

# COUNTY OF NOTTOWAY, VIRGINIA



## ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014



COUNTY OF NOTTOWAY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR  
ENDED JUNE 30, 2014

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# COUNTY OF NOTTOWAY, VIRGINIA

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## Board of Supervisors

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Clarence A. Simpson, Chairperson

Steve W. Bowen, Vice-Chairperson  
Sherman C. Vaughn

Gary L. Simmons  
Helen M. Simmons

## School Board

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Wallace B. Hurt, Chairperson

Rhonda Johnson  
Shelli Hinton, Jr.

Jackie Hawkes  
Robert L. Horn, Sr.

## Board of Social Services

---

Nicole Martin, Chairperson

Lisa D. Wallace  
Noel Shekleton

Lillie Lewis  
Erika Jackson Quarles

## Other Officials

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

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nottoway, Virginia, as of and for the year ended June 30, 2014, 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, 2014, 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 of pension and OPEB funding progress on pages 4-9, 56-57, and 58-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

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

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.

*Other Information (continued)*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015, on our consideration of County of Nottoway, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Nottoway, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia  
January 6, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2014.

### Financial Highlights

#### Government-wide Financial Statements

- < The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,484,912 (net position).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other sources in excess of expenditures and other financing uses of \$35,545 (Exhibit 5) after making contributions totaling \$4,736,996 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$14,607,206, an increase of \$35,545 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,318,590 or 97.5% of total general fund expenditures and other uses.
- < The combined long-term obligations increased by \$7,199 during the current fiscal year.

### Overview of the Financial Statements

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

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

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

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

### Overview of the Financial Statements (Continued)

#### Government-wide financial statements (Continued)

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

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

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

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

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

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$37,484,912 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	
	2014	2013
Current and other assets	\$ 15,347,090	\$ 15,731,966
Capital assets	31,351,183	32,341,517
Total assets	\$ 46,698,273	\$ 48,073,483
Current liabilities	\$ 269,321	\$ 175,384
Long-term liabilities outstanding	8,926,748	8,919,549
Total liabilities	\$ 9,196,069	\$ 9,094,933
Deferred inflows of resources		
Unavailable revenue - property taxes	\$ 17,292	\$ 19,417
Total deferred inflows of resources	\$ 17,292	\$ 19,417
Net position:		
Net investment in capital assets	\$ 26,701,400	\$ 26,959,833
Unrestricted	10,783,512	11,999,300
Total net position	\$ 37,484,912	\$ 38,959,133

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position decreased by \$1,021,121. The following table summarizes the County's Statement of Activities

County of Nottoway, Virginia's Changes in Net Position		
	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 477,320	\$ 475,600
Operating grants and contributions	3,489,580	4,026,666
Capital grants and contributions	-	-
General revenues:		
General property taxes	6,666,598	6,034,409
Other local taxes	1,586,886	1,555,276
Grants and other contributions not restricted	1,440,129	1,538,961
Other general revenues	809,212	885,769
Total revenues	<u>\$ 14,469,725</u>	<u>\$ 14,516,681</u>
Expenses:		
General government administration	\$ 1,161,580	\$ 1,137,841
Judicial administration	766,111	760,916
Public safety	2,788,375	2,508,940
Public works	1,776,879	613,101
Health and welfare	2,440,221	2,623,446
Education	5,262,880	4,526,212
Parks, recreation, and cultural	358,507	339,258
Community development	774,358	1,457,207
Interest and other fiscal charges	161,935	211,077
Total expenses	<u>\$ 15,490,846</u>	<u>\$ 14,177,998</u>
Change in net position	\$ (1,021,121)	\$ 338,683
Net position, beginning, as restated	<u>38,506,033</u>	<u>38,620,450</u>
Net position, ending	<u><u>\$ 37,484,912</u></u>	<u><u>\$ 38,959,133</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. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$14,607,206, an increase of \$35,545 in comparison with the prior year. Approximately 91% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were increases of \$1,226,811 and can be briefly summarized as follows:

- < \$581,353 increase in public safety expenditures
- < \$197,410 increase in education expenditures
- < \$213,673 increase in community development expenditures
- < \$234,375 net increase in various other expenditures

During the year, revenues and other financing sources exceeded budgetary estimates by \$161,445 and expenditures and other financing uses were less than budgetary estimates by \$1,920,250, resulting in a positive variance of \$2,081,695.

### **Capital Asset and Debt Administration**

- < Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2014 amounted to \$31,351,183 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

- < Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$4,521,880. Of this amount, \$4,521,880 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt decreased by \$725,622.

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 of these factors were considered in preparing the County's budget for the 2015 fiscal year.

The fiscal year 2015 budget increased by approximately 2.5 percent. The County did not change tax rates for the fiscal year 2015.

