

COUNTY OF NOTTOWAY, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

County of Nottoway, Virginia

Annual Financial Report

For the Year Ended June 30, 2020

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COUNTY OF NOTTOWAY, VIRGINIA

Board of Supervisors

Helen M. Simmons, Chairperson

Sherman C. Vaughn, Vice-Chairperson

John Roark

Lynn K. Shekleton

Steve W. Bowen

School Board

Shelli Hinton, Chairperson

Jamie Higgins, Vice Chairperson

Jimmy Fowlkes

Clive Pettis, Sr.

Bill Outlaw

Board of Social Services

Barbara Briggins, Chairperson

Jacqueline Downs, Vice Chairperson

Ronald Scruggs

John Roark

Carrie M. Gravely

Other Officials

Judge of the Circuit Court	Honorable Paul W. Cella
Clerk of the Circuit Court	Jane L. Brown
Commonwealth's Attorney	Leanne Watrous
Treasurer	Ellen F. Myatt
Sheriff	Robert L. Jones
Superintendent of Schools	Tameshia V. Grimes, Ph.D.
Director of Social Services	Bernetta Watkins
Commissioner of the Revenue	Christy A. Hudson
County Administrator	Ronald E. Roark

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FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 76-78, and 79-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Nottoway, Virginia's basic financial statements. The other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, on our consideration of County of Nottoway, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Nottoway, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Nottoway, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
November 9, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Nottoway, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,567,258 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources over expenditures and other financial uses of \$1,245,829 (Exhibit 5) after making contributions totaling \$4,735,189 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$22,613,588, an increase of \$1,245,829 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,516,368 or 85.72% of total general fund expenditures and other uses.
- < The combined long-term obligations increased by \$8,432 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 like a private-sector business.

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

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

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

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

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

Overview of the Financial Statements (Continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds - the General Fund, the Landfill Fund, and the LRA Land Sale 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 the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$35,567,258 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Nottoway, Virginia's Net Position		
	Governmental Activities	
	2020	2019
Current and other assets	\$ 26,595,022	\$ 24,435,333
Capital assets	17,778,579	18,387,493
Total assets	\$ 44,373,601	\$ 42,822,826
Deferred outflows of resources	\$ 666,740	\$ 193,971
Current liabilities	\$ 1,444,288	\$ 335,348
Long-term liabilities outstanding	7,551,204	7,542,772
Total liabilities	\$ 8,995,492	\$ 7,878,120
Deferred inflows of resources	\$ 477,591	\$ 673,993
Net position:		
Net investment in capital assets	\$ 16,141,097	\$ 16,402,480
Unrestricted	19,426,161	18,062,204
Total net position	\$ 35,567,258	\$ 34,464,684

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position increased by \$1,102,574. The following table summarizes the County's Statement of Activities

County of Nottoway, Virginia's Changes in Net Position		
	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 740,213	\$ 702,511
Operating grants and contributions	3,827,260	3,727,846
General revenues:		
General property taxes	7,728,549	7,364,578
Other local taxes	1,985,544	1,941,382
Grants and other contributions not restricted	1,491,597	1,578,472
Other general revenues	1,082,979	1,309,409
Total revenues	<u>\$ 16,856,142</u>	<u>\$ 16,624,198</u>
Expenses:		
General government administration	\$ 1,181,734	\$ 971,169
Judicial administration	869,583	758,707
Public safety	3,189,310	2,779,286
Public works	1,604,449	2,625,662
Health and welfare	2,713,014	2,572,616
Education	4,986,918	5,378,240
Parks, recreation, and cultural	364,639	329,198
Community development	779,363	948,845
Interest and other fiscal charges	64,558	79,856
Total expenses	<u>\$ 15,753,568</u>	<u>\$ 16,443,579</u>
Change in net position	\$ 1,102,574	\$ 180,619
Net position, beginning	34,464,684	34,284,065
Net position, ending	<u><u>\$ 35,567,258</u></u>	<u><u>\$ 34,464,684</u></u>

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. 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 \$22,613,588, an increase of \$1,245,829 in comparison with the prior year. Approximately 64.19% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other financing sources were less than budgetary estimates by \$131,902, and expenditures and other financing uses were less than budgetary estimates by \$194,034, resulting in a positive variance of \$62,132.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2020 amounted to \$17,778,579 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

< Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$1,587,252. Of this amount, \$1,587,252 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt decreased by \$341,252.

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

Inflationary trends in the region compare to national indices.

All these factors were considered in preparing the County's budget for the 2021 fiscal year.

The fiscal year 2021 budget increased by approximately 3.85 percent. All tax rates remained the same for fiscal year 2021.

Requests for Information

This financial report is designed to provide a general overview of the County of Nottoway, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 328 West Court House Road, Nottoway, Virginia 23955.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Nottoway, Virginia
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental	Component Units	
	<u>Activities</u>	<u>School Board</u>	<u>IDA</u>
ASSETS			
Cash and cash equivalents	\$ 21,314,922	\$ 4,918,226	\$ 1,616,189
Receivables (net of allowance for uncollectibles):			
Taxes receivable	668,128	-	-
Accounts receivable	142,399	-	-
Due from other governmental units	2,503,318	501,267	-
Prepaid items	-	767,221	-
Net pension asset	1,966,255	203,291	-
Other assets:			
Notes receivable	-	-	661,570
Capital assets (net of accumulated depreciation):			
Land	8,808,090	88,670	-
Buildings and improvements	6,265,038	-	-
Machinery and equipment	1,118,196	1,785,146	-
Jointly owned assets	1,587,255	9,016,977	-
Total assets	<u>\$ 44,373,601</u>	<u>\$ 17,280,798</u>	<u>\$ 2,277,759</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension related items	\$ 296,368	\$ 3,563,902	\$ -
OPEB related items	370,372	368,983	-
Total deferred outflow of resources	<u>\$ 666,740</u>	<u>\$ 3,932,885</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 80,709	\$ 55,990	\$ -
Accrued liabilities	-	583,549	-
Unearned revenue	1,328,933	-	-
Accrued interest payable	34,646	-	-
Due to other governmental units	-	1,742,644	76,378
Long-term liabilities:			
Due within one year	375,762	17,003	-
Due in more than one year	7,175,442	20,740,113	-
Total liabilities	<u>\$ 8,995,492</u>	<u>\$ 23,139,299</u>	<u>\$ 76,378</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 28,397	\$ -	\$ -
Pension related items	361,768	2,815,552	-
OPEB related items	87,426	631,626	-
Total deferred inflows of resources	<u>\$ 477,591</u>	<u>\$ 3,447,178</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 16,141,097	\$ 10,890,793	\$ -
Unrestricted	19,426,161	(16,263,587)	2,201,381
Total net position	<u>\$ 35,567,258</u>	<u>\$ (5,372,794)</u>	<u>\$ 2,201,381</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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	IDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,181,734	\$ -	\$ 216,130	\$ -	\$ (965,604)	\$ -	\$ -
Judicial administration	869,583	27,907	458,554	-	(383,122)	-	-
Public safety	3,189,310	127,403	1,120,180	-	(1,941,727)	-	-
Public works	1,604,449	584,955	4,391	-	(1,015,103)	-	-
Health and welfare	2,713,014	-	1,964,426	-	(748,588)	-	-
Education	4,986,918	-	-	-	(4,986,918)	-	-
Parks, recreation, and cultural	364,639	225	63,579	-	(300,835)	-	-
Community development	779,363	-	-	-	(779,363)	-	-
Interest on long-term debt	64,558	-	-	-	(64,558)	-	-
Total government activities	\$ 15,753,568	\$ 740,490	\$ 3,827,260	\$ -	\$ (11,185,818)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 24,077,147	\$ 97,096	\$ 18,795,777	\$ -	\$ -	\$ (5,184,274)	\$ -
Industrial Development Authority	-	12,300	-	-	-	-	12,300
Total component units	\$ 24,077,147	\$ 109,396	\$ 18,795,777	\$ -	\$ -	\$ (5,184,274)	\$ 12,300
General revenues:							
General property taxes					\$ 7,728,549	\$ -	\$ -
Local sales and use taxes					1,321,721	-	-
Consumer utility taxes					150,646	-	-
Business licenses					219,385	-	-
Motor vehicle licenses					197,213	-	-
Other local taxes					96,579	-	-
Unrestricted revenues from use of money and property					949,264	9,392	10,008
Miscellaneous					133,715	69,705	-
Grants and contributions not restricted to specific programs					1,491,320	-	-
Contribution from Nottoway County					-	4,990,932	-
Total general revenues					\$ 12,288,392	\$ 5,070,029	\$ 10,008
Change in net position					1,102,574	(114,245)	22,308
Net position - beginning					34,464,684	(5,258,549)	2,179,073
Net position - ending					\$ 35,567,258	\$ (5,372,794)	\$ 2,201,381

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

FUND FINANCIAL STATEMENTS

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County of Nottoway, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	General <u>Fund</u>	Landfill <u>Fund</u>	LRA Land Sale <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 15,733,650	\$ (103,166)	\$ 5,228,188	\$ 456,250	\$ 21,314,922
Receivables (net of allowance for uncollectibles):					
Taxes receivable	668,128	-	-	-	668,128
Accounts receivable	12,559	129,840	-	-	142,399
Due from other governmental units	2,481,024	-	-	22,294	2,503,318
Total assets	<u>\$ 18,895,361</u>	<u>\$ 26,674</u>	<u>\$ 5,228,188</u>	<u>\$ 478,544</u>	<u>\$ 24,628,767</u>
LIABILITIES					
Accounts payable	\$ 80,709	\$ -	\$ -	\$ -	\$ 80,709
Unearned revenue	1,328,933	-	-	-	1,328,933
Total liabilities	<u>\$ 1,409,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,409,642</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	605,537	\$ -	\$ -	\$ -	\$ 605,537
Total deferred inflows of resources	<u>\$ 605,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,537</u>
FUND BALANCES					
Committed	2,363,814	-	5,228,188	478,544	8,070,546
Unassigned	14,516,368	26,674	-	-	14,543,042
Total fund balances	<u>\$ 16,880,182</u>	<u>\$ 26,674</u>	<u>\$ 5,228,188</u>	<u>\$ 478,544</u>	<u>\$ 22,613,588</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,895,361</u>	<u>\$ 26,674</u>	<u>\$ 5,228,188</u>	<u>\$ 478,544</u>	<u>\$ 24,628,767</u>

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

County of Nottoway, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	22,613,588
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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	\$ 29,487,266		
Accumulated depreciation	(11,708,687)		17,778,579

The net pension asset is not an available resource and, therefore, is not reported in the funds.		1,966,255
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		577,140

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 296,368	
OPEB related items	370,372	666,740

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	\$ (1,432,089)	
Premium on general obligation bond	(50,230)	
Net OPEB liabilities	(1,027,423)	
State literary loans	(155,163)	
Landfill closure liability	(4,588,143)	
Compensated absences	(298,156)	
Accrued interest payable	(34,646)	(7,585,850)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (361,768)	
OPEB related items	(87,426)	(449,194)

Net position of governmental activities		\$ 35,567,258
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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, 2020

	General <u>Fund</u>	Landfill <u>Fund</u>	LRA Land Sale <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 7,672,218	\$ -	\$ -	\$ -	\$ 7,672,218
Other local taxes	1,807,374	177,545	-	625	1,985,544
Permits, privilege fees, and regulatory licenses	112,580	-	-	-	112,580
Fines and forfeitures	12,578	-	-	-	12,578
Revenue from the use of money and property	949,264	-	-	-	949,264
Charges for services	30,377	584,955	-	-	615,332
Miscellaneous	133,715	-	-	-	133,715
Recovered costs	356,428	-	-	-	356,428
Intergovernmental:					
Commonwealth	4,051,745	215,925	-	145,375	4,413,045
Federal	905,535	-	-	-	905,535
Total revenues	\$ 16,031,814	\$ 978,425	\$ -	\$ 146,000	\$ 17,156,239
EXPENDITURES					
Current:					
General government administration	\$ 1,392,864	\$ -	\$ -	\$ -	\$ 1,392,864
Judicial administration	798,503	-	-	-	798,503
Public safety	3,103,896	-	-	131,006	3,234,902
Public works	270,968	1,309,653	-	-	1,580,621
Health and welfare	2,691,624	-	-	-	2,691,624
Education	4,741,021	-	-	-	4,741,021
Parks, recreation, and cultural	274,609	-	-	-	274,609
Community development	774,396	-	-	-	774,396
Debt service:					
Principal retirement	341,252	-	-	-	341,252
Interest and other fiscal charges	80,618	-	-	-	80,618
Total expenditures	\$ 14,469,751	\$ 1,309,653	\$ -	\$ 131,006	\$ 15,910,410
Excess (deficiency) of revenues over (under) expenditures	\$ 1,562,063	\$ (331,228)	\$ -	\$ 14,994	\$ 1,245,829
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 2,464,632	\$ -	\$ -	\$ 2,464,632
Transfers out	(2,464,632)	-	-	-	(2,464,632)
Total other financing sources (uses)	\$ (2,464,632)	\$ 2,464,632	\$ -	\$ -	\$ -
Net change in fund balances	\$ (902,569)	\$ 2,133,404	\$ -	\$ 14,994	\$ 1,245,829
Fund balances - beginning	17,782,751	(2,106,730)	5,228,188	463,550	21,367,759
Fund balances - ending	\$ 16,880,182	\$ 26,674	\$ 5,228,188	\$ 478,544	\$ 22,613,588

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, 2020

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

Net change in fund balances - total governmental funds \$ 1,245,829

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	\$ 381,570	
Depreciation expense	(734,741)	
Jointly owned asset allocation	<u>(255,743)</u>	(608,914)

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

Property taxes		56,331
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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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$ 186,048	
Principal retirement on state literary fund loans	155,204	
Increase in landfill closure liability	<u>(76,695)</u>	264,557

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Decrease (increase) in compensated absences	\$ (37,844)	
Decrease (increase) in premium on general obligation bond	6,279	
Decrease (increase) in accrued interest payable	9,781	
Pension expense	208,938	
OPEB expense	<u>(42,383)</u>	144,771

Change in net position of governmental activities		<u><u>\$ 1,102,574</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 Position
Fiduciary Fund
June 30, 2020

	Agency <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,289
Total assets	<u>\$ 2,289</u>
LIABILITIES	
Amounts held for social services clients	\$ 2,289
Total liabilities	<u>\$ 2,289</u>

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

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2020

Note 1—Summary of Significant Accounting Policies:

The County of Nottoway, Virginia (the "County") is governed by an elected five-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities; cultural events; education; and social services.

