<u>\$ 1,143</u>	<u>\$ (175,376)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,378,041</u>	<u>\$ 22,420,469</u>	<u>\$ 22,044,894</u>	<u>\$ (375,575)</u>

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

<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	\$ 279,451	\$ 374,437	\$ 277,449	\$ 96,988
Total legislative	\$ 279,451	\$ 374,437	\$ 277,449	\$ 96,988
General and financial administration:				
County administrator	\$ 254,305	\$ 248,859	\$ 238,183	\$ 10,676
Legal services	11,650	1,516	-	1,516
Commissioner of revenue	177,609	177,609	175,591	2,018
Board of assessors	29,400	74,935	53,163	21,772
Treasurer	196,606	200,091	194,385	5,706
Data processing	117,379	123,706	99,944	23,762
Other general and financial administration	35,842	35,842	34,500	1,342
Total general and financial administration	\$ 822,791	\$ 862,558	\$ 795,766	\$ 66,792
Board of elections:				
Electoral board and officials	\$ 116,001	\$ 123,078	\$ 119,207	\$ 3,871
Total board of elections	\$ 116,001	\$ 123,078	\$ 119,207	\$ 3,871
Total general government administration	\$ 1,218,243	\$ 1,360,073	\$ 1,192,422	\$ 167,651
Judicial administration:				
Courts:				
Circuit court	\$ 18,731	\$ 29,961	\$ 12,271	\$ 17,690
General district court	4,600	4,524	3,548	976
Commissioner of accounts	150	150	-	150
Magistrate	100	100	-	100
Juvenile and domestic relations district court	21,591	23,215	23,133	82
Clerk of the circuit court	223,999	223,999	214,903	9,096
Jurors and witnesses	9,412	9,412	3,390	6,022
Sheriff	122,187	130,522	129,103	1,419
Law library	2,400	7,042	4,352	2,690
Total courts	\$ 403,170	\$ 428,925	\$ 390,700	\$ 38,225
Commonwealth's attorney:				
Commonwealth's attorney	\$ 238,927	\$ 249,061	\$ 247,717	\$ 1,344
Total commonwealth's attorney	\$ 238,927	\$ 249,061	\$ 247,717	\$ 1,344
Total judicial administration	\$ 642,097	\$ 677,986	\$ 638,417	\$ 39,569
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 905,570	\$ 1,093,991	\$ 946,745	\$ 147,246
Central dispatching	429,881	443,395	397,869	45,526
Total law enforcement and traffic control	\$ 1,335,451	\$ 1,537,386	\$ 1,344,614	\$ 192,772
Fire and rescue services:				
Volunteer fire department	\$ 195,000	\$ 243,262	\$ 218,118	\$ 25,144
Rescue service	103,494	148,826	101,196	47,630
State forestry service	11,435	11,435	11,435	-
Total fire and rescue services	\$ 309,929	\$ 403,523	\$ 330,749	\$ 72,774

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

<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: (Continued)				
Correction and detention:				
Detention home	\$ 100,000	\$ 100,000	\$ 46,227	\$ 53,773
Juvenile probation and detention	31,000	31,000	31,306	(306)
Total correction and detention	<u>\$ 131,000</u>	<u>\$ 131,000</u>	<u>\$ 77,533</u>	<u>\$ 53,467</u>
Inspections:				
Building	\$ 72,096	\$ 70,872	\$ 70,172	\$ 700
Total inspections	<u>\$ 72,096</u>	<u>\$ 70,872</u>	<u>\$ 70,172</u>	<u>\$ 700</u>
Other protection:				
Animal control	\$ 73,480	\$ 87,154	\$ 73,290	\$ 13,864
Medical examiner	200	200	20	180
Total other protection	<u>\$ 73,680</u>	<u>\$ 87,354</u>	<u>\$ 73,310</u>	<u>\$ 14,044</u>
Total public safety	<u>\$ 1,922,156</u>	<u>\$ 2,230,135</u>	<u>\$ 1,896,378</u>	<u>\$ 333,757</u>
Public works:				
Sanitation and waste removal:				
Litter control	\$ 4,500	\$ 5,000	\$ 5,000	\$ -
Total sanitation and waste removal	<u>\$ 4,500</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Maintenance of general buildings and grounds:				
General properties	\$ 262,444	\$ 261,461	\$ 254,001	\$ 7,460
Total maintenance of general buildings and grounds	<u>\$ 262,444</u>	<u>\$ 261,461</u>	<u>\$ 254,001</u>	<u>\$ 7,460</u>
Total public works	<u>\$ 266,944</u>	<u>\$ 266,461</u>	<u>\$ 259,001</u>	<u>\$ 7,460</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,000	\$ 100,000	\$ 85,270	\$ 14,730
Total health	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 85,270</u>	<u>\$ 14,730</u>
Mental health and mental retardation:				
Community services board	\$ 43,700	\$ 43,700	\$ 43,700	\$ -
Total mental health and mental retardation	<u>\$ 43,700</u>	<u>\$ 43,700</u>	<u>\$ 43,700</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,985,492	\$ 1,985,497	\$ 1,635,715	\$ 349,782
Comprehensive Services Act	679,500	679,500	751,906	(72,406)
Total welfare	<u>\$ 2,664,992</u>	<u>\$ 2,664,997</u>	<u>\$ 2,387,621</u>	<u>\$ 277,376</u>
Total health and welfare	<u>\$ 2,808,692</u>	<u>\$ 2,808,697</u>	<u>\$ 2,516,591</u>	<u>\$ 292,106</u>