**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, 2014

	Primary Government		
	Governmental	Component Units	
	Activities	School Board	IDA
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,933,351	\$ 3,202,277	\$ 89,044
Receivables (net of allowance for uncollectibles):			
Taxes receivable	692,792	-	-
Accounts receivable	108,137	-	-
Due from other governmental units	1,612,810	672,950	-
Prepaid items	-	501,654	-
Other assets:			
Notes receivable	-	-	2,348,731
Capital assets (net of accumulated depreciation):			
Land	18,269,410	88,670	-
Buildings and improvements	7,582,709	-	-
Equipment and vehicles	889,279	1,614,042	-
Jointly owned assets	4,609,785	12,022,040	-
Total assets	<u>\$ 46,698,273</u>	<u>\$ 18,101,633</u>	<u>\$ 2,437,775</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 107,448	\$ 149,984	\$ -
Accrued liabilities	-	1,019,586	-
Unearned revenue	68,195	-	-
Accrued interest payable	93,678	-	-
Due to other governmental units	-	979,255	76,378
Long-term liabilities:			
Due within one year	632,001	15,203	67,321
Due in more than one year	8,294,747	217,136	447,033
Total liabilities	<u>\$ 9,196,069</u>	<u>\$ 2,381,164</u>	<u>\$ 590,732</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 17,292	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 17,292</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 26,701,400	\$ 13,724,752	\$ -
Unrestricted	10,783,512	1,995,717	1,847,043
Total net position	<u>\$ 37,484,912</u>	<u>\$ 15,720,469</u>	<u>\$ 1,847,043</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Government Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	IDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,161,580	\$ 1,582	\$ 204,723	\$ -	\$ (955,275)	\$ -	\$ -
Judicial administration	766,111	42,406	411,657	-	(312,048)	-	-
Public safety	2,788,375	92,115	981,065	-	(1,715,195)	-	-
Public works	1,776,879	341,077	7,207	-	(1,428,595)	-	-
Health and welfare	2,440,221	-	1,656,029	-	(784,192)	-	-
Education	5,262,880	-	-	-	(5,262,880)	-	-
Parks, recreation, and cultural	358,507	140	53,728	-	(304,639)	-	-
Community development	774,358	-	175,170	-	(599,188)	-	-
Interest on long-term debt	161,935	-	-	-	(161,935)	-	-
Total government activities	\$ 15,490,846	\$ 477,320	\$ 3,489,579	\$ -	\$ (11,523,947)	\$ -	\$ -
<b>COMPONENT UNITS:</b>							
School Board	\$ 23,159,997	\$ 204,231	\$ 16,952,288	\$ -	\$ -	\$ (6,003,478)	\$ -
Industrial Development Authority	124,653	219,332	-	-	-	-	94,679
Total component units	\$ 23,284,650	\$ 423,563	\$ 16,952,288	\$ -	\$ -	\$ (6,003,478)	\$ 94,679
General revenues:							
General property taxes					\$ 6,666,598	\$ -	\$ -
Local sales and use taxes					1,065,141	-	-
Consumer utility taxes					147,298	-	-
Business licenses					160,058	-	-
Motor vehicle licenses					135,790	-	-
Other local taxes					78,599	-	-
Unrestricted revenues from use of money and property					727,700	2,488	453
Miscellaneous					81,512	193,449	-
Grants and contributions not restricted to specific programs					1,440,130	-	-
Payment from Nottoway County					-	5,647,374	-
Total general revenues					\$ 10,502,826	\$ 5,843,311	\$ 453
Change in net position					(1,021,121)	(160,167)	95,132
Net position - beginning, as restated					38,506,033	15,880,636	1,751,911
Net position - ending					\$ 37,484,912	\$ 15,720,469	\$ 1,847,043

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, 2014

	General <u>Fund</u>	Landfill <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,238,794	\$ 97,442	\$ 597,115	\$ 12,933,351
Receivables (net of allowance for uncollectibles):				
Taxes receivable	692,792	-	-	692,792
Accounts receivable	4,361	81,870	21,906	108,137
Due from other governmental units	1,612,810	-	-	1,612,810
Total assets	<u>\$ 14,548,757</u>	<u>\$ 179,312</u>	<u>\$ 619,021</u>	<u>\$ 15,347,090</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 95,423	\$ 12,025	\$ -	\$ 107,448
Unearned revenue	68,195	-	-	68,195
Total liabilities	<u>\$ 163,618</u>	<u>\$ 12,025</u>	<u>\$ -</u>	<u>\$ 175,643</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 564,241	\$ -	\$ -	\$ 564,241
Total deferred inflows of resources	<u>\$ 564,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,241</u>
Fund balances:				
Committed	\$ 502,308	\$ 167,287	\$ 619,021	\$ 1,288,616
Unassigned	13,318,590	-	-	13,318,590
Total fund balances	<u>\$ 13,820,898</u>	<u>\$ 167,287</u>	<u>\$ 619,021</u>	<u>\$ 14,607,206</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,548,757</u>	<u>\$ 179,312</u>	<u>\$ 619,021</u>	<u>\$ 15,347,090</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,607,206
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 41,279,616		
Accumulated depreciation	<u>(9,928,433)</u>		31,351,183

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		546,949
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