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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.

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

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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units on June 30, 2020.

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 can 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, 2020.

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, 2020. 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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the way these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are 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 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 principle and interest expenditures pm general long-term debt 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 these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

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

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

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

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Note 1—Summary of Significant Accounting Policies: (Continued)**F. Investments**

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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 uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$301,732 on June 30, 2020 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.

H. Capital Assets

Capital assets, which include property and 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 of more than 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 acquisition 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.

Note 1—Summary of Significant Accounting Policies: (Continued)**H. Capital Assets (Continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-45
Motor vehicles	3-10
Equipment	2-15

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the statement of net position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

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

K. Fund Balance

The following classifications of fund balance 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 that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 1—Summary of Significant Accounting Policies: Continued)

K. Fund Balance (Continued)

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.
- 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).

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

	General Fund	Major Special Revenue Fund Landfill Fund	Major Special Revenue Fund LRA Land Sale Fund	Other Governmental Funds	Total
Fund Balances:					
Committed:					
Encumbrances and carry-over from prior year	\$ 2,255,150	\$ -	\$ -	\$ -	\$ 2,255,150
Community development block grant	108,664	-	-	-	108,664
DARE	-	-	-	99	99
E-911	-	-	-	477,999	477,999
Forfeited assets	-	-	-	446	446
Local Reuse Authority land sale	-	-	5,228,188	-	5,228,188
Total Committed Fund Balance	\$ 2,363,814	\$ -	\$ 5,228,188	\$ 478,544	\$ 8,070,546
Unassigned	\$ 14,516,368	\$ 26,674	\$ -	\$ -	\$ 14,543,042
Total Fund Balances	\$ 16,880,182	\$ 26,674	\$ 5,228,188	\$ 478,544	\$ 22,613,588

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

L. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

M. Deferred Outflows/Inflows of Resources

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

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

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

N. Long-term Obligations

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

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, Teacher HIC, LODA, and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations - Expenditures did not exceed appropriations in any fund on June 30, 2020.

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 more than 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 local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). The County had no investments on June 30, 2020.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Due to/from Other Governments:

On June 30, 2020, 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	\$ 1,742,644	\$ -	\$ -
Nottoway County Industrial Development Authority	76,378	-	-
Commonwealth of Virginia:			
Local sales tax	239,321	-	-
Shared expenses	122,970	-	-
Rolling stock tax	74,294	-	-
VPA funds	36,558	-	-
State sales tax	-	312,399	-
Mobile home titling tax	5,643	-	-
Comprehensive services act	107,392	-	-
Wireless grant	10,484	-	-
Communications tax	11,809	-	-
Other state funds	-	-	-
Federal Government:			
School fund grants	-	179,501	-
School nutrition grant	-	9,367	-
Victim witness	12,797	-	-
VPA funds	63,028	-	-
Total due from other governments	\$ 2,503,318	\$ 501,267	\$ -

At June 30, 2020, amounts due to other local governments are as follows:

Other Local Governments:			
County of Nottoway	\$ -	\$ 1,742,644	\$ 76,378

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

Primary Government:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 8,808,090	\$ -	\$ -	\$ 8,808,090
Total capital assets not subject to depreciation	\$ 8,808,090	\$ -	\$ -	\$ 8,808,090
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,972,934	\$ -	\$ -	\$ 10,972,934
Machinery and equipment	4,520,667	285,580	38,213	4,768,034
Jointly owned assets	5,468,919	95,990	626,701	4,938,208
Total capital assets subject to depreciation	\$ 20,962,520	\$ 381,570	\$ 664,914	\$ 20,679,176
Accumulated Depreciation:				
Buildings and improvements	\$ 4,415,180	\$ 292,716	\$ -	\$ 4,707,896
Machinery and equipment	3,427,524	260,527	38,213	3,649,838
Jointly owned assets	3,540,413	181,498	370,958	3,350,953
Total accumulated depreciation	\$ 11,383,117	\$ 734,741	\$ 409,171	\$ 11,708,687
Total capital assets being depreciated, net	\$ 9,579,403	\$ (353,171)	\$ 255,743	\$ 8,970,489
Governmental activities capital assets, net	\$ 18,387,493	\$ (353,171)	\$ 255,743	\$ 17,778,579

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Component Unit - School Board:				
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 88,670	\$ -	\$ -	\$ 88,670
Total capital assets not subject to depreciation	\$ 88,670	\$ -	\$ -	\$ 88,670
Capital assets subject to depreciation:				
Machinery and equipment	\$ 6,637,266	\$ 755,049	\$ -	\$ 7,392,315
Jointly owned assets	27,426,638	-	(626,701)	28,053,339
Total capital assets subject to depreciation	\$ 34,063,904	\$ 755,049	\$ (626,701)	\$ 35,445,654
Accumulated Depreciation:				
Machinery and equipment	\$ 5,176,399	\$ 430,770	\$ -	\$ 5,607,169
Jointly owned assets	17,755,189	910,215	(370,958)	19,036,362
Total accumulated depreciation	\$ 22,931,588	\$ 1,340,985	\$ (370,958)	\$ 24,643,531
Total capital assets being depreciated, net	\$ 11,132,316	\$ (585,936)	\$ (255,743)	\$ 10,802,123
Governmental activities capital assets, net	\$ 11,220,986	\$ (585,936)	\$ (255,743)	\$ 10,890,793

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government:		
Governmental activities:		
General government administration	\$	24,220
Judicial administration		112,759
Public safety		100,748
Public works		150,354
Health and welfare		45,571
Education		181,498
Parks, recreation and cultural		92,037
Community development		27,554
		<u>27,554</u>
Total Primary Government	\$	<u>734,741</u>
Component Unit School Board	\$	<u>1,340,985</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 2,464,632
Landfill Fund	<u>2,464,632</u>	<u>-</u>
Total	<u>\$ 2,464,632</u>	<u>\$ 2,464,632</u>
Component Unit-School Board:		
School Operating Fund	\$ -	\$ 391,441
School Textbook Fund	<u>391,441</u>	<u>-</u>
Total	<u>\$ 391,441</u>	<u>\$ 391,441</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 260,312	\$ 63,875	\$ 26,031	\$ 298,156	\$ 29,816
Net OPEB liabilities	786,000	496,629	255,206	1,027,423	-
Landfill closure liability	4,511,447	76,696	-	4,588,143	-
Total incurred by County	\$ 5,557,759	\$ 637,200	\$ 281,237	\$ 5,913,722	\$ 29,816
Incurred by School Board:					
Direct borrowings and placements:					
State Literary Fund Loans	\$ 310,367	\$ -	\$ 155,204	\$ 155,163	\$ 155,163
General obligation bonds	1,618,137	-	186,048	1,432,089	190,783
Add issuance premium	56,509	-	6,279	50,230	-
Total incurred by School Board	\$ 1,985,013	\$ -	\$ 347,531	\$ 1,637,482	\$ 345,946
Total Governmental Activities Obligations	\$ 7,542,772	\$ 637,200	\$ 628,768	\$ 7,551,204	\$ 375,762

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

Year Ending June 30	Direct Borrowing and Direct Placements			
	School Obligations			
	General		State	
	Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
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	\$ 1,432,089	\$ 265,741	\$ 155,163	\$ 3,103

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences (payable from the General Fund)					\$ 298,156	\$ 29,816
Net OPEB liability (payable from the General Fund)					\$ 1,027,423	\$ -
Landfill closure and post-closure					\$ 4,588,143	\$ -
Total long-term obligations incurred by the County					\$ 5,913,722	\$ 29,816
Direct borrowings and placements:						
General Obligation Bonds:						
General Obligation Bond outstanding \$360,201	5.10% through 5.60%	11/10/04	01/15/25	\$ 1,204,354	\$ 360,201	\$ 68,879
General Obligation Bond outstanding \$1,071,888 plus unamortized premium of \$50,230	5.10%	11/01/07	07/15/27	2,449,690	1,122,118	121,904
Total General Obligation Bonds					\$ 1,482,319	\$ 190,783
Other Long-Term Debt:						
State Literary Fund Loan	2.00%	04/15/00	08/15/20	1,439,954	\$ 71,954	\$ 71,954
State Literary Fund Loan	2.00%	08/15/00	11/01/29	1,664,085	83,209	83,209
Total Other Long-Term Debt					\$ 155,163	\$ 155,163
Total Direct Borrowings and Placements					\$ 1,637,482	\$ 345,946
Total long-term obligations incurred by the County					\$ 5,913,722	\$ 29,816
Total long-term obligations incurred by School Board, payable from the General Fund					\$ 1,637,482	\$ 345,946
Total long-term obligations - governmental activities					\$ 7,551,204	\$ 375,762

Component Unit - School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Obligations :					
Incurred by School Board:					
Compensated absences	\$ 145,381	\$ 39,183	\$ 14,538	\$ 170,026	\$ 17,003
Net pension liability	16,414,000	5,659,725	4,607,019	17,466,706	-
Net OPEB liabilities	3,496,635	584,439	960,690	3,120,384	-
Total Governmental Obligations	\$ 20,056,016	\$ 6,283,347	\$ 5,582,247	\$ 20,757,116	\$ 17,003

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board: (Continued)

Details of long-term obligations are as follows:

Net pension liability	\$ 17,466,706
Net OPEB liabilities	3,120,384
Compensated absences (Payable from the School Fund)	<u>170,026</u>
Total governmental obligations	<u><u>\$ 20,757,116</u></u>

Note 8—Unearned and Deferred/Unavailable Revenue:

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

	wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 577,140
Prepaid property taxes due in December but paid in advance by taxpayers	<u>28,397</u>	<u>28,397</u>
Total	<u><u>\$ 28,397</u></u>	<u><u>\$ 605,537</u></u>

Note 9—Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate in were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 9—Contingent Liabilities: (Continued)

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

Note 10—Litigation:

On June 30, 2020, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

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

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

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

Note 12—Pension Plans:

Plan Description

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

Note 12—Pension Plans: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest

Note 12—Pension Plans: (Continued)**Average Final Compensation and Service Retirement Multiplier (Continued)**

compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	50	34
Inactive members:		
Vested inactive members	14	-
Non-vested inactive members	21	5
Long-term disability (LTD)		
Inactive members active elsewhere in VRS	49	16
Total inactive members	84	21
Active members	84	31
Total covered employees	218	86

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 1.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$21,577 and \$25,065 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 2.05% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$13,532 and \$14,260 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability/Asset

The net pension liability/asset (NPL/A) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 15,351,794	\$ 17,581,279	\$ (2,229,485)
Changes for the year:			
Service cost	\$ 319,547	\$ -	\$ 319,547
Interest	1,046,566	-	1,046,566
Differences between expected and actual experience	(195,804)	-	(195,804)
Assumption changes	428,306	-	428,306
Contributions - employer	-	25,696	(25,696)
Contributions - employee	-	166,243	(166,243)
Net investment income	-	1,156,056	(1,156,056)
Benefit payments, including refunds			
Refunds of employee contributions	(801,712)	(801,712)	-
Administrative expenses	-	(11,887)	11,887
Other changes	-	(723)	723
Net changes	\$ 796,903	\$ 533,673	\$ 263,230
Balances at June 30, 2019	\$ 16,148,697	\$ 18,114,952	\$ (1,966,255)