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

<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)				
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 3,588	\$ 3,588	\$ 3,588	\$ -
Contribution to County School Board	4,321,518	4,476,841	4,183,752	293,089
Total education	<u>\$ 4,325,106</u>	<u>\$ 4,480,429</u>	<u>\$ 4,187,340</u>	<u>\$ 293,089</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Total parks and recreation	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
Library:				
Library administration	\$ 217,143	\$ 234,206	\$ 232,683	\$ 1,523
Literacy project	-	175	175	-
Total library	<u>\$ 217,143</u>	<u>\$ 234,381</u>	<u>\$ 232,858</u>	<u>\$ 1,523</u>
Total parks, recreation, and cultural	<u>\$ 223,143</u>	<u>\$ 240,381</u>	<u>\$ 238,858</u>	<u>\$ 1,523</u>
Community development:				
Planning and community development:				
Economic development	\$ 12,258	\$ 12,108	\$ 9,892	\$ 2,216
Planning commission	97,478	111,208	76,857	34,351
Zoning board	2,500	2,500	1,492	1,008
Total planning and community development	<u>\$ 112,236</u>	<u>\$ 125,816</u>	<u>\$ 88,241</u>	<u>\$ 37,575</u>
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Other environmental management	14,759	14,759	4,806	9,953
Total environmental management	<u>\$ 23,259</u>	<u>\$ 23,259</u>	<u>\$ 13,306</u>	<u>\$ 9,953</u>
Cooperative extension program:				
Extension office	\$ 37,302	\$ 37,302	\$ 22,038	\$ 15,264
Ft. Pickett local reuse authority	396,162	626,276	416,531	209,745
Small business incubator	28,903	38,484	10,206	28,278
Blackstone area bus service	8,000	8,000	8,000	-
Lodge at Ft. Pickett	200,801	200,801	179,720	21,081
Total cooperative extension program	<u>\$ 671,168</u>	<u>\$ 910,863</u>	<u>\$ 636,495</u>	<u>\$ 274,368</u>
Total community development	<u>\$ 806,663</u>	<u>\$ 1,059,938</u>	<u>\$ 738,042</u>	<u>\$ 321,896</u>
Capital projects:				
Other capital projects	\$ 19,500	\$ 426,898	\$ 353,533	\$ 73,365
Community development block grant	13,787	348,220	148,190	200,030
Switch grass facilities	-	732,000	7,500	724,500
Switch grass equipment	-	150,000	-	150,000
Total capital projects	<u>\$ 33,287</u>	<u>\$ 1,657,118</u>	<u>\$ 509,223</u>	<u>\$ 1,147,895</u>
School debt service:				
Principal retirement	\$ 586,874	\$ 560,374	\$ 585,708	\$ (25,334)
Interest and other fiscal charges	172,776	199,276	212,322	(13,046)
Total debt service	<u>\$ 759,650</u>	<u>\$ 759,650</u>	<u>\$ 798,030</u>	<u>\$ (38,380)</u>
Total General Fund	<u>\$ 13,005,981</u>	<u>\$ 15,540,868</u>	<u>\$ 12,974,302</u>	<u>\$ 2,566,566</u>