General obligation bonds	\$ (2,480,493)		
Bond anticipation note	(455,000)		
Premium on general obligation bond	(87,903)		
Note payable	(40,000)		
State literary loans	(1,586,387)		
Landfill closure liability	(4,050,635)		
Compensated absences	(226,330)		
Accrued interest payable	<u>(93,678)</u>		(9,020,426)

Net position of governmental activities	\$	<u><u>37,484,912</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Nottoway, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	General <u>Fund</u>	Landfill <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 6,735,452	\$ -	\$ -	\$ 6,735,452
Other local taxes	1,410,947	175,599	340	1,586,886
Permits, privilege fees, and regulatory licenses	83,156	-	-	83,156
Fines and forfeitures	5,574	-	-	5,574
Revenue from the use of money and property	727,700	-	-	727,700
Charges for services	47,513	341,077	-	388,590
Miscellaneous	81,512	-	-	81,512
Recovered costs	179,444	-	-	179,444
Intergovernmental:				
Commonwealth	3,665,199	262,044	140,147	4,067,390
Federal	862,319	-	-	862,319
Total revenues	<u>\$ 13,798,816</u>	<u>\$ 778,720</u>	<u>\$ 140,487</u>	<u>\$ 14,718,023</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,136,864	\$ -	\$ -	\$ 1,136,864
Judicial administration	667,960	-	-	667,960
Public safety	2,571,820	-	111,473	2,683,293
Public works	251,497	894,750	-	1,146,247
Health and welfare	2,368,329	-	-	2,368,329
Education	4,740,650	-	-	4,740,650
Parks, recreation, and cultural	276,770	-	-	276,770
Community development	758,808	-	-	758,808
Debt service:				
Principal retirement	706,622	40,000	-	746,622
Interest and other fiscal charges	177,935	-	-	177,935
Total expenditures	<u>\$ 13,657,255</u>	<u>\$ 934,750</u>	<u>\$ 111,473</u>	<u>\$ 14,703,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 141,561</u>	<u>\$ (156,030)</u>	<u>\$ 29,014</u>	<u>\$ 14,545</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of note payable	\$ 21,000	\$ -	\$ -	\$ 21,000
Total other financing sources (uses)	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>
Net change in fund balances	\$ 162,561	\$ (156,030)	\$ 29,014	\$ 35,545
Fund balances - beginning, as restated	13,658,337	323,317	590,007	14,571,661
Fund balances - ending	<u>\$ 13,820,898</u>	<u>\$ 167,287</u>	<u>\$ 619,021</u>	<u>\$ 14,607,206</u>

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

County of Nottoway, Virginia  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	35,545
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 461,881	
Depreciation expense	(541,837)	
Jointly owned asset allocation	<u>(910,378)</u>	(990,334)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(68,854)
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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	\$ 160,418	
Principal retirement on bond anticipation note	120,000	
Principal retirement on state literary fund loans	405,204	
Principal retirement on note payable	61,000	
Issuance of note payable	(21,000)	
Increase in landfill closure liability	<u>(719,944)</u>	5,678

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

Decrease in compensated absences	\$ (19,156)	
Decrease in premium on general obligation bond	6,279	
Decrease in accrued interest payable	<u>9,721</u>	(3,156)

Change in net position of governmental activities	\$	<u><u>(1,021,121)</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, 2014

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	Agency <u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,601
Total assets	<u>\$ 6,601</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 6,601
Total liabilities	<u>\$ 6,601</u>

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

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## *NOTES TO THE FINANCIAL STATEMENTS*

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## COUNTY OF NOTTOWAY, VIRGINIA

### Notes to Financial Statements As of June 30, 2014

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#### Note 1—Summary of Significant Accounting Policies:

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

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

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

#### Government-wide and Fund Financial Statements

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

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

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports, including a requirement to report the government's original budget with the comparison of final budget and actual results.

#### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Nottoway (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2014.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of Nottoway County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2014.

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, 2014. The Industrial Development Authority of Nottoway County does not issue a separate financial report.

#### **C. Other Related Organizations**

##### **Included in the County's Financial Report**

None

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

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

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

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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



## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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

##### **1. Governmental Funds**

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

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

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

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

#### **E. Cash and Cash Equivalents**

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

#### **F. Investments**

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

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **G. Receivables and payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$368,963 at June 30, 2014 and is comprised solely of property taxes.

#### **Real and Personal Property Tax Data:**

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

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

The County bills and collects its own property taxes.

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## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

#### **I. Compensated Absences**

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

#### **J. Retirement Plan**

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

#### **K. Use of Estimates**

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **L. Fund Equity**

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

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

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

# COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

### **L. Fund Equity (Continued)**

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

	General Fund	Major Special Revenue Fund Landfill Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>				
<b>Committed:</b>				
Encumbrances and carry-over from prior year	\$ 478,894	\$ 95,592	\$ 99	\$ 574,585
Landfill	-	71,695	-	71,695
E-911	-	-	608,922	608,922
Community development block grant	23,414	-	-	23,414
Local Reuse Authority land sale	-	-	10,000	10,000
<b>Total Committed Fund Balance</b>	<b>\$ 502,308</b>	<b>\$ 167,287</b>	<b>\$ 619,021</b>	<b>\$ 1,288,616</b>
<b>Unassigned</b>	<b>\$ 13,318,590</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,318,590</b>
<b>Total Fund Balances</b>	<b>\$ 13,820,898</b>	<b>\$ 167,287</b>	<b>\$ 619,021</b>	<b>\$ 14,607,206</b>

### **M. Net Position**

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

### **N. Net Position Flow Assumption**

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **O. 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 does not have any deferred outflows of resources as of June 30, 2014.