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 5,856,429	\$ 6,144,907	\$ (288,478)
Changes for the year:			
Service cost	\$ 75,790	\$ -	\$ 75,790
Interest	400,261	-	400,261
Differences between expected and actual experience	(92,892)	-	(92,892)
Assumption changes	157,717	-	157,717
Contributions - employer	-	14,788	(14,788)
Contributions - employee	-	42,612	(42,612)
Net investment income	-	402,668	(402,668)
Benefit payments, including refunds			
Refunds of employee contributions	(276,832)	(276,832)	-
Administrative expenses	-	(4,127)	4,127
Other changes	-	(252)	252
Net changes	\$ 264,044	\$ 178,857	\$ 85,187
Balances at June 30, 2019	\$ 6,120,473	\$ 6,323,764	\$ (203,291)

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

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ (33,746)	\$ (1,966,255)	\$ (3,510,847)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 504,486	\$ (203,291)	\$ (774,706)

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(186,731) and \$(32,670) respectively. On June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 207,415	\$ -	\$ 52,871
Changes of assumptions	274,791	-	88,845	-
Net difference between projected and actual earnings on pension plan investments	-	154,353	-	52,681
Employer contributions subsequent to the measurement date	21,577	-	13,532	-
Total	<u>\$ 296,368</u>	<u>\$ 361,768</u>	<u>\$ 102,377</u>	<u>\$ 105,552</u>

\$21,577 and \$13,532 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2021	\$ 1,716	\$ 28,796
2022	(95,694)	(48,988)
2023	(3,570)	(445)
2024	10,571	3,930
2025	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,731,912 and \$1,709,337 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

On June 30, 2020, the school division reported a liability of \$17,466,706 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the school division's proportion was 0.13272% as compared to 0.13957% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,445,112. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

On June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,118,467
Change in assumptions	1,729,613	-
Net difference between projected and actual earnings on pension plan investments	-	383,527
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,208,006
Employer contributions subsequent to the measurement date	1,731,912	-
Total	\$ 3,461,525	\$ 2,710,000

\$1,731,912 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2021	\$ (347,653)
2022	(642,737)
2023	(125,244)
2024	67,258
2025	67,989

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Rate		
1% Decrease	Current Discount	1% Increase
(5.75%)	(6.75%)	(7.75%)

School division's proportionate
share of the VRS Teacher
Employee Retirement Plan

Net Pension Liability (Asset)	\$	26,294,981	\$	17,466,706	\$	10,167,358
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 296,368	\$ 361,768	\$ (1,966,255)	\$ (186,731)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	102,377	105,552	(203,291)	(32,670)
School Board Professional	-	-	-	-	3,461,525	2,710,000	17,466,706	1,445,112
Totals	<u>\$ 296,368</u>	<u>\$ 361,768</u>	<u>\$ (1,966,255)</u>	<u>\$ (186,731)</u>	<u>\$ 3,563,902</u>	<u>\$ 2,815,552</u>	<u>\$ 17,263,415</u>	<u>\$ 1,412,442</u>

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$18,838 and \$18,557 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$59,048 and \$57,528 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the GLI Plan from the Component Unit School Board nonprofessional group were \$4,832 and \$4,692 for the years ended June 30, 2020 and June 30, 2019, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

On June 30, 2020, the County reported a liability of \$296,325 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$918,429 and \$74,854, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the County's proportion was .01821% as compared to .01849% at June 30, 2018. On June 30, 2019, the Component Unit School Board professional and nonprofessional groups' proportion was .05644% and .00460%, respectively as compared to .05898% and .00482% respectively at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$6,160. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$8,401. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$67. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (Professional)		Component School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,707	\$ 3,842	\$ 61,081	\$ 11,913	\$ 4,978	\$ 971
Net difference between projected and actual earnings on GLI OPEB plan investments	-	6,087	-	18,865	-	1,538
Changes of assumptions	18,708	8,936	57,984	27,695	4,726	2,257
Changes in proportion	-	3,735	-	62,380	-	7,820
Employer contributions subsequent to the measurement date	18,838	-	59,048	-	4,832	-
Total	\$ 57,253	\$ 22,600	\$ 178,113	\$ 120,853	\$ 14,536	\$ 12,586

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

\$18,838, \$59,048, and \$4,832, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Professional)	Component Unit School Board (Nonprofessional)
2021	\$ 361	\$ (9,574)	\$ (1,398)
2022	361	(9,573)	(1,398)
2023	2,939	(1,583)	(747)
2024	5,292	5,709	(152)
2025	5,396	10,069	564
Thereafter	1,466	3,164	249

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	\$ 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 389,289	\$ 296,325	\$ 220,934
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,206,561	\$ 918,429	\$ 684,761
Component School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 98,337	\$ 74,854	\$ 55,809

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$136,125 and \$132,471 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB**

On June 30, 2020, the school division reported a liability of \$1,722,903 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .13161% as compared to .13868% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$120,111. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,759
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	109	-
Changes of assumptions	40,100	11,972
Change in proportion	-	130,408
Employer contributions subsequent to the measurement date	136,125	-
Total	\$ 176,334	\$ 152,139

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)**

\$136,125 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (20,054)
2022	(20,055)
2023	(19,300)
2024	(19,553)
2025	(18,177)
Thereafter	(14,791)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,309,098
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Net Teacher Employee HIC OPEB Liability (Continued)**

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,928,221	\$ 1,722,903	\$ 1,548,485

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 15—Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing, multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Note 15—Line of Duty Act (LODA) Program: (Continued)**Contributions**

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$25,761 and \$27,349 for the years ended June 30, 2020 and June 30, 2019, respectively.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

On June 30, 2020, the entity reported a liability of \$731,098 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. On June 30, 2019, the entity's proportion was .20377% as compared to .16114% on June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$79,696. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,265	\$ 1
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,447
Changes of assumptions	34,304	63,378
Change in proportion	146,789	-
Employer contributions subsequent to the measurement date	25,761	-
Total	\$ 313,119	\$ 64,826

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)

\$25,761 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 28,641
2022	28,644
2023	28,867
2024	29,106
2025	29,176
Thereafter	78,098

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate:	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	2,839
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability (Continued)

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	Discount Rate		
	1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
County's proportionate share of the LODA Net OPEB Liability	\$ 848,126	\$ 731,098	\$ 638,537

Note 15—Line of Duty Act (LODA) Program: (Continued)**Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate**

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
County's proportionate share of the LODA Net OPEB Liability	\$ 618,136	\$ 731,098	\$ 873,555

LODA OPEB Fiduciary Net Position

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan):**School Board****Plan Description**

In addition to the pension benefits described in Note 11, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Nottoway County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board with 20 years of service and years of participation in the school's health plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Mathews County Public School's retiree medical plan. Retirees are responsible for 100% of the premiums.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Plan Membership

On June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

	Component Unit School Board
Total active employees with coverage	174
Total active employees without coverage	130
Total retirees with coverage	3
Total	307

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$18,062.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Salary Increases	The salary increase rate was 2.50% per annum
Discount Rate	3.11% as of June 30, 2017; 2.66% as of June 30, 2020
Investment Rate of Return	N/A

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Actuarial Assumptions (Continued)

Post-Retirement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Commencement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020

Post-Commencement: RP-2014 White Collar Employee Rates to age 49; White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P 500 Municipal Bond Index as of June 30, 2017.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2019	\$	767,635
Changes for the year:		
Service cost		48,649
Interest		21,233
Difference between expected and actual experience		(233,311)
Changes of assumptions		(181,946)
Contributions - employer		(18,062)
Net changes	\$	(363,437)
Balances at June 30, 2020	\$	404,198

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.66%) or one percentage point higher (3.66%) than the current discount rate:

	Rate		
	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Component Unit School Board:			
Total OPEB liability	\$ 433,075	\$ 404,198	\$ 376,306

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50% decreasing to 5.75% over 10 years) or one percentage point higher (8.50% decreasing to 7.75% over 10 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.50% decreasing to 5.75%)	Healthcare Cost Trend (7.50% decreasing to 6.75%)	1% Increase (8.50% decreasing to 7.75%)
Component Unit School Board:			
Total OPEB liability	\$ 353,863	\$ 404,198	\$ 463,760

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$673. Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements. At June 30 2020, the employer reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 194,426
Changes of assumptions	-	151,622
Total	\$ -	\$ 346,048

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Amounts reported as deferred outflows (inflows) of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30	Component Unit School Board
2021	\$ (69,209)
2022	(69,209)
2023	(69,209)
2024	(69,209)
2025	(69,212)

Note 17—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 12):								
County	\$ 57,253	\$ 22,600	\$ 296,325	\$ 6,160	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	14,536	12,586	74,854	67
School Board Professional	-	-	-	-	178,113	120,853	918,429	8,401
Teacher Health Insurance Credit Program (Note 13)	-	-	-	-	176,334	152,139	1,722,903	120,111
Line of Duty Act Program (Note 14)	313,119	64,826	731,098	79,696	-	-	-	-
School Stand-Alone Plan (Note 15)	-	-	-	-	-	346,048	404,198	673
Totals	\$ 370,372	\$ 87,426	\$ 1,027,423	\$ 85,856	\$ 368,983	\$ 631,626	\$ 3,120,384	\$ 129,252

Note 18—Surety Bonds:

	Amount
Commonwealth of Virginia, Department of General Services, Division of Risk Management-Surety	
Jane L. Brown, Clerk of the Circuit Court	\$ 500,000
Ellen F. Myatt, Treasurer	400,000
Christy A. Hudson, Commissioner of the Revenue	3,000
Robert L. Jones, Sheriff	30,000
State Farm Insurance - Surety	
Steve Bowen, Chairperson	2,500
Sherman C. Vaughn, Vice-Chairperson	2,500
Noel Shekleton, Supervisor	2,500
Helen M. Simmons, Supervisor	2,500
John Roark, Supervisor	2,500
Ronald E. Roark, County Administrator	5,000

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 18–Surety Bonds: (Continued)

	<u>Amount</u>
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

Note 19–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 \$58,355 to the operations of the Crossroads Community Services Board.

Note 20–Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$4,588,143 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported based on the use of 72.5% of the estimated capacity of the landfill with the total amount of \$6,773,945 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 2020. 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 21–Lease-Purchase/Notes Receivable:

On May 15, 2001, the Industrial Development Authority entered into a lease-purchase agreement with Colonial Forest Products to sell a shell building. The agreement called for monthly installments of principal and interest of \$7,567 for 20 years to be received by the Industrial Development Authority. The interest rate is 5.5%, and the total amount financed was \$1,100,000. On June 30, 2020, the balance of the lease-purchase receivable was \$173,172.

On August 30, 2013, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant. The agreement called for monthly installments of principal and interest of \$5,084 for 15 years to be received by the Industrial Development Authority. The total amount financed is \$700,000. On June 30, 2020, the balance of the lease-purchase receivable was \$488,398.