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

<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:				
Landfill Fund:				
Public works:				
Sanitation and waste removal:				
Landfill	\$ 908,113	\$ 1,022,732	\$ 840,328	\$ 182,404
Total Landfill Fund	\$ 908,113	\$ 1,022,732	\$ 840,328	\$ 182,404
E-911 Fund:				
Public safety:				
Law enforcement and traffic control:				
Emergency 911 services	\$ 125,303	\$ 370,322	\$ 278,253	\$ 92,069
Total E-911 Fund	\$ 125,303	\$ 370,322	\$ 278,253	\$ 92,069
Dare Program Fund:				
Public safety:				
Law enforcement and traffic control:				
Dare program	\$ -	\$ 342	\$ -	\$ 342
Total Dare Program Fund	\$ -	\$ 342	\$ -	\$ 342
Total Primary Government	\$ 14,039,397	\$ 16,934,264	\$ 14,092,883	\$ 2,841,381
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 15,522,157	\$ 16,244,810	\$ 15,760,997	\$ 483,813
Total instruction costs	\$ 15,522,157	\$ 16,244,810	\$ 15,760,997	\$ 483,813
Operating costs:				
Administration, attendance and health services	\$ 1,114,105	\$ 1,162,476	\$ 1,071,892	\$ 90,584
Pupil transportation	1,424,255	1,429,380	1,422,493	6,887
Operation and maintenance of school plant	2,079,458	3,311,862	2,638,412	673,450
Total operating costs	\$ 4,617,818	\$ 5,903,718	\$ 5,132,797	\$ 770,921
Total education	\$ 20,139,975	\$ 22,148,528	\$ 20,893,794	\$ 1,254,734
Capital projects:				
School capital projects	\$ 553,155	\$ 482,145	\$ -	\$ 482,145
Total capital projects	\$ 553,155	\$ 482,145	\$ -	\$ 482,145
Debt service:				
Principal retirement	\$ 68,412	\$ 104,479	\$ 104,479	\$ -
Interest and other fiscal charges	53,000	65,515	27,136	38,379
Total debt service	\$ 121,412	\$ 169,994	\$ 131,615	\$ 38,379
Total School Operating Fund	\$ 20,814,542	\$ 22,800,667	\$ 21,025,409	\$ 1,775,258

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

<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>
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
Textbook Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ 176,519	\$ 114,011	\$ 62,508
Total Textbook Fund	\$ -	\$ 176,519	\$ 114,011	\$ 62,508
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,171,654	\$ 1,380,745	\$ 1,048,894	\$ 331,851
Commodities	-	-	58,920	(58,920)
Total Cafeteria Fund	\$ 1,171,654	\$ 1,380,745	\$ 1,107,814	\$ 272,931
Total Discretely Presented Component Unit - School Board	\$ 21,986,196	\$ 24,357,931	\$ 22,247,234	\$ 2,110,697

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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
2003	\$ 786,405	\$ 357,846	\$ 1,262,887	\$ 809,278	\$ 1,733,274	\$ 4,618,133	\$ 135,539	\$ 465,756	\$ 152,577	\$ 10,321,695
2004	726,883	389,277	1,262,405	863,062	1,656,272	3,607,359	156,396	339,409	148,558	9,149,621
2005	835,552	425,596	1,731,098	1,900,197	2,015,446	2,542,511	46,957	1,061,513	79,722	10,638,592
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

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		
2003	\$ 546,987	\$ 2,818,007	\$ -	\$	\$ 4,454,728	\$ 1,755,389	\$ 400,066	\$ 59,922	\$ 1,230,384	\$ -	\$	11,265,483
2004	483,972	2,649,765	-	-	4,531,789	1,729,490	455,200	94,228	1,094,303	-	-	11,038,747
2005	545,392	2,782,173	387,801		4,381,189	1,776,239	568,301	87,650	1,324,633	-	-	11,853,378
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

Table 3

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
2003	\$ 719,780	\$ 343,143	\$ 1,278,945	\$ 766,646	\$ 1,695,251	\$ 17,185,434	\$ 128,045	\$ 1,007,203	\$ 690,011	\$ 23,814,458
2004	712,034	349,536	1,560,230	777,704	1,606,537	17,302,429	150,557	1,476,266	692,398	24,627,691
2005	815,050	338,740	1,760,881	1,762,435	1,998,180	19,629,616	170,979	639,856	2,167,398	29,283,135
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

(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
2003	\$ 4,496,528	\$ 1,755,389	\$ 40,211	\$ 4,860	\$ 404,601	\$ 800,209	\$ 215,452	\$ 77,567	\$ 18,173,660	\$ 25,968,477		
2004	4,422,274	1,729,490	43,557	4,172	462,907	760,411	266,455	47,194	18,923,591	26,660,051		
2005	4,418,220	1,776,239	54,335	7,594	569,124	823,801	289,636	40,512	21,360,648	29,340,109		
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		

(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)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2003	\$ 5,368,513	\$ 5,115,405	95.29%	\$ 288,088	\$ 5,403,493	100.65%	\$ 646,938	12.05%
2004	5,467,461	5,094,888	93.19%	173,679	5,268,567	96.36%	714,016	13.06%
2005	5,390,352	5,107,976	94.76%	177,995	5,285,971	98.06%	967,921	17.96%
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%

(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
2003	\$ 517,881	\$ 67,673	\$ 16,880	\$ 54,745	\$ 657,179
2004	527,103	70,251	16,145	51,777	665,276
2005	536,061	66,966	16,417	46,611	666,055
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

(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
2003	\$ 0.54	\$ 3.15	\$ 1.25	\$ 0.54	\$ 3.15
2004	0.54	3.15	1.25	0.54	3.15
2005	0.54	3.15	1.25	0.54	3.15
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

(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
2003	15,725	\$ 657,179	\$ 6,043,631	\$ 6,043,631	0.92%	\$ 384
2004	15,725	665,276	5,638,427	5,638,427	0.85%	359
2005	15,725	666,055	6,437,577	6,437,577	0.97%	409
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

(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

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nottoway, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Nottoway, Virginia's basic financial statements and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

Richmond, Virginia
December 27, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

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, 2012. The County of Nottoway, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Nottoway, Virginia's management. Our responsibility is to express an opinion on the County of Nottoway, Virginia's compliance based on our audit.