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 reported a deferred inflows of resources for property taxes unavailable at June 30, 2014. The County has one type of item that qualifies 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 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources.

#### **P. Long-term Obligations**

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

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### *Note 2—Stewardship, Compliance, and Accounting:*

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

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations - Expenditures did not exceed appropriations at June 30, 2014.

### *Note 3—Deposits and Investments:*

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#### **Deposits**

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

#### **Investments**

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The County had no investments at June 30, 2014.

# COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

## Note 4—Due to/from Other Governments:

At June 30, 2014, 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	\$ 979,255	\$ -	\$ -
Nottoway County Industrial Development Authority	76,378	-	-
Commonwealth of Virginia:			
Local sales tax	183,711	-	-
Shared expenses	112,458	-	-
Recordation tax	4,018	-	-
Rolling stock tax	88	-	-
VPA funds	32,788	-	-
State sales tax	-	372,191	-
Mobile home titling tax	930	-	-
Comprehensive services act	128,531	-	-
Rental vehicle tax	169	-	-
Fire program fund	28,453	-	-
Other state funds	200	-	-
Federal Government:			
School fund grants	-	300,759	-
Byrne justice assistance grant	702	-	-
VPA funds	65,129	-	-
Total due from other governments	\$ <u>1,612,810</u>	\$ <u>672,950</u>	\$ <u>-</u>

At June 30, 2014 amounts due to other local governments are as follows:

Other Local Governments:			
County of Nottoway	\$ <u>-</u>	\$ <u>979,255</u>	\$ <u>76,378</u>

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# COUNTY OF NOTTOWAY, VIRGINIA

## Notes to Financial Statements As of June 30, 2014 (Continued)

### Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

#### Primary Government:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 18,269,410	\$ -	\$ -	\$ 18,269,410
Total capital assets not subject to depreciation	\$ 18,269,410	\$ -	\$ -	\$ 18,269,410
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,542,747	\$ 5,311	\$ -	\$ 10,548,058
Machinery and equipment	3,233,690	238,092	18,000	3,453,782
Jointly owned assets	9,772,096	218,478	982,208	9,008,366
Total capital assets subject to depreciation	\$ 23,548,533	\$ 461,881	\$ 1,000,208	\$ 23,010,206
Accumulated Depreciation:				
Buildings and improvements	\$ 2,687,598	\$ 277,751	\$ -	\$ 2,965,349
Machinery and equipment	2,318,417	264,086	18,000	2,564,503
Jointly owned assets	4,470,411	333,374	405,204	4,398,581
Total accumulated depreciation	\$ 9,476,426	\$ 875,211	\$ 423,204	\$ 9,928,433
Total capital assets being depreciated, net	\$ 14,072,107	\$ (413,330)	\$ 577,004	\$ 13,081,773
Governmental activities capital assets, net	\$ 32,341,517	\$ (413,330)	\$ 577,004	\$ 31,351,183

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<b>Component Unit - School Board:</b>				
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 88,670	\$ -	\$ -	\$ 88,670
Total capital assets not subject to depreciation	\$ 88,670	\$ -	\$ -	\$ 88,670
Capital assets subject to depreciation:				
Machinery and equipment	\$ 5,542,396	\$ 117,902	\$ -	\$ 5,660,298
Jointly owned assets	22,511,075	-	(982,208)	23,493,283
Total capital assets subject to depreciation	\$ 28,053,471	\$ 117,902	\$ (982,208)	\$ 29,153,581
Accumulated Depreciation:				
Machinery and equipment	\$ 3,700,125	\$ 346,131	\$ -	\$ 4,046,256
Jointly owned assets	10,298,075	767,964	(405,204)	11,471,243
Total accumulated depreciation	\$ 13,998,200	\$ 1,114,095	\$ (405,204)	\$ 15,517,499
Total capital assets being depreciated, net	\$ 14,055,271	\$ (996,193)	\$ (577,004)	\$ 13,636,082
Governmental activities capital assets, net	\$ 14,143,941	\$ (996,193)	\$ (577,004)	\$ 13,724,752

# COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

## *Note 5—Capital Assets: (Continued)*

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
Primary Government:		
General government administration	\$	17,470
Judicial administration		111,703
Public safety		186,469
Public works		60,957
Health and welfare		57,835
Education		333,374
Parks, recreation and cultural		96,552
Community development		10,851
		<u>875,211</u>
Total Governmental activities	\$	<u>875,211</u>
Component Unit School Board	\$	<u>1,114,095</u>