Note 22-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 22-Upcoming Pronouncements: (Continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 23-Subsequent Events:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Nottoway, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds on June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Nottoway, Virginia, received the second round of CRF funds in the amount of \$1,328,933 on August 26, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Nottoway, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 7,255,806	\$ 7,255,806	\$ 7,672,218	\$	416,412
Other local taxes	1,622,400	1,622,400	1,807,374		184,974
Permits, privilege fees, and regulatory licenses	79,540	80,850	112,580		31,730
Fines and forfeitures	11,000	11,000	12,578		1,578
Revenue from the use of money and property	682,730	707,230	949,264		242,034
Charges for services	43,267	43,267	30,377		(12,890)
Miscellaneous	214,390	1,560,934	133,715		(1,427,219)
Recovered costs	46,900	46,900	356,428		309,528
Intergovernmental:					
Commonwealth	4,572,023	4,835,329	4,051,745		(783,584)
Federal	-	-	905,535		905,535
Total revenues	\$ 14,528,056	\$ 16,163,716	\$ 16,031,814	\$	(131,902)
EXPENDITURES					
Current:					
General government administration	\$ 1,798,174	\$ 2,154,981	\$ 1,392,864	\$	762,117
Judicial administration	893,841	968,739	798,503		170,236
Public safety	3,010,323	4,038,760	3,103,896		934,864
Public works	326,207	325,262	270,968		54,294
Health and welfare	2,702,092	2,943,729	2,691,624		252,105
Education	4,813,350	5,029,211	4,741,021		288,190
Parks, recreation, and cultural	279,721	325,541	274,609		50,932
Community development	741,578	920,324	774,396		145,928
Debt service:					
Principal retirement	341,252	341,252	341,252		-
Interest and other fiscal charges	80,618	80,618	80,618		-
Total expenditures	\$ 14,987,156	\$ 17,128,417	\$ 14,469,751	\$	2,658,666
Excess (deficiency) of revenues over (under) expenditures	\$ (459,100)	\$ (964,701)	\$ 1,562,063	\$	2,526,764
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ -	\$ -	\$ (2,464,632)	\$	(2,464,632)
Net change in fund balances	\$ (459,100)	\$ (964,701)	\$ (902,569)	\$	62,132
Fund balances - beginning balance	459,100	964,701	17,782,751		16,818,050
Fund balances - ending	\$ -	\$ -	\$ 16,880,182	\$	16,880,182

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, 2020

	Landfill Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 180,700	\$ 180,700	\$ 177,545	\$ (3,155)
Charges for services	468,300	775,478	584,955	(190,523)
Intergovernmental:				
Commonwealth	243,000	243,000	215,925	(27,075)
Total revenues	<u>\$ 892,000</u>	<u>\$ 1,199,178</u>	<u>\$ 978,425</u>	<u>\$ (220,753)</u>
EXPENDITURES				
Current:				
Public works	\$ 892,000	\$ 1,707,769	\$ 1,309,653	\$ 398,116
Total expenditures	<u>\$ 892,000</u>	<u>\$ 1,707,769</u>	<u>\$ 1,309,653</u>	<u>\$ 398,116</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (508,591)	\$ (331,228)	\$ 177,363
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,464,632	\$ 2,464,632
Net change in fund balances	\$ -	\$ (508,591)	\$ 2,133,404	\$ 2,641,995
Fund balances - beginning balance	-	508,591	(2,106,730)	(2,615,321)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,674</u>	<u>\$ 26,674</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, 2020

	LRA Land Sale Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning balance	-	-	5,228,188	5,228,188
Fund balances - ending	\$ -	\$ -	\$ 5,228,188	\$ 5,228,188

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 319,547	\$ 292,563	\$ 313,968	\$ 294,153	\$ 298,465	\$ 281,373
Interest	1,046,566	1,025,368	1,024,181	1,001,985	1,004,479	951,942
Differences between expected and actual experience	(195,804)	(294,236)	(569,715)	(317,448)	(710,757)	-
Changes of assumptions	428,306	-	(141,997)		-	-
Benefit payments	(801,712)	(640,030)	(578,927)	(744,286)	(511,345)	(454,219)
Net change in total pension liability	\$ 796,903	\$ 383,665	\$ 47,510	\$ 234,404	\$ 80,842	\$ 779,096
Total pension liability - beginning	15,351,794	14,968,129	14,920,619	14,686,215	14,605,373	13,826,277
Total pension liability - ending (a)	<u>\$ 16,148,697</u>	<u>\$ 15,351,794</u>	<u>\$ 14,968,129</u>	<u>\$ 14,920,619</u>	<u>\$ 14,686,215</u>	<u>\$ 14,605,373</u>
Plan fiduciary net position						
Contributions - employer	\$ 25,696	\$ 58,707	\$ 59,339	\$ 206,557	\$ 209,913	\$ 240,675
Contributions - employee	166,243	166,195	161,154	158,802	161,754	160,078
Net investment income	1,156,056	1,230,211	1,847,888	258,106	680,665	2,040,771
Benefit payments	(801,712)	(640,030)	(578,927)	(744,286)	(511,345)	(454,219)
Administrator charges	(11,887)	(10,754)	(10,797)	(9,732)	(9,323)	(10,945)
Other	(723)	(1,091)	(1,640)	(112)	(143)	108
Net change in plan fiduciary net position	\$ 533,673	\$ 803,238	\$ 1,477,017	\$ (130,665)	\$ 531,521	\$ 1,976,468
Plan fiduciary net position - beginning	17,581,279	16,778,041	15,301,024	15,431,689	14,900,168	12,923,700
Plan fiduciary net position - ending (b)	<u>\$ 18,114,952</u>	<u>\$ 17,581,279</u>	<u>\$ 16,778,041</u>	<u>\$ 15,301,024</u>	<u>\$ 15,431,689</u>	<u>\$ 14,900,168</u>
County's net pension liability (asset) - ending (a) - (b)	\$ (1,966,255)	\$ (2,229,485)	\$ (1,809,912)	\$ (380,405)	\$ (745,474)	\$ (294,795)
Plan fiduciary net position as a percentage of the total pension liability	112.18%	114.52%	112.09%	102.55%	105.08%	102.02%
Covered payroll	\$ 3,530,871	\$ 3,507,488	\$ 3,357,499	\$ 3,270,921	\$ 3,298,543	\$ 3,211,013
County's net pension liability (asset) as a percentage of covered payroll	-55.69%	-63.56%	-53.91%	-11.63%	-22.60%	-9.18%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 75,790	\$ 82,194	\$ 83,092	\$ 98,522	\$ 105,472	\$ 107,776
Interest	400,261	391,078	411,351	398,827	397,914	378,446
Differences between expected and actual experience	(92,892)	(2,381)	(405,417)	(58,959)	(231,118)	-
Changes of assumptions	157,717	-	(55,603)			-
Benefit payments	(276,832)	(402,568)	(243,521)	(275,438)	(243,013)	(173,181)
Net change in total pension liability	\$ 264,044	\$ 68,323	\$ (210,098)	\$ 162,952	\$ 29,255	\$ 313,041
Total pension liability - beginning	5,856,429	5,788,106	5,998,204	5,835,252	5,805,997	5,492,956
Total pension liability - ending (a)	<u>\$ 6,120,473</u>	<u>\$ 5,856,429</u>	<u>\$ 5,788,106</u>	<u>\$ 5,998,204</u>	<u>\$ 5,835,252</u>	<u>\$ 5,805,997</u>
Plan fiduciary net position						
Contributions - employer	\$ 14,788	\$ 50,613	\$ 55,195	\$ 76,827	\$ 85,134	\$ 97,577
Contributions - employee	42,612	43,250	46,424	44,242	49,309	57,300
Net investment income	402,668	432,669	664,164	93,374	246,344	743,198
Benefit payments	(276,832)	(402,568)	(243,521)	(275,438)	(243,013)	(173,181)
Administrator charges	(4,127)	(3,912)	(3,896)	(3,503)	(3,430)	(3,985)
Other	(252)	(381)	(589)	(40)	(54)	39
Net change in plan fiduciary net position	\$ 178,857	\$ 119,671	\$ 517,777	\$ (64,538)	\$ 134,290	\$ 720,948
Plan fiduciary net position - beginning	6,144,907	6,025,236	5,507,459	5,571,997	5,437,707	4,716,759
Plan fiduciary net position - ending (b)	<u>\$ 6,323,764</u>	<u>\$ 6,144,907</u>	<u>\$ 6,025,236</u>	<u>\$ 5,507,459</u>	<u>\$ 5,571,997</u>	<u>\$ 5,437,707</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (203,291)	\$ (288,478)	\$ (237,130)	\$ 490,745	\$ 263,255	\$ 368,290
Plan fiduciary net position as a percentage of the total pension liability	103.32%	104.93%	104.10%	91.82%	95.49%	93.66%
Covered payroll	\$ 902,367	\$ 911,302	\$ 969,477	\$ 918,183	\$ 1,009,199	\$ 1,148,431
School Division's net pension liability as a percentage of covered payroll	-22.53%	-31.66%	-24.46%	53.45%	26.09%	32.07%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.13272%	0.13957%	0.14409%	0.14417%	0.14656%	0.14748%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,466,706	\$ 16,414,000	\$ 17,720,000	\$ 20,204,000	\$ 18,446,000	\$ 17,822,000
Employer's Covered Payroll	11,109,027	11,428,307	11,409,651	10,656,586	10,934,055	10,831,896
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	157.23%	143.63%	155.31%	189.59%	168.70%	164.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

Date		Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government						
2020	\$	21,577	\$ 21,577	\$ -	3,566,769	0.60%
2019		25,065	25,065	-	3,530,871	0.71%
2018		58,675	58,675	-	3,507,488	1.67%
2017		67,821	67,821	-	3,357,499	2.02%
2016		211,302	211,302	-	3,270,921	6.46%
2015		213,086	213,086	-	3,298,543	6.46%
2014		241,147	241,147	-	3,211,013	7.51%
2013		228,542	228,542	-	3,043,168	7.51%
2012		190,628	190,628	-	2,960,066	6.44%
2011		190,306	190,306	-	2,955,067	6.44%
Component Unit School Board (nonprofessional)						
2020	\$	13,532	\$ 13,532	\$ -	929,141	1.46%
2019		14,260	14,260	-	902,367	1.58%
2018		50,613	50,613	-	911,302	5.55%
2017		57,781	57,781	-	969,477	5.96%
2016		78,505	78,505	-	918,183	8.55%
2015		86,287	86,287	-	1,009,199	8.55%
2014		97,732	97,732	-	1,148,431	8.51%
2013		97,628	97,628	-	1,147,220	8.51%
2012		63,682	63,682	-	1,097,964	5.80%
2011		63,199	63,199	-	1,089,636	5.80%
Component Unit School Board (professional)						
2020	\$	1,731,912	\$ 1,731,912	\$ -	11,343,771	15.27%
2019		1,709,337	1,709,337	-	11,109,027	15.39%
2018		1,686,356	1,686,356	-	11,428,307	14.76%
2017		1,658,194	1,658,194	-	11,409,651	14.53%
2016		1,545,205	1,545,205	-	10,656,586	14.50%
2015		1,585,438	1,585,438	-	10,934,055	14.50%
2014		1,262,999	1,262,999	-	10,831,896	11.66%
2013		1,270,428	1,270,428	-	10,895,610	11.66%
2012		1,185,685	1,185,685	-	10,465,003	11.33%
2011		937,764	937,764	-	10,501,273	8.93%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information

Pension Plans

For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2019	0.01821% \$	296,325 \$	3,568,736	8.30%	52.00%
2018	0.01849%	281,000	3,515,613	7.99%	51.22%
2017	0.01828%	275,000	3,372,357	8.15%	48.86%
Component Unit School Board (nonprofessional):					
2019	0.00460% \$	74,854 \$	902,367	8.30%	52.00%
2018	0.00482%	73,000	915,978	7.97%	51.22%
2017	0.00525%	79,000	969,477	8.15%	48.86%
Component Unit School Board (professional):					
2019	0.05644% \$	918,429 \$	11,063,129	8.30%	52.00%
2018	0.05898%	895,000	11,215,533	7.98%	51.22%
2017	0.06141%	924,000	11,328,465	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 18,838	\$ 18,838	\$ -	\$ 3,622,748	0.52%
2019	18,557	18,557	-	3,568,736	0.52%
2018	18,281	18,281	-	3,515,613	0.52%
2017	17,536	17,536	-	3,372,357	0.52%
2016	15,710	15,710	-	3,273,001	0.48%
2015	15,833	15,833	-	3,298,543	0.48%
2014	15,413	15,413	-	3,211,013	0.48%
2013	14,654	14,654	-	3,052,850	0.48%
2012	8,298	8,298	-	2,963,458	0.28%
2011	8,286	8,286	-	2,959,180	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 4,832	\$ 4,832	\$ -	\$ 929,141	0.52%
2019	4,692	4,692	-	902,367	0.52%
2018	4,763	4,763	-	915,978	0.52%
2017	5,041	5,041	-	969,477	0.52%
2016	4,429	4,429	-	922,759	0.48%
2015	4,911	4,911	-	1,023,122	0.48%
2014	5,512	5,512	-	1,148,431	0.48%
2013	5,524	5,524	-	1,150,839	0.48%
2012	3,074	3,074	-	1,097,964	0.28%
2011	3,051	3,051	-	1,089,636	0.28%
Component Unit School Board (professional)					
2020	\$ 59,048	\$ 59,048	\$ -	\$ 11,355,290	0.52%
2019	57,528	57,528	-	11,063,129	0.52%
2018	58,321	58,321	-	11,215,533	0.52%
2017	58,908	58,908	-	11,328,465	0.52%
2016	52,810	52,810	-	11,002,059	0.48%
2015	52,434	52,434	-	10,923,794	0.48%
2014	52,045	52,045	-	10,842,711	0.48%
2013	52,241	52,241	-	10,883,562	0.48%
2012	29,470	29,470	-	10,524,933	0.28%
2011	29,579	29,579	-	10,564,026	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Nottoway School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.13161%	\$ 1,722,903	\$ 11,039,238	15.61%	8.97%
2018	0.13868%	1,761,000	11,215,959	15.70%	8.08%
2017	0.14331%	1,818,000	11,310,137	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2020	\$ 136,125	\$ 136,125	\$ -	\$ 11,343,771	1.20%
2019	132,471	132,471	-	11,039,238	1.20%
2018	137,956	137,956	-	11,215,959	1.23%
2017	125,543	125,543	-	11,310,137	1.11%
2016	116,517	116,517	-	10,992,178	1.06%
2015	115,499	115,499	-	10,896,110	1.06%
2014	119,717	119,717	-	10,785,295	1.11%
2013	120,627	120,627	-	10,867,305	1.11%
2012	62,790	62,790	-	10,465,003	0.60%
2011	63,008	63,008	-	10,501,273	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net LODA OPEB Liability

Line of Duty Act (LODA) Program

For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2019	0.20377%	\$ 731,098	N/A	N/A	0.79%
2018	0.16114%	505,000	N/A	N/A	0.60%
2017	0.15256%	401,000	N/A	N/A	1.30%

Covered payroll for the LODA Program is not a relevant measurement as over 75% of covered participants are volunteers rather than employees.