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

In our opinion, the County of Nottoway, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

Richmond, Virginia
December 27, 2012

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

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:			
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	\$ 229,785
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	241
Low Income Home Energy Assistance	93.568	06004409/00600410	14,481
<i>Child Care Development Fund Cluster:</i>			
Child Care and Development Block Grant	93.575	0770109/0770110	59,669
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	39,298
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/090110	477
Foster Care - Title IV-E	93.658	1100109/1100110	50,493
Adoption Assistance	93.659	1120109/1120111	31,278
Social Services Block Grant	93.667	1000109/1000110	102,863
Chafee Foster Care Independence Program	93.674	9150109/9150110	1,735
Children's Health Insurance Program	93.767	0540109/0540110	5,531
Medical Assistance Program	93.778	1200109/1200110	115,877
Total Department of Health and Human Services			<u>\$ 651,728</u>
Department of Agriculture:			
Direct Payments:			
Community Facilities Grant/Loan Program	10.xxx		\$ 46,000
<i>Child Nutrition Cluster:</i>			
Summer Food Service Program for Children	10.559		<u>16,619</u>
Total Department of Agriculture - direct payments			<u>\$ 62,619</u>
Pass Through Payments:			
Department of Agriculture:			
<i>Child Nutrition Cluster:</i>			
Food Distribution--School	10.555	17901-45707	58,920
Department of Education:			
National school lunch program	10.555	17901-40623	658,402
Total CFDA# 10.555			<u>\$ 717,322</u>
School breakfast program	10.553	17901-40591	142,901
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010100	<u>190,525</u>
Total Department of Agriculture - pass-through payments			<u>\$ 1,050,748</u>
Total Department of Agriculture			<u>\$ 1,113,367</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
State Homeland Security Program	97.073	77501-52708	<u>\$ 208,124</u>

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants / Entitlement Grants	14.228	53305-50798	\$ 192,611
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Planning and Construction	20.205	EN03-067-106	\$ 71,955
State and Community Highway Safety Program	20.600	60507-59257	9,883
Total Department of Transportation			\$ 81,838
Department of the Defense:			
Direct Payments:			
JROTC	12.xxx		\$ 73,484
Corporation for National and Community Service:			
Pass Through Payments:			
Department of Education:			
Learn and serve America - School and Community Based programs	94.004	17901-60185	\$ 12,191
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	\$ 826,182
ARRA - Title I Grants to Local Educational Agencies	84.389	17901-42913	18,342
Migrant Education - State Grant Program	84.011	17901-42910	44,366
Migrant Education - Coordination Program	84.144	17901-61399	5,420
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	17901-43071	719,350
Special Education - Preschool Grants	84.173	17901-62521	15,585
ARRA - Special Education Grants to States	84.391	17901-61245	103,163
ARRA - Special Education - Preschool grants	84.392	17901-61246	18,037
Career and Technical Education - Basic Grants to States	84.048	17901-61095	41,921
Safe and Drug-Free Schools and Communities - State Grants	84.186	17901-60511	370
Twenty-First Century Community Learning Centers	84.287	17901-60565	253,453
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	17117	20,680
Rural Education	84.358	17901-43481	56,772
Improving Teacher Quality State Grants	84.367	17901-61480	132,716
ARRA - Education jobs fund	84.410	17901-62700	474,549
Total Department of Education			\$ 2,730,906
Total Expenditures of Federal Awards			\$ 5,064,249

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, 2012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Nottoway, Virginia under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Nottoway, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the 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, 2012, the County received and disbursed food commodities totaling \$58,920.

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	\$ 1,370,826
Total primary government	\$ 1,370,826

Component Unit Public Schools:

School Operating Fund	\$ 2,816,581
School Cafeteria Fund	876,842
Total component unit public schools	\$ 3,693,423

Total federal expenditures per basic financial statements	\$ 5,064,249
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 5,064,249
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County of Nottoway, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section I—Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditor's report issued on compliance
for major programs: unqualified

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

Identification of major programs:

CFDA Number(s)
10.553/10.555/10.559
84.410

Name of Federal Program or Cluster
Child Nutrition Cluster
Education Jobs Fund

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

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

There were no prior year findings.

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