## *Note 6—Long-Term Obligations:*

### Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2014:

	Balance at July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 207,174	\$ 39,873	\$ 20,717	\$ 226,330	\$ 22,633
Non-interest bearing note	80,000	-	40,000	40,000	40,000
Rural development loan	-	21,000	21,000	-	-
Landfill closure liability	3,330,691	719,944	-	4,050,635	-
Total incurred by County	\$ 3,617,865	\$ 780,817	\$ 81,717	\$ 4,316,965	\$ 62,633
Incurred by School Board:					
State Literary Fund Loans	\$ 1,991,591	\$ -	\$ 405,204	\$ 1,586,387	\$ 405,204
Bond anticipation note	575,000	-	120,000	455,000	-
General obligation bonds	2,640,911	-	160,418	2,480,493	164,164
Add issuance premium	94,182	-	6,279	87,903	-
Total incurred by School Board	\$ 5,301,684	\$ -	\$ 691,901	\$ 4,609,783	\$ 569,368
Total Governmental Activities Obligations	\$ 8,919,549	\$ 780,817	\$ 773,618	\$ 8,926,748	\$ 632,001

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

*Note 6—Long-Term Obligations: (Continued)*

**Primary Government: (Continued)**

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

Year Ending June 30	School Obligations			
	General		State	
	Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2015	\$ 164,164	\$ 118,949	\$ 405,204	\$ 31,728
2016	168,106	120,475	405,204	18,623
2017	172,254	101,796	155,204	15,520
2018	176,619	92,901	155,204	12,415
2019	181,213	83,766	155,204	9,311
2020	186,048	74,410	155,204	6,207
2021	190,783	65,146	155,163	3,103
2022	195,448	55,949	-	-
2023	200,034	46,831	-	-
2024	204,988	37,347	-	-
2025	210,683	27,121	-	-
2026	139,109	18,391	-	-
2027	143,311	11,189	-	-
2028	147,733	3,767	-	-
Total	\$ <u>2,480,493</u>	\$ <u>858,038</u>	\$ <u>1,586,387</u>	\$ <u>96,907</u>

Year Ending June 30	County Obligations	
	Non-Interest	Bearing Note
	Principal	Interest
2015	\$ 40,000	-
Total	\$ <u>40,000</u>	\$ <u>-</u>

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### Note 6—Long-Term Obligations: (Continued)

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#### **Primary Government: (Continued)**

Details of long-term obligations are as follows:

##### **Governmental Activities Obligations:**

<b><u>Incurred by County:</u></b>	<b><u>Amount Outstanding</u></b>
Landfill closure liability	\$ <u>4,050,635</u>
Non-interest bearing note payable, issued March 7, 2012, due in annual installments of \$40,000 through 2014 (Payable from the General Fund)	\$ <u>40,000</u>
Compensated absences (Payable from the General Fund)	\$ <u>226,330</u>
Total Incurred by County	\$ <u>4,316,965</u>

##### **Incurred by School Board:**

##### **General Obligation Bonds:**

\$1,204,354 general obligation bond, issued November 10, 2004, due in varying installments of principal and interest through January 15, 2025, interest payable semi-annually at varying rates.	\$ 737,864
\$2,324,114 general obligation bond, issued November 1, 2007, due in varying installments of principal and interest through July 15, 2027, interest payable semi-annually at 5.10%. Face amount of bonds outstanding \$1,946,358 plus unamortized issuance premium of \$100,461.	<u>1,830,532</u>
Total General Obligation Bonds	\$ <u>2,568,396</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

*Note 6—Long-Term Obligations: (Continued)*

**Primary Government: (Continued)**

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

	<b><u>Amount Outstanding</u></b>
<b><u>Bond Anticipation Note:</u></b>	
\$2,000,000 Bond Anticipation Note issued March 1, 2009; due in one lump principal payment no later than January 31, 2019, interest payable semi-annually at varying rates.	\$ <u>455,000</u>
<b><u>State Literary Fund Loans:</u></b>	
\$1,439,954 State Literary Fund Loan issued April 15, 2000; due in annual principal installments of \$72,000 through 2020; interest payable annually at 2%	\$ 503,954
\$1,664,085 State Literary Fund Loan issued August 15, 2000, due in annual principal installments of \$83,204 through 2020; interest payable annually at 2%	582,433
\$2,500,000 State Literary Fund Loan issued May 1996, due in annual principal installments of \$125,000 through 2016; interest payable annually at 2%	250,000
\$2,500,000 State Literary Fund Loan issued May, 1996, due in annual principal installments of \$125,000 through 2016; interest payable annually at 2%	<u>250,000</u>
Total State Literary Fund Loans	\$ <u>1,586,387</u>
Total Incurred by School Board	\$ <u>4,609,783</u>
Total Governmental Activities Obligations	\$ <u><u>8,926,748</u></u>

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**COUNTY OF NOTTOWAY, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2014 (Continued)