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, one year of data is available. However, additional years will be added as they become available.

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

For the Years Ended June 30, 2016 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2020	\$ 25,761	\$ 25,761	\$ -	N/A	N/A
2019	27,349	27,349	-	N/A	N/A
2018	17,163	17,163	-	N/A	N/A
2017	16,454	16,454	-	N/A	N/A
2016	14,268	14,268	-	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. However, additional years will be added as they become available.

Notes to Required Supplementary Information

Line of Duty Act (LODA) Program

For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Year Ended June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 48,649	\$ 74,394	\$ 70,851
Interest	21,233	23,153	21,465
Changes of assumptions	(181,946)	-	-
Differences between expected and actual experience	(233,311)	-	-
Benefit payments	(18,062)	(41,583)	(38,503)
Net change in total OPEB liability	\$ (363,437)	\$ 55,964	\$ 53,813
Total OPEB liability - beginning	767,635	711,671	657,858
Total OPEB liability - ending	<u>\$ 404,198</u>	<u>\$ 767,635</u>	<u>\$ 711,671</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A
School's total OPEB liability (asset) as a percentage of covered payroll	N/A	N/A	N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Nottoway, Virginia
Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2019

Valuation Date: 6/30/2020

Measurement Date: 6/30/2020

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.66% per year as of June 30, 2020
Healthcare Trend Rate	7.5% grading to 6.75% uniformly over 3 years and following the Getzen model thereafter.

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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County of Nottoway, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	E-911 <u>Fund</u>	Dare <u>Fund</u>	Forfeited Asset <u>Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 455,705	\$ 99	\$ 446	\$ 456,250
Due from other governmental units	22,294	-	-	22,294
Total assets	<u>\$ 477,999</u>	<u>\$ 99</u>	<u>\$ 446</u>	<u>\$ 478,544</u>
FUND BALANCES				
Fund balances:				
Committed	\$ 477,999	\$ 99	\$ 446	\$ 478,544
Total fund balances	<u>\$ 477,999</u>	<u>\$ 99</u>	<u>\$ 446</u>	<u>\$ 478,544</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, 2020

	E-911 <u>Fund</u>	Dare <u>Fund</u>	Forfeited Asset <u>Fund</u>	<u>Total</u>
REVENUES				
Other local taxes	\$ 625	\$ -	\$ -	\$ 625
Intergovernmental:				
Commonwealth	145,375	-	-	145,375
Total revenues	<u>\$ 146,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,000</u>
EXPENDITURES				
Current:				
Public safety	\$ 131,006	\$ -	\$ -	\$ 131,006
Total expenditures	<u>\$ 131,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 14,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,994</u>
Net change in fund balances	\$ 14,994	\$ -	\$ -	\$ 14,994
Fund balances - beginning	463,005	99	446	463,550
Fund balances - ending	<u><u>\$ 477,999</u></u>	<u><u>\$ 99</u></u>	<u><u>\$ 446</u></u>	<u><u>\$ 478,544</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, 2020

	E-911 Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	<u>Original</u>	<u>Final</u>			
REVENUES					
Other local taxes	\$ 400	\$ 400	\$ 625	\$ 225	
Intergovernmental:					
Commonwealth	145,500	145,500	145,375	(125)	
Total revenues	\$ 145,900	\$ 145,900	\$ 146,000	\$ 100	
EXPENDITURES					
Current:					
Public safety	\$ 178,690	\$ 254,666	\$ 131,006	\$ 123,660	
Total expenditures	\$ 178,690	\$ 254,666	\$ 131,006	\$ 123,660	
Excess (deficiency) of revenues over (under) expenditures	\$ (32,790)	\$ (108,766)	\$ 14,994	\$ 123,760	
Net change in fund balances	\$ (32,790)	\$ (108,766)	\$ 14,994	\$ 123,760	
Fund balances - beginning	32,790	108,766	463,005	354,239	
Fund balances - ending	\$ -	\$ -	\$ 477,999	\$ 477,999	

Dare Fund				Forfeited Asset Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 99	\$ -	\$ 99	-	-	-	-
\$ -	\$ 99	\$ -	\$ 99	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (99)	\$ -	\$ 99	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (99)	\$ -	\$ 99	\$ -	\$ -	\$ -	\$ -
-	99	99	-	-	-	446	446
\$ -	\$ -	\$ 99	\$ 99	\$ -	\$ -	\$ 446	\$ 446

County of Nottoway, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets				
Cash and cash equivalents	\$ 2,731	\$ 13,133	\$ 13,575	\$ 2,289
Liabilities				
Amounts held for social services clients	\$ 2,731	\$ 13,133	\$ 13,575	\$ 2,289

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Nottoway, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2020

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,480,111	\$ 1,873,961	\$ 564,154	\$ 4,918,226
Due from other governmental units	491,900	-	9,367	501,267
Prepaid items	767,221	-	-	767,221
Total assets	<u>\$ 3,739,232</u>	<u>\$ 1,873,961</u>	<u>\$ 573,521</u>	<u>\$ 6,186,714</u>
LIABILITIES				
Accounts payable	\$ 55,990	\$ -	\$ -	\$ 55,990
Accrued liabilities	566,750	-	16,799	583,549
Due to other governmental units	1,742,644	-	-	1,742,644
Total liabilities	<u>\$ 2,365,384</u>	<u>\$ -</u>	<u>\$ 16,799</u>	<u>\$ 2,382,183</u>
FUND BALANCES				
Nonspendable	\$ 767,221	\$ -	\$ -	\$ 767,221
Committed	1,373,848	1,873,961	556,722	3,804,531
Unassigned	(767,221)	-	-	(767,221)
Total fund balances	<u>\$ 1,373,848</u>	<u>\$ 1,873,961</u>	<u>\$ 556,722</u>	<u>\$ 3,804,531</u>
Total liabilities and fund balances	<u>\$ 3,739,232</u>	<u>\$ 1,873,961</u>	<u>\$ 573,521</u>	<u>\$ 6,186,714</u>

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

Total fund balances per above	\$ 3,804,531
-------------------------------	--------------

The net pension asset is not an available resource and, therefore, is not reported in the funds.	203,291
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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	\$ 35,534,324	
Accumulated depreciation	<u>(24,643,531)</u>	10,890,793

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 3,563,902	
OPEB related items	<u>368,983</u>	3,932,885

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

Compensated absences	\$ (170,026)	
Net pension liability	(17,466,706)	
Net OPEB liabilities	<u>(3,120,384)</u>	(20,757,116)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (2,815,552)	
OPEB related items	<u>(631,626)</u>	(3,447,178)

Net position of governmental activities	<u>\$ (5,372,794)</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, 2020

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 2,664	\$ -	\$ 6,728	\$ 9,392
Charges for services	3,200	-	93,896	97,096
Miscellaneous	45,592	1,904	22,209	69,705
Recovered costs	6,955	-	-	6,955
Intergovernmental:				
Local government	4,735,189	-	-	4,735,189
Commonwealth	15,992,977	-	18,604	16,011,581
Federal	1,822,405	-	961,791	2,784,196
Total revenues	<u>\$ 22,608,982</u>	<u>\$ 1,904</u>	<u>\$ 1,103,228</u>	<u>\$ 23,714,114</u>
EXPENDITURES				
Current:				
Education	\$ 22,070,948	\$ 70,790	\$ 1,129,246	\$ 23,270,984
Capital projects	615,666	-	-	615,666
Total expenditures	<u>\$ 22,686,614</u>	<u>\$ 70,790</u>	<u>\$ 1,129,246</u>	<u>\$ 23,886,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (77,632)</u>	<u>\$ (68,886)</u>	<u>\$ (26,018)</u>	<u>\$ (172,536)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 391,441	\$ -	\$ 391,441
Transfers out	(391,441)	-	-	(391,441)
Total other financing sources (uses)	<u>\$ (391,441)</u>	<u>\$ 391,441</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (469,073)	\$ 322,555	\$ (26,018)	\$ (172,536)
Fund balances - beginning	1,842,921	1,551,406	582,740	3,977,067
Fund balances - ending	<u>\$ 1,373,848</u>	<u>\$ 1,873,961</u>	<u>\$ 556,722</u>	<u>\$ 3,804,531</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 \$ (172,536)

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	\$ 755,049	
Depreciation expense	(1,340,985)	
Jointly owned asset allocation	<u>255,743</u>	(330,193)

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.

Pension expense	\$ 325,212	
OPEB expense	87,917	
(Increase) decrease in compensated absences	<u>(24,645)</u>	388,484

Change in net position of governmental activities \$ (114,245)

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, 2020

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 2,664	\$ 1,664
Charges for services	2,400	2,400	3,200	800
Miscellaneous	20,000	31,082	45,592	14,510
Recovered costs	-	7,919	6,955	(964)
Intergovernmental:				
Local government	4,807,518	5,023,379	4,735,189	(288,190)
Commonwealth	16,386,156	16,469,736	15,992,977	(476,759)
Federal	2,150,794	2,576,476	1,822,405	(754,071)
Total revenues	\$ 23,367,868	\$ 24,111,992	\$ 22,608,982	\$ (1,503,010)
EXPENDITURES				
Current:				
Education	\$ 22,883,671	\$ 24,993,745	\$ 22,070,948	\$ 2,922,797
Capital projects	422,235	913,166	615,666	297,500
Total expenditures	\$ 23,305,906	\$ 25,906,911	\$ 22,686,614	\$ 3,220,297
Excess (deficiency) of revenues over (under) expenditures	\$ 61,962	\$ (1,794,919)	\$ (77,632)	\$ 1,717,287
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(146,450)	(146,450)	(391,441)	(244,991)
Total other financing sources (uses)	\$ (146,450)	\$ (146,450)	\$ (391,441)	\$ (244,991)
Net change in fund balances	\$ (84,488)	\$ (1,941,369)	\$ (469,073)	\$ 1,472,296
Fund balances - beginning	84,488	1,941,369	1,842,921	(98,448)
Fund balances - ending	\$ -	\$ -	\$ 1,373,848	\$ 1,373,848

Textbook Fund					School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final				Original	Final			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ 2,200	\$ 6,728	\$ 4,528	
-	-	-	-	-	153,200	153,200	93,896	(59,304)	
-	-	1,904	1,904		43,900	43,900	22,209	(21,691)	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	18,930	18,930	18,604	(326)	
-	-	-	-	-	871,200	871,200	961,791	90,591	
\$ -	\$ -	\$ 1,904	\$ 1,904	\$ -	\$ 1,089,430	\$ 1,089,430	\$ 1,103,228	\$ 13,798	
\$ -	\$ -	\$ 70,790	\$ (70,790)	\$ -	\$ 1,337,916	\$ 1,608,477	\$ 1,129,246	\$ 479,231	
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 70,790	\$ (70,790)	\$ -	\$ 1,337,916	\$ 1,608,477	\$ 1,129,246	\$ 479,231	
\$ -	\$ -	\$ (68,886)	\$ (68,886)	\$ -	\$ (248,486)	\$ (519,047)	\$ (26,018)	\$ 493,029	
\$ -	\$ -	\$ 391,441	\$ 391,441	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 391,441	\$ 391,441	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ 322,555	\$ 322,555	\$ (248,486)	\$ (519,047)	\$ (26,018)	\$ 493,029		
\$ -	\$ -	1,551,406	1,551,406	248,486	519,047	582,740	63,693		
\$ -	\$ -	\$ 1,873,961	\$ 1,873,961	\$ -	\$ -	\$ 556,722	\$ 556,722		

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Nottoway, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,616,189
Notes receivable - current portion	146,461
Total current assets	<u>\$ 1,762,650</u>

Noncurrent assets:

Notes receivable - net of current portion	\$ 515,109
Total noncurrent assets	<u>\$ 515,109</u>
Total assets	<u><u>\$ 2,277,759</u></u>

LIABILITIES

Current liabilities:

Due to other governmental units	\$ 76,378
Total current liabilities	<u>\$ 76,378</u>
Total liabilities	<u>\$ 76,378</u>

NET POSITION

Unrestricted

	\$ 2,201,381
Total net position	<u><u>\$ 2,201,381</u></u>

County of Nottoway, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2020

OPERATING REVENUES

Charges for services:

Rents

\$ 12,300

Total operating revenues

\$ 12,300

OPERATING EXPENSES

Other charges

\$ -

Total operating expenses

\$ -

Operating income (loss)

\$ 12,300

NONOPERATING REVENUES (EXPENSES)

Investment income

\$ 10,008

Total nonoperating revenues (expenses)

\$ 10,008

Change in net position

\$ 22,308

Total net position - beginning

2,179,073

Total net position - ending

\$ 2,201,381

County of Nottoway, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 102,367
Net cash provided by (used for) operating activities	<u>\$ 102,367</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 10,008
Net cash provided by (used for) investing activities	<u>\$ 10,008</u>

Net increase (decrease) in cash and cash equivalents	\$ 112,375
--	------------

Cash and cash equivalents - beginning	1,503,814
---------------------------------------	-----------

Cash and cash equivalents - ending	<u><u>\$ 1,616,189</u></u>
------------------------------------	----------------------------

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

Operating income (loss)	<u>\$ 12,300</u>
-------------------------	------------------

Adjustments to reconcile operating income to net cash

provided (used) by operating activities:

(Increase) decrease in notes receivable	\$ 90,067
---	-----------

Total adjustments	<u>\$ 90,067</u>
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Net cash provided by (used for) operating activities	<u><u>\$ 102,367</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, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,514,606	\$ 4,514,606	\$ 4,518,033	\$ 3,427
Real and personal public service corporation taxes	586,000	586,000	619,506	33,506
Personal property taxes	1,858,700	1,858,700	2,177,359	318,659
Mobile home taxes	12,000	12,000	10,622	(1,378)
Machinery and tools taxes	114,000	114,000	118,763	4,763
Penalties	110,500	110,500	129,173	18,673
Interest	60,000	60,000	98,762	38,762
Total general property taxes	\$ 7,255,806	\$ 7,255,806	\$ 7,672,218	\$ 416,412
Other local taxes:				
Local sales and use taxes	\$ 1,240,000	\$ 1,240,000	\$ 1,321,721	\$ 81,721
Business license taxes	161,400	161,400	219,385	57,985
Motor vehicle licenses	140,000	140,000	197,213	57,213
Taxes on recordation and wills	80,000	80,000	63,159	(16,841)
Hotel and motel room taxes	1,000	1,000	5,896	4,896
Total other local taxes	\$ 1,622,400	\$ 1,622,400	\$ 1,807,374	\$ 184,974
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 16,950	\$ 18,260	\$ 10,236	\$ (8,024)
Permits and other licenses	62,590	62,590	102,344	39,754
Total permits, privilege fees, and regulatory licenses	\$ 79,540	\$ 80,850	\$ 112,580	\$ 31,730
Fines and forfeitures:				
Court fines and forfeitures	11,000	11,000	12,578	\$ 1,578
Total fines and forfeitures	\$ 11,000	\$ 11,000	\$ 12,578	\$ 1,578
Revenue from use of money and property:				
Revenue from use of money	\$ 150,000	\$ 150,000	\$ 414,935	\$ 264,935
Revenue from use of property	532,730	557,230	534,329	(22,901)
Total revenue from use of money and property	\$ 682,730	\$ 707,230	\$ 949,264	\$ 242,034
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,042	\$ 1,042	\$ 1,042	\$ -
Charges for courthouse maintenance	-	-	277	277
Charges for court costs	7,000	7,000	5,785	(1,215)
Charges for courthouse security	31,000	31,000	18,967	(12,033)
Charges for Commonwealth's Attorney	1,250	1,250	957	(293)
Charges for law library	1,500	1,500	1,921	421
Charges for other protection	1,000	1,000	1,203	203
Charges for data processing	350	350	-	(350)
Charges for sale of historical material	125	125	225	100
Total charges for services	\$ 43,267	\$ 43,267	\$ 30,377	\$ (12,890)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<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)				
Miscellaneous:				
Miscellaneous	\$ 214,390	\$ 1,560,934	\$ 133,715	\$ (1,427,219)
Total miscellaneous	\$ 214,390	\$ 1,560,934	\$ 133,715	\$ (1,427,219)
Recovered costs:				
Dispatching - Towns	\$ 43,400	\$ 43,400	\$ 41,713	\$ (1,687)
Library contribution	3,500	3,500	3,500	-
Cost allocation plan	-	-	215,861	215,861
Indirect services - School Board	-	-	95,354	95,354
Total recovered costs	\$ 46,900	\$ 46,900	\$ 356,428	\$ 309,528
Total revenue from local sources	\$ 9,956,033	\$ 11,328,387	\$ 11,074,534	\$ (253,853)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 76,500	\$ 76,500	\$ 74,452	\$ (2,048)
Mobile home titling tax	16,000	16,000	34,846	18,846
Tax on Deeds	15,000	15,000	17,879	2,879
Moped ATV sales tax	-	-	13,164	13,164
Motor vehicle rental tax	-	-	423	423
State recordation tax	-	-	12,866	12,866
Personal property tax relief funds	1,049,790	1,049,790	1,049,790	-
Total noncategorical aid	\$ 1,157,290	\$ 1,157,290	\$ 1,203,420	\$ 46,130
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 226,059	\$ 233,402	\$ 224,979	\$ (8,423)
Sheriff	858,368	858,368	857,114	(1,254)
Commissioner of revenue	76,680	76,680	76,382	(298)
Treasurer	87,944	87,944	87,955	11
Registrar/electoral board	42,500	42,500	51,793	9,293
Clerk of the Circuit Court	185,468	200,938	191,110	(9,828)
Total shared expenses	\$ 1,477,019	\$ 1,499,832	\$ 1,489,333	\$ (10,499)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 1,300,000	\$ 1,300,000	\$ 476,709	\$ (823,291)
Comprehensive services act	400,000	639,996	624,309	(15,687)
Litter control grant	6,000	6,000	4,244	(1,756)
Bio solids fees	800	800	147	(653)
Virginia center for rehabilitation	90,000	90,000	100,000	10,000
Victim witness grant	63,240	63,240	31,346	(31,894)
Library grant	58,764	58,764	57,213	(1,551)
Forfeited assets	-	497	-	(497)
VJCCCS grant	18,910	18,910	19,399	489
Clerk's records grant	-	-	11,119	11,119
Fire programs	-	-	34,506	34,506
Total other categorical aid	<u>\$ 1,937,714</u>	<u>\$ 2,178,207</u>	<u>\$ 1,358,992</u>	<u>\$ (819,215)</u>
Total categorical aid	<u>\$ 3,414,733</u>	<u>\$ 3,678,039</u>	<u>\$ 2,848,325</u>	<u>\$ (829,714)</u>
Total revenue from the Commonwealth	<u>\$ 4,572,023</u>	<u>\$ 4,835,329</u>	<u>\$ 4,051,745</u>	<u>\$ (783,584)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 863,408	\$ 863,408
Victim witness	-	-	25,248	25,248
Emergency management preparation	-	-	6,366	6,366
Ground transportation safety	-	-	10,513	10,513
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,535</u>	<u>\$ 905,535</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,535</u>	<u>\$ 905,535</u>
Total General Fund	<u>\$ 14,528,056</u>	<u>\$ 16,163,716</u>	<u>\$ 16,031,814</u>	<u>\$ (131,902)</u>

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<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:				
Landfill Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility tax	\$ 152,700	\$ 152,700	\$ 150,646	\$ (2,054)
Consumption tax	28,000	28,000	26,899	(1,101)
Total other local taxes	<u>\$ 180,700</u>	<u>\$ 180,700</u>	<u>\$ 177,545</u>	<u>\$ (3,155)</u>
Charges for services:				
Landfill use fees	\$ 468,300	\$ 775,478	\$ 584,955	\$ (190,523)
Total charges for services	<u>\$ 468,300</u>	<u>\$ 775,478</u>	<u>\$ 584,955</u>	<u>\$ (190,523)</u>
Total revenue from local sources	<u>\$ 649,000</u>	<u>\$ 956,178</u>	<u>\$ 762,500</u>	<u>\$ (193,678)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 243,000	\$ 243,000	\$ 215,925	\$ (27,075)
Total noncategorical aid	<u>\$ 243,000</u>	<u>\$ 243,000</u>	<u>\$ 215,925</u>	<u>\$ (27,075)</u>
Total revenue from the Commonwealth	<u>\$ 243,000</u>	<u>\$ 243,000</u>	<u>\$ 215,925</u>	<u>\$ (27,075)</u>
Total Landfill Fund	<u>\$ 892,000</u>	<u>\$ 1,199,178</u>	<u>\$ 978,425</u>	<u>\$ (220,753)</u>
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 400	\$ 400	\$ 625	\$ 225
Total other local taxes	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 625</u>	<u>\$ 225</u>
Total revenue from local sources	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 625</u>	<u>\$ 225</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications Tax	\$ 92,000	\$ 92,000	\$ 71,975	\$ (20,025)
Total noncategorical aid	<u>\$ 92,000</u>	<u>\$ 92,000</u>	<u>\$ 71,975</u>	<u>\$ (20,025)</u>
Categorical aid:				
Wireless grant funds	\$ 53,500	\$ 53,500	\$ 61,820	\$ 8,320
PSAP grant	-	-	11,580	11,580
Total categorical aid	<u>\$ 53,500</u>	<u>\$ 53,500</u>	<u>\$ 73,400</u>	<u>\$ 19,900</u>
Total revenue from the Commonwealth	<u>\$ 145,500</u>	<u>\$ 145,500</u>	<u>\$ 145,375</u>	<u>\$ (125)</u>
Total E-911 Fund	<u>\$ 145,900</u>	<u>\$ 145,900</u>	<u>\$ 146,000</u>	<u>\$ 100</u>
Total Primary Government	<u>\$ 15,565,956</u>	<u>\$ 17,508,794</u>	<u>\$ 17,156,239</u>	<u>\$ (352,555)</u>

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<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:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 1,000	\$ 1,000	\$ 2,664	\$ 1,664
Total revenue from use of money and property	1,000	1,000	2,664	1,664
Charges for services:				
Charges for education	\$ 2,400	\$ 2,400	\$ 3,200	\$ 800
Total charges for services	\$ 2,400	\$ 2,400	\$ 3,200	800
Miscellaneous:				
Other miscellaneous	\$ 20,000	\$ 31,082	\$ 45,592	\$ 14,510
Total miscellaneous	\$ 20,000	\$ 31,082	\$ 45,592	\$ 14,510
Recovered costs:				
Other recovered costs	\$ -	\$ 7,919	\$ 6,955	\$ (964)
Total recovered costs	\$ -	\$ 7,919	\$ 6,955	\$ (964)
Total revenue from local sources	\$ 23,400	\$ 42,401	\$ 58,411	\$ 16,010
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nottoway, Virginia	\$ 4,807,518	\$ 5,023,379	\$ 4,735,189	\$ (288,190)
Total revenues from local governments	\$ 4,807,518	\$ 5,023,379	\$ 4,735,189	\$ (288,190)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,489,402	\$ 2,489,402	\$ 2,543,161	\$ 53,759
Basic school aid	7,206,362	7,206,362	7,123,082	(83,280)
Remedial education	417,431	417,431	415,528	(1,903)
Regular foster care	25,497	25,497	-	(25,497)
Gifted and talented	72,723	72,723	72,392	(331)
Preschool and 4 year old at risk	240,862	243,882	240,862	(3,020)
Special education	1,093,758	1,093,758	1,088,770	(4,988)
Project Graduation	8,143	8,143	4,228	(3,915)
Vocational education	189,612	189,612	195,821	6,209
Textbook payments	146,450	146,450	145,782	(668)
Social security and retirement fringe benefits	1,515,552	1,515,552	1,508,641	(6,911)
GED payments	7,859	7,859	8,387	528
State lottery payments	654,052	654,052	529,921	(124,131)
Early reading intervention	63,635	63,635	83,998	20,363
Teacher licensure	-	-	3,020	3,020
Homebound education	6,205	6,205	2,527	(3,678)
Special education - foster children	-	-	3,912	3,912
Remedial summer	45,315	45,315	44,930	(385)
At risk payments	610,945	610,945	608,352	(2,593)
VPSA technology funds	232,000	300,000	256,535	(43,465)
Primary class size	503,101	503,101	524,317	21,216
Standards of Learning algebra readiness	46,463	46,463	44,478	(1,985)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Middle school corps	\$ -	\$ 5,000	\$ 4,999	\$ (1)
English as a second language	69,674	74,674	68,649	(6,025)
Compensation supplement	464,870	464,870	462,259	(2,611)
Mentor teacher program	1,655	1,655	3,371	1,716
School construction	274,590	274,590	-	(274,590)
Other grants	-	2,560	5,055	2,495
Total categorical aid	\$ 16,386,156	\$ 16,469,736	\$ 15,992,977	\$ (476,759)
Total revenue from the Commonwealth	\$ 16,386,156	\$ 16,469,736	\$ 15,992,977	\$ (476,759)
Revenue from the federal government:				
Categorical aid:				
Rural education	\$ 39,523	\$ 56,587	\$ 33,642	\$ (22,945)
Title I	926,381	926,381	810,898	(115,483)
Title II, Part A	120,866	214,431	122,374	(92,057)
Title III, Part A	-	-	8,008	8,008
Title VI-B, special education flow-through	578,374	750,287	471,519	(278,768)
Vocational education	70,117	70,117	51,474	(18,643)
Preschool special education	15,938	15,938	5,171	(10,767)
Sliver grant	11,399	11,399	-	(11,399)
School improvement	-	139,269	74,412	(64,857)
21st century grant	226,766	226,766	197,893	(28,873)
ROTC	78,031	78,031	37,525	(40,506)
ESEA Title IV	68,399	72,270	-	(72,270)
Project Hope grant	15,000	15,000	9,489	(5,511)
Total categorical aid	\$ 2,150,794	\$ 2,576,476	\$ 1,822,405	\$ (754,071)
Total revenue from the federal government	\$ 2,150,794	\$ 2,576,476	\$ 1,822,405	\$ (754,071)
Total School Operating Fund	\$ 23,367,868	\$ 24,111,992	\$ 22,608,982	\$ (1,503,010)