***Note 6—Long-Term Obligations: (Continued)*****Component Unit - School Board:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations :					
Incurred by School Board:					
Compensated absences	\$ 148,656	\$ 18,235	\$ 14,866	\$ 152,025	\$ 15,203
Net OPEB obligation	<u>71,321</u>	<u>80,522</u>	<u>71,529</u>	<u>80,314</u>	<u>-</u>
Total Governmental Obligations	\$ <u>219,977</u>	\$ <u>98,757</u>	\$ <u>86,395</u>	\$ <u>232,339</u>	\$ <u>15,203</u>

Details of long-term obligations are as follows:

Net OPEB obligation	\$ <u>80,314</u>
Compensated absences (Payable from the School Fund)	\$ <u>152,025</u>
Total governmental obligations	\$ <u>232,339</u>

**Component Unit Industrial Development Authority:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Deed of trust note	\$ <u>579,220</u>	\$ <u>-</u>	\$ <u>64,866</u>	\$ <u>514,354</u>	\$ <u>67,321</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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***Note 6—Long-Term Obligations: (Continued)***

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

Year Ending June 30	Deed of Trust Note	
	Principal	Interest
2015	\$ 67,321	\$ 20,994
2016	70,266	18,049
2017	73,340	14,974
2018	76,549	11,765
2019	79,899	8,416
2020	83,395	4,920
2021	63,584	1,305
Total	\$ 514,354	\$ 80,423

Details of long-term obligations are as follows:

Deed of trust note:

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

\$ 514,354

Total deed of trust note

\$ 514,354

***Note 7—Unearned and Deferred/Unavailable Revenue:***

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

Unavailable Property Tax Revenue - Property tax revenue representing uncollected tax billings not available for funding of current expenditures totaled \$546,949 at June 30, 2014.

Deferred Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$17,292 at June 30, 2014.

Other Unearned Revenue - Other unearned revenue items totaled \$68,195 at June 30, 2014, which consisted of forfeited asset funds.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### *Note 8—Contingent Liabilities:*

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

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

### *Note 9—Litigation:*

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At June 30, 2014, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

### *Note 10—Risk Management:*

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

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

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.



## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### Note 11—Pension Plan:

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#### A. Plan Description

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

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

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

<b>VRS – PLAN 1</b>
---------------------

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

---

#### A. Plan Description (Continued)

<b>VRS – PLAN 1 (CONTINUED)</b>
---------------------------------

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

---

#### A. Plan Description (Continued)

<b>VRS – PLAN 1 (CONTINUED)</b>
---------------------------------

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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**A. Plan Description (Continued)**

<b>VRS – PLAN 1 (CONTINUED)</b>
---------------------------------

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

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## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### A. Plan Description (Continued)

<b>VRS – PLAN 2</b>
---------------------

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2014. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### A. Plan Description (Continued)

##### VRS – PLAN 2 (CONTINUED)

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

- 14. Eligibility** - Same as VRS Plan 1—Refer to Section 14.

- 15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

##### HYBRID RETIREMENT PLAN

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### A. Plan Description (Continued)

<b>HYBRID RETIREMENT PLAN (CONTINUED)</b>
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##### 1. Plan Overview (Continued)

- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

##### 2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees\*
- School division employees
- Political subdivision employees\*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

##### 3. **\*Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

##### 4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

---

#### A. Plan Description (Continued)

##### HYBRID RETIREMENT PLAN (CONTINUED)

#### 5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

#### 6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.



## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### A. Plan Description (Continued)

##### HYBRID RETIREMENT PLAN (CONTINUED)

#### 7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. **Average Final Compensation** - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. **Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

#### 10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

#### 11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

#### 12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

---

#### A. Plan Description (Continued)

<b>HYBRID RETIREMENT PLAN (Continued)</b>
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#### 13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

#### 14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

#### 15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

#### 16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

#### 17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2014 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2014 were 7.51 and 8.51% of annual covered payroll, respectively.

The Nottoway County School Board professional employees rate was 11.66%, 11.66% and 6.33% of annual covered payroll the years ending June 30, 2014, 2013 and 2012, respectively. The contribution requirements of plan members and Nottoway County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2014, 2013, and 2012 were \$1,262,999, \$1,270,428 and \$662,435, respectively, and equal to the required contributions for each year.

#### C. Annual Pension Cost

For fiscal year 2014, the County's annual pension cost of \$241,147 was equal to the County's required and actual contributions.

#### Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2014	\$ 241,147	100%	\$ -
June 30, 2013	228,542	100%	-
June 30, 2012	190,628	100%	-

(1) Employer portion only

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

### Note 11—Pension Plan: (Continued)

#### C. Annual Pension Cost (Continued)

For the fiscal year 2014, the School Board's annual pension cost for the School Board's non-professional employees was \$98,440 which was equal to the School Board's required and actual contributions.