County of Nottoway, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<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:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,200	\$ 2,200	\$ 6,728	\$ 4,528
Charges for services:				
Cafeteria sales	\$ 153,200	\$ 153,200	\$ 93,896	\$ (59,304)
Miscellaneous:				
Other miscellaneous	\$ 43,900	\$ 43,900	\$ 22,209	\$ (21,691)
Total revenue from local sources	\$ 199,300	\$ 199,300	\$ 122,833	\$ (76,467)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 18,930	\$ 18,930	\$ 18,604	\$ (326)
Total categorical aid	18,930	18,930	18,604	(326)
Total revenue from the Commonwealth	18,930	18,930	18,604	(326)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 871,200	\$ 871,200	\$ 885,537	\$ 14,337
Commodities	-	-	76,254	76,254
Total revenue from the federal government	\$ 871,200	\$ 871,200	\$ 961,791	\$ 90,591
Total School Cafeteria Fund	\$ 1,089,430	\$ 1,089,430	\$ 1,103,228	\$ 13,798
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue				
Miscellaneous	\$ -	\$ -	\$ 1,904	\$ 1,904
Total miscellaneous	\$ -	\$ -	\$ 1,904	\$ 1,904
Total School Textbook Fund	\$ -	\$ -	\$ 1,904	\$ 1,904
Total Discretely Presented Component Unit - School Board	\$ 24,457,298	\$ 25,201,422	\$ 23,714,114	\$ (1,487,308)

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County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<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	\$ 709,403	\$ 937,444	\$ 416,235	\$ 521,209
Total legislative	\$ 709,403	\$ 937,444	\$ 416,235	\$ 521,209
General and financial administration:				
County administrator	\$ 304,203	\$ 303,876	\$ 257,143	\$ 46,733
Legal services	16,148	16,148	15,620	528
Commissioner of revenue	192,459	192,459	190,339	2,120
Treasurer	256,020	275,821	227,529	48,292
Data processing	112,386	206,678	97,835	108,843
Other general and financial administration	51,000	51,000	42,700	8,300
Total general and financial administration	\$ 932,216	\$ 1,045,982	\$ 831,166	\$ 214,816
Board of elections:				
Electoral board and officials	\$ 156,555	\$ 171,555	\$ 145,463	\$ 26,092
Total board of elections	\$ 156,555	\$ 171,555	\$ 145,463	\$ 26,092
Total general government administration	\$ 1,798,174	\$ 2,154,981	\$ 1,392,864	\$ 762,117
Judicial administration:				
Courts:				
Circuit court	\$ 21,250	\$ 21,250	\$ 16,831	\$ 4,419
General district court	8,800	8,800	4,822	3,978
Commissioner of accounts	100	100	-	100
Magistrate	100	100	-	100
Juvenile and domestic relations district court	36,016	77,518	13,817	63,701
Clerk of the circuit court	244,208	270,367	256,780	13,587
Jurors and witnesses	9,412	9,412	4,605	4,807
Sheriff	150,930	142,570	142,570	-
Law library	2,000	8,824	661	8,163
Total courts	\$ 472,816	\$ 538,941	\$ 440,086	\$ 98,855
Commonwealth's attorney:				
Commonwealth's attorney	\$ 421,025	\$ 429,798	\$ 358,417	\$ 71,381
Total commonwealth's attorney	\$ 421,025	\$ 429,798	\$ 358,417	\$ 71,381
Total judicial administration	\$ 893,841	\$ 968,739	\$ 798,503	\$ 170,236

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,113,570	\$ 1,423,307	\$ 1,144,265	\$ 279,042
Central dispatching	481,656	461,909	423,274	38,635
Total law enforcement and traffic control	<u>\$ 1,595,226</u>	<u>\$ 1,885,216</u>	<u>\$ 1,567,539</u>	<u>\$ 317,677</u>
Fire and rescue services:				
Volunteer fire department	\$ 260,000	\$ 337,298	\$ 349,777	\$ (12,479)
Rescue service	137,709	151,109	148,984	2,125
State forestry service	12,529	12,529	12,529	-
Total fire and rescue services	<u>\$ 410,238</u>	<u>\$ 500,936</u>	<u>\$ 511,290</u>	<u>\$ (10,354)</u>
Correction and detention:				
Detention home	\$ 72,000	\$ 37,558	\$ 20,738	\$ 16,820
Piedmont regional jail	675,000	1,329,668	774,596	555,072
Total correction and detention	<u>\$ 747,000</u>	<u>\$ 1,367,226</u>	<u>\$ 795,334</u>	<u>\$ 571,892</u>
Inspections:				
Building	\$ 87,025	\$ 87,421	\$ 83,736	\$ 3,685
Total inspections	<u>\$ 87,025</u>	<u>\$ 87,421</u>	<u>\$ 83,736</u>	<u>\$ 3,685</u>
Other protection:				
Animal control	\$ 170,634	\$ 197,761	\$ 145,857	\$ 51,904
Medical examiner	200	200	140	60
Total other protection	<u>\$ 170,834</u>	<u>\$ 197,961</u>	<u>\$ 145,997</u>	<u>\$ 51,964</u>
Total public safety	<u>\$ 3,010,323</u>	<u>\$ 4,038,760</u>	<u>\$ 3,103,896</u>	<u>\$ 934,864</u>
Public works:				
Sanitation and waste removal:				
Litter control	\$ 6,000	\$ 6,000	\$ 4,256	\$ 1,744
Total sanitation and waste removal	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 4,256</u>	<u>\$ 1,744</u>
Maintenance of general buildings and grounds:				
General properties	\$ 320,207	\$ 319,262	\$ 266,712	\$ 52,550
Total maintenance of general buildings and grounds	<u>\$ 320,207</u>	<u>\$ 319,262</u>	<u>\$ 266,712</u>	<u>\$ 52,550</u>
Total public works	<u>\$ 326,207</u>	<u>\$ 325,262</u>	<u>\$ 270,968</u>	<u>\$ 54,294</u>

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 105,000	\$ 105,000	\$ 105,000	-
Total health	\$ 105,000	\$ 105,000	\$ 105,000	-
Mental health and mental retardation:				
Community services board	\$ 58,355	\$ 58,355	\$ 58,355	\$ -
Total mental health and mental retardation	\$ 58,355	\$ 58,355	\$ 58,355	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,814,983	\$ 1,816,483	\$ 1,515,889	\$ 300,594
Comprehensive Services Act	723,754	963,891	1,012,380	(48,489)
Total welfare	\$ 2,538,737	\$ 2,780,374	\$ 2,528,269	\$ 252,105
Total health and welfare	\$ 2,702,092	\$ 2,943,729	\$ 2,691,624	\$ 252,105
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 5,832	\$ 5,832	\$ 5,832	\$ -
Contribution to County School Board	4,807,518	5,023,379	4,735,189	288,190
Total education	\$ 4,813,350	\$ 5,029,211	\$ 4,741,021	\$ 288,190
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 21,500	\$ 63,559	\$ 21,500	\$ 42,059
Total parks and recreation	\$ 21,500	\$ 63,559	\$ 21,500	\$ 42,059
Library:				
Library administration	\$ 258,221	\$ 261,982	\$ 253,109	\$ 8,873
Total library	\$ 258,221	\$ 261,982	\$ 253,109	\$ 8,873
Total parks, recreation, and cultural	\$ 279,721	\$ 325,541	\$ 274,609	\$ 50,932
Community development:				
Planning and community development:				
Economic development	\$ 9,973	\$ 9,707	\$ 7,070	\$ 2,637
Planning commission	62,313	61,813	55,609	6,204
Zoning board	2,850	2,850	1,837	1,013
Total planning and community development	\$ 75,136	\$ 74,370	\$ 64,516	\$ 9,854
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Other environmental management	5,850	4,700	3,122	1,578
Total environmental management	\$ 14,350	\$ 13,200	\$ 11,622	\$ 1,578

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 56,286	\$ 56,286	\$ 54,463	\$ 1,823
Total cooperative extension program	\$ 56,286	\$ 56,286	\$ 54,463	\$ 1,823
Other community development:				
Ft. Pickett local reuse authority	\$ 344,549	\$ 504,741	\$ 413,407	\$ 91,334
Community development block grant	6,000	6,000	42	5,958
Small business incubator	26,453	33,423	21,369	12,054
Lodge at Ft. Pickett	218,804	232,304	208,977	23,327
Total other community development	\$ 595,806	\$ 776,468	\$ 643,795	\$ 132,673
Total community development	\$ 741,578	\$ 920,324	\$ 774,396	\$ 145,928
Debt service:				
Principal retirement	\$ 341,252	\$ 341,252	\$ 341,252	\$ -
Interest and other fiscal charges	80,618	80,618	80,618	-
Total debt service	\$ 421,870	\$ 421,870	\$ 421,870	\$ -
Total General Fund	\$ 14,987,156	\$ 17,128,417	\$ 14,469,751	\$ 2,658,666
Special Revenue Funds:				
Landfill Fund:				
Public works:				
Sanitation and waste removal:				
Landfill	\$ 892,000	\$ 1,707,769	\$ 1,309,653	\$ 398,116
Total Landfill Fund	\$ 892,000	\$ 1,707,769	\$ 1,309,653	\$ 398,116
E-911 Fund:				
Public safety:				
Law enforcement and traffic control:				
Emergency 911 services	\$ 178,690	\$ 254,666	\$ 131,006	\$ 123,660
Total E-911 Fund	\$ 178,690	\$ 254,666	\$ 131,006	\$ 123,660

County of Nottoway, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Dare Program Fund:				
Public safety:				
Law enforcement and traffic control:				
Dare program	\$ -	\$ 99	\$ -	\$ 99
Total Dare Program Fund	\$ -	\$ 99	\$ -	\$ 99
Total Primary Government	\$ 16,057,846	\$ 19,090,951	\$ 15,910,410	\$ 3,180,541
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 17,015,541	\$ 17,642,694	\$ 16,106,121	\$ 1,536,573
Total instruction costs	\$ 17,015,541	\$ 17,642,694	\$ 16,106,121	\$ 1,536,573
Operating costs:				
Administration, attendance and health services	\$ 1,977,209	\$ 2,626,216	\$ 2,191,423	\$ 434,793
Pupil transportation	1,449,704	1,484,797	1,296,205	188,592
Operation and maintenance of school plant	2,441,217	3,240,038	2,477,199	762,839
Total operating costs	\$ 5,868,130	\$ 7,351,051	\$ 5,964,827	\$ 1,386,224
Total education	\$ 22,883,671	\$ 24,993,745	\$ 22,070,948	\$ 2,922,797
Capital projects:				
School capital projects	\$ 422,235	\$ 913,166	\$ 615,666	\$ 297,500
Total capital projects	\$ 422,235	\$ 913,166	\$ 615,666	\$ 297,500
Total School Operating Fund	\$ 23,305,906	\$ 25,906,911	\$ 22,686,614	\$ 3,220,297
Special Revenue Funds:				
School Textbook Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 70,790	\$ (70,790)
Total School Textbook Fund	\$ -	\$ -	\$ 70,790	\$ (70,790)
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,337,916	\$ 1,608,477	\$ 1,052,992	\$ 555,485
Commodities	-	-	76,254	(76,254)
Total School Cafeteria Fund	\$ 1,337,916	\$ 1,608,477	\$ 1,129,246	\$ 479,231
Total Discretely Presented Component Unit - School Board	\$ 24,643,822	\$ 27,515,388	\$ 23,886,650	\$ 3,628,738

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OTHER STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2011	\$ 853,235	\$ 715,061	\$ 2,619,360	\$ 1,106,481	\$ 2,490,161	\$ 6,279,361	\$ 293,289	\$ 1,178,707	\$ 253,573	\$ 15,789,228
2012	1,052,738	749,812	2,134,591	1,281,092	2,550,832	4,779,326	328,756	839,415	174,484	13,891,046
2013	1,137,841	760,916	2,508,940	613,101	2,623,446	4,526,212	339,258	1,457,207	211,077	14,177,998
2014	1,161,580	766,111	2,788,375	1,776,879	2,440,221	5,262,880	358,507	774,358	161,935	15,490,846
2015	1,232,743	753,595	2,589,898	1,543,166	2,263,211	4,834,848	361,174	771,383	131,132	14,481,150
2016	936,027	768,920	2,530,134	1,074,068	1,996,214	5,231,092	338,200	608,120	130,484	13,613,259
2017	1,631,110	816,258	2,517,124	1,046,610	2,188,527	4,704,799	357,724	659,625	110,433	14,032,210
2018	1,159,579	755,430	2,527,622	1,697,197	2,306,603	5,589,509	326,545	993,620	97,538	15,453,643
2019	971,169	758,707	2,779,286	2,625,662	2,572,616	5,378,240	329,198	948,845	79,856	16,443,579
2020	1,181,734	869,583	3,189,310	1,604,449	2,713,014	4,986,918	364,639	779,363	64,558	15,753,568

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	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	Total
2011	\$ 462,676	\$ 3,240,693	\$ 1,372,452	\$	\$ 6,189,091	\$ 1,458,257	\$ 785,153	\$ 109,817	\$ 1,489,054	\$ -	\$ 15,107,193
2012	473,252	4,031,460	71,955		6,396,185	1,474,067	728,438	94,763	1,443,945	-	14,714,065
2013	475,600	4,026,666	-		6,034,409	1,555,276	716,771	112,145	1,538,961	56,853	14,516,681
2014	477,320	3,489,580	-		6,666,598	1,586,886	727,700	81,512	1,440,129	-	14,469,725
2015	583,206	3,125,217	-		6,653,238	1,556,878	711,772	68,162	1,625,711	(3,756,634)	10,567,550
2016	523,796	3,188,576	-		6,833,044	1,612,326	629,974	74,480	1,511,423	-	14,373,619
2017	560,025	3,374,947	-		6,918,150	1,703,463	640,964	205,802	1,508,408	-	14,911,759
2018	651,315	3,617,923	280,000		7,415,503	1,673,112	705,220	112,929	1,424,397	-	15,880,399
2019	702,511	3,727,846	-		7,364,578	1,941,382	878,172	431,237	1,578,472	-	16,624,198
2020	740,213	3,827,260	-		7,728,549	1,985,544	949,264	133,715	1,491,597	-	16,856,142

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
2011	\$ 1,091,117	\$ 602,921	\$ 1,991,119	\$ 962,552	\$ 2,434,336	\$ 21,782,328	\$ 235,094	\$ 729,300	\$ 2,340,248	\$ 32,169,015
2012	1,192,422	638,417	2,174,631	1,099,329	2,516,591	22,119,207	238,858	738,042	929,645	31,647,142
2013	1,104,664	650,265	2,285,758	1,030,169	2,646,524	22,049,473	246,125	660,920	540,574	31,214,472
2014	1,136,864	667,960	2,683,293	1,146,247	2,368,329	21,925,848	276,770	758,808	924,557	31,888,676
2015	1,340,100	675,769	2,560,867	1,104,173	2,285,888	21,667,654	277,835	976,404	888,881	31,777,571
2016	1,204,371	726,542	2,617,795	1,270,202	2,153,350	22,071,187	264,371	690,964	932,866	31,931,648
2017	1,332,833	749,325	2,547,557	954,865	2,189,144	23,113,450	275,677	802,912	624,071	32,589,834
2018	1,495,583	731,994	2,709,387	1,435,031	2,399,535	21,888,576	270,303	996,084	638,142	32,564,635
2019	1,287,921	752,658	2,977,257	3,275,820	2,661,704	22,695,512	280,906	960,520	429,504	35,321,802
2020	1,392,864	798,503	3,234,902	1,580,621	2,691,624	23,276,816	274,609	774,396	421,870	34,446,205

(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
2011	\$ 6,115,213	\$ 1,458,257	\$ 79,701	\$ 16,200	\$ 790,040	\$ 637,966	\$ 305,322	\$ 391,575	\$ 23,546,461	\$ 33,340,735
2012	6,304,420	1,474,067	78,966	16,740	731,551	647,763	327,280	190,890	22,902,655	32,674,332
2013	6,054,653	1,555,276	79,368	7,972	720,347	617,069	362,340	17,747	22,796,756	32,211,528
2014	6,735,452	1,586,886	83,156	5,574	730,188	592,821	274,961	421,890	21,881,997	32,312,925
2015	6,611,983	1,556,878	87,022	3,848	715,020	689,876	242,480	131,576	21,934,976	31,973,659
2016	6,641,274	1,612,326	70,251	4,007	631,785	655,673	172,295	375,401	22,190,197	32,353,209
2017	6,806,196	1,703,463	75,720	10,984	642,575	682,891	273,178	216,534	22,917,302	33,328,843
2018	7,403,795	1,673,112	110,295	11,291	707,712	734,810	194,142	203,498	23,229,771	34,268,426
2019	7,747,405	1,941,382	104,183	14,301	886,934	798,217	499,307	249,109	23,692,236	35,933,074
2020	7,672,218	1,985,544	112,580	12,578	958,656	712,428	203,420	363,383	24,114,357	36,135,164

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax (1,2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2011	\$ 7,071,099	\$ 6,706,433	94.84%	\$ 226,796	\$ 6,933,229	98.05%	\$ 832,656	11.78%
2012	7,116,812	6,802,180	95.58%	319,368	7,121,548	100.07%	747,418	10.50%
2013	7,029,394	6,659,268	94.73%	260,350	6,919,618	98.44%	775,779	11.04%
2014	7,697,598	7,201,515	93.56%	327,871	7,529,386	97.81%	716,349	9.31%
2015	7,662,773	7,292,723	95.17%	250,767	7,543,490	98.44%	747,240	9.75%
2016	7,827,966	7,306,097	93.33%	289,698	7,595,795	97.03%	844,418	10.79%
2017	7,793,788	7,311,127	93.81%	303,828	7,614,955	97.71%	837,051	10.74%
2018	8,272,472	7,758,973	93.79%	475,727	8,234,700	99.54%	954,993	11.54%
2019	8,622,445	8,057,921	93.45%	492,584	8,550,505	99.17%	748,907	8.69%
2020	8,677,024	8,179,818	94.27%	314,255	8,494,073	97.89%	881,691	10.16%

(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
2011	\$ 819,717	\$ 73,693	\$ 15,516	\$ 62,734	\$ 971,660
2012	819,870	72,893	14,799	72,922	980,484
2013	945,617	72,954	13,089	77,364	1,109,024
2014	878,681	77,330	14,849	84,102	1,054,962
2015	878,668	80,115	10,050	90,207	1,059,040
2016	892,421	90,649	9,280	90,207	1,082,557
2017	814,187	83,507	9,661	113,068	1,020,423
2018	916,201	85,174	6,548	101,546	1,109,469
2019	942,863	88,760	8,466	118,048	1,158,137
2020	946,223	91,671	9,094	119,080	1,166,068

(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
2011	\$ 0.49	\$ 3.50	\$ 1.35	\$ 0.49	\$ 3.50
2012	0.49	3.50	1.35	0.49	3.50
2013	0.44	3.50	1.35	0.44	3.50
2014	0.47	3.75	1.35	0.47	3.75
2015	0.47	3.75	1.35	0.47	3.75
2016	0.47	3.75	1.35	0.47	3.75
2017	0.47	3.75	1.35	0.47	3.75
2018	0.50	3.75	1.35	0.50	3.75
2019	0.48	3.75	1.35	0.48	3.75
2020	0.48	3.75	1.35	0.48	3.75

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2011	15,853	\$ 971,660	\$ 6,477,614	\$ 6,477,614	0.67%	\$ 409
2012	15,853	980,484	5,885,627	5,885,627	0.60%	371
2013	15,853	1,109,024	5,301,684	5,301,684	0.48%	334
2014	15,853	1,054,962	4,609,783	4,609,783	0.44%	291
2015	15,853	1,059,040	4,609,783	4,609,783	0.44%	291
2016	15,853	1,082,557	3,214,548	3,214,548	0.30%	203
2017	15,853	1,020,423	2,760,811	2,760,811	0.27%	174
2018	15,853	1,109,469	2,327,709	2,327,709	0.21%	147
2019	15,853	1,158,137	1,985,013	1,985,013	0.17%	125
2020	15,413	1,166,068	1,637,482	1,637,482	0.14%	106

(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, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Nottoway, Virginia's basic financial statements, and have issued our report thereon dated November 9, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Richmond, Virginia
November 9, 2020



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited County of Nottoway, Virginia's compliance with the types of compliance requirements described in the *OMB 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, 2020. County of Nottoway, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Nottoway, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Nottoway, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Programs

In our opinion, County of Nottoway, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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



Richmond, Virginia
November 9, 2020

County of Nottoway, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

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:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120	\$ 1,485
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500119/0500120	201
Low Income Home Energy Assistance	93.568	0600419/0600420	26,797
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900119/0900120	356
Foster Care - Title IV-E	93.658	1100119/1100120	100,634
Adoption Assistance	93.659	1130119/1130120	29,657
Social Services Block Grant	93.667	1000119/1000120	139,709
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	2,426
Children's Health Insurance Program	93.767	0540119/0540120	3,178
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119/1200120	195,850
TANF Cluster:			
Temporary Assistance for Needy Families (TANF)	93.558	0400119/0400120	148,698
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120	26,728
Total Department of Health and Human Services			\$ 675,719
Department of Agriculture:			
Pass Through Payments:			
Department of Education			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution--School	10.555	17901-45707	\$ 76,254
Department of Education:			
National School Lunch Program	10.555	17901-40623	534,256
COVID-19 - National School Lunch Program	10.555	17901-40623	42,779
Total CFDA# 10.555			\$ 653,289
School Breakfast Program	10.553	17901-40591	196,415
COVID-19 - School Breakfast Program	10.553	17901-40591	15,779
Total CFDA# 10.553			\$ 212,194
Department of Education:			
Summer Food Service Program for Children	10.559	unavailable	7,514
COVID-19 - Summer Food Service Program for Children	10.559	unavailable	88,793
Total CFDA# 10.553			\$ 96,307
Total Child Nutrition Cluster			\$ 961,790
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0010120	187,688
Total Department of Agriculture			\$ 1,149,478
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
Emergency Management Performance Grants	97.042	77501-98308	\$ 6,366
Department of Justice:			
Pass Through Payments:			
Compensation Board:			
Crime Victim Assistance	16.575	unavailable	\$ 25,248

County of Nottoway, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2020

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	605007-53000	\$ 10,513
Department of the Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	\$ 37,525
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 810,898
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	471,519
Special Education - Preschool Grants	84.173	17901-62521	5,171
Total Special Education Cluster			\$ 476,690
Career and Technical Education - Basic Grants to States	84.048	17901-61095	51,475
Twenty-First Century Community Learning Centers	84.287	17901-60565	141,062
English Language Acquisition State Grants	84.365	17901-60512	8,008
Education for Homeless Children and Youth	84.196	unavailable	9,489
School Improvement Grants	84.377	unavailable	74,413
Rural Education	84.358	17901-43481	33,642
Supporting Effective Instruction State Grants	84.367	17901-61480	122,375
Student Support and Academic Enrichment Program	84.424	S424A180048	56,830
Total Department of Education			\$ 1,784,882
Total Expenditures of Federal Awards			\$ 3,689,731

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, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Nottoway, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of County of Nottoway, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Nottoway, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 - Food Donation

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 - 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	\$ 905,535
Total primary government	\$ 905,535

Component Unit School Board:

School Operating Fund	\$ 1,822,405
School Cafeteria Fund	961,791
Total component unit school board	\$ 2,784,196

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,689,731
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County of Nottoway, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

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

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

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

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

Any findings disclosed that are required to be
reported in accordance 2 CFR section 200.516(a)? _____ yes ✓ no

Identification of major programs:

CFDA Number(s)
10.553/10.555/10.559
84.010

Name of Federal Program or Cluster
Child Nutrition Cluster
Title I Grant to Local Education Agencies

Dollar threshold used to distinguish between type A
and type B programs: \$750,000

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

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Nottoway, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Identifying Number

Finding 2019-001:

Finding:

Title I expenditures reported on the School Board's financial statements did not reconcile to the amount requested for reimbursement.

Corrective Action Taken or Planned:

The School Board implemented procedures to ensure that Title I expenditures reported on the financial statements reconciled to the amounts requested for reimbursement.

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