##### Three Year Trend Information - School Board Non-Professional

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
School Board: Non-Professional:			
June 30, 2014	\$ 98,440	100%	\$ -
June 30, 2013	97,628	100%	-
June 30, 2012	63,647	100%	-

(1) Employer portion only

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

#### D. Funded Status and Funding Progress:

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 88.87% funded. The actuarial accrued liability for benefits was \$13,826,277, and the actuarial value of assets was \$12,287,612, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,538,665. The covered payroll (annual payroll of active employees covered by the plan) was \$3,031,354, and ratio of the UAAL to the covered payroll was 50.76%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 81.64% funded. The actuarial accrued liability for benefits was \$5,492,956 and the actuarial value of assets was \$4,484,606, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,008,350. The covered payroll (annual payroll of active employees covered by the plan) was \$1,151,868 and ratio of the UAAL to the covered payroll was 87.54%.

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### *Note 12-Surety Bonds:*

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

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## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### *Note 13-Jointly Governed Organizations:*

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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 \$44,500 to the operations of the Crossroads Community Services Board.

### *Note 14-Landfill Closure and Postclosure Care Cost:*

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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 \$4,050,635 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported based on the use of 65% of the estimated capacity of the landfill with the total amount of \$6,231,746 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 2014. Actual cost may be higher due to inflation, changes in the technology, or changes in regulation. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the Landfill Fund.

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

### *Note 15-Lease-Purchase/Notes Receivable:*

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On May 15, 2001, the Industrial Development Authority entered into a lease-purchase agreement with Colonial Forest Products to sell a shell building. The agreement called for monthly installments of principal and interest of \$7,567 for 20 years to be received by the Industrial Development Authority . The interest rate is 5.5%, and the total amount financed was \$1,100,000. At June 30, 2014, the balance of the lease-purchase receivable was \$645,113.

On February 25, 2000, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant to sell a shell building. The agreement called for monthly installments of principal and interest of \$6,060 for 20 years to be received by the Industrial Development Authority. The interest rate is 5.24% and the total amount financed was \$900,000. At June 30, 2014, the balance of the lease-purchase receivable was \$557,834.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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On June 5, 2002, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant to sell a storage building. The agreement called for monthly installments of principal and interest of \$1,900 for 15 years to be received by the Industrial Development Authority. The interest rate is 6.10% and the total amount financed is \$223,720. At June 30, 2014, the balance of the lease-purchase receivable was \$134,535.

On February 18, 2005, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant. The agreement called for monthly installments of principal and interest of \$3,344 for 15 years to be received by the Industrial Development Authority. The total amount financed is \$440,000. At June 30, 2014, the balance of the lease-purchase receivable was \$332,641.

On August 30, 2013, the Industrial Development Authority entered into a lease-purchase agreement with Trout River Plant. The agreement called for monthly installments of principal and interest of \$5,084 for 15 years to be received by the Industrial Development Authority. The total amount financed is \$700,000. At June 30, 2014, the balance of the lease-purchase receivable was \$678,607.

### *Note 16-Other Postemployment Benefits VRS Health Insurance Credit:*

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#### **A. Plan Description**

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

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

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$120,234, \$120,941 and \$62,790, respectively and equaled the required contributions for each year.

### *Note 17–Other Postemployment Benefits - Health Insurance:*

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#### **A. Plan Description**

Beginning in fiscal year 2010, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the School Board. This funding methodology mirrors the funding approach used for pension benefits.

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

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

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

#### **B. Funding Policy**

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

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# COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

### **C. Annual OPEB Cost and Net OPEB Obligation**

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

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

		<u>School Board</u>
Annual required contribution	\$	81,829
Interest on net OPEB obligation		2,853
Adjustment to annual required contribution		(4,160)
Annual OPEB cost (expense)	\$	<u>80,522</u>
Estimated Contributions made		<u>(71,529)</u>
Increase in net OPEB obligation	\$	8,993
Net OPEB obligation-beginning of year		71,321
Net OPEB obligation-end of year	\$	<u><u>80,314</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

<u>Three Year Trend Information for School Board</u>			
<u>Fiscal Year Ended</u>	<u>Annual OPEB</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2014	\$ 80,552	88.80%	\$ 80,314
6/30/2013	79,274	81.37%	71,321
6/30/2012	78,047	88.51%	56,556

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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#### **D. Funded Status and Funding Progress**

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

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

#### **Cost Method**

In the July 1, 2011 most recent actuarial valuation, the projected unit credit method, with linear pro-rata to assumed benefit commencement was used. The unfunded liability is amortized over 20 years a level percentage of pay.

The following simplifying assumptions were made:

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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

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

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

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was twenty years.

### *Note 18-Restatement of Beginning Net Position and Fund Balance:*

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

	Net Position		Fund Balance	
	Primary	Component	General	School
	Government	Unit School Board	Fund	Operating Fund
As previously reported	\$ 38,959,133	\$ 15,427,536	\$ 14,111,437	\$ 540,666
Adjustment to correct interfund receivable/ payable in the prior year due to prepaid items	(453,100)	453,100	(453,100)	453,100
As restated	<u>\$ 38,506,033</u>	<u>\$ 15,880,636</u>	<u>\$ 13,658,337</u>	<u>\$ 993,766</u>

### *Note 19-Upcoming Pronouncements:*

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statement No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County believes the implementation of Statement No. 68 will significantly impact the County's net position; however, no formal study or estimate of the impact of this standard has been performed.

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*REQUIRED SUPPLEMENTARY INFORMATION*

*NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:*

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

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County of Nottoway, Virginia  
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 6,385,853	\$ 6,385,853	\$ 6,735,452	\$ 349,599
Other local taxes	1,294,800	1,294,800	1,410,947	116,147
Permits, privilege fees, and regulatory licenses	65,100	65,210	83,156	17,946
Fines and forfeitures	54,200	56,200	5,574	(50,626)
Revenue from the use of money and property	623,867	623,867	727,700	103,833
Charges for services	1,942	1,942	47,513	45,571
Miscellaneous	188,690	238,941	81,512	(157,429)
Recovered costs	11,774	11,774	179,444	167,670
Intergovernmental:				
Commonwealth	3,768,828	3,812,077	3,665,199	(146,878)
Federal	1,032,094	1,167,707	862,319	(305,388)
Total revenues	<u>\$ 13,427,148</u>	<u>\$ 13,658,371</u>	<u>\$ 13,798,816</u>	<u>\$ 140,445</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,325,105	\$ 1,341,315	\$ 1,136,864	\$ 204,451
Judicial administration	657,093	709,065	667,960	41,105
Public safety	2,399,999	2,981,352	2,571,820	409,532
Public works	274,530	271,311	251,497	19,814
Health and welfare	2,830,377	2,830,377	2,368,329	462,048
Education	4,869,915	5,067,325	4,740,650	326,675
Parks, recreation, and cultural	269,944	417,096	276,770	140,326
Community development	883,145	1,096,818	758,808	338,010
Debt service:				
Principal retirement	634,034	685,622	706,622	(21,000)
Interest and other fiscal charges	206,552	177,224	177,935	(711)
Total expenditures	<u>\$ 14,350,694</u>	<u>\$ 15,577,505</u>	<u>\$ 13,657,255</u>	<u>\$ 1,920,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (923,546)</u>	<u>\$ (1,919,134)</u>	<u>\$ 141,561</u>	<u>\$ 2,060,695</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Rural development loan	\$ -	\$ -	\$ 21,000	\$ 21,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>
Net change in fund balances	\$ (923,546)	\$ (1,919,134)	\$ 162,561	\$ 2,081,695
Fund balances - beginning balance, as restated	1,223,546	2,019,134	13,658,337	11,639,203
Fund balances - ending	<u>\$ 300,000</u>	<u>\$ 100,000</u>	<u>\$ 13,820,898</u>	<u>\$ 13,720,898</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, 2014

	Landfill Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other local taxes	\$ 173,860	\$ 173,860	\$ 175,599	\$ 1,739
Charges for services	312,841	312,841	341,077	28,236
Intergovernmental:				
Commonwealth	258,177	258,177	262,044	3,867
Total revenues	<u>\$ 744,878</u>	<u>\$ 744,878</u>	<u>\$ 778,720</u>	<u>\$ 33,842</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 704,878	\$ 912,583	\$ 894,750	\$ 17,833
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Total expenditures	<u>\$ 744,878</u>	<u>\$ 952,583</u>	<u>\$ 934,750</u>	<u>\$ 17,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (207,705)</u>	<u>\$ (156,030)</u>	<u>\$ 51,675</u>
Net change in fund balances	\$ -	\$ (207,705)	\$ (156,030)	\$ 51,675
Fund balances - beginning balance	-	207,705	323,317	115,612
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,287</u>	<u>\$ 167,287</u>



## County of Nottoway, Virginia

## Schedule of Pension Funding Progress - Virginia Retirement System

For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3-2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
County:						
6/30/2013	\$ 12,287,612	\$ 13,826,277	\$ 1,538,665	88.87%	\$ 3,031,354	50.76%
6/30/2012	11,705,641	13,738,002	2,032,361	85.21%	2,937,789	69.18%
6/30/2011	11,568,387	13,437,615	1,869,228	86.09%	2,966,754	63.01%
6/30/2010	11,152,626	12,817,339	1,664,713	87.01%	2,999,941	55.49%
6/30/2009	10,890,168	11,924,799	1,034,631	91.32%	3,148,349	32.86%
6/30/2008	10,586,780	11,264,205	677,425	93.99%	2,942,340	23.02%
6/30/2007	9,574,377	10,102,698	528,321	94.77%	2,798,719	18.88%
6/30/2006	8,489,219	9,304,738	815,519	91.24%	2,623,258	31.09%
6/30/2005	7,971,700	8,680,164	708,464	91.84%	2,379,574	29.77%
6/30/2004	7,712,013	7,339,235	(372,778)	105.08%	2,277,421	-16.37%
School Board Non-Professionals:						
6/30/2013	\$ 4,484,606	\$ 5,492,956	\$ 1,008,350	81.64%	\$ 1,151,868	87.54%
6/30/2012	4,318,046	5,456,703	1,138,657	79.13%	1,097,963	103.71%
6/30/2011	4,334,673	5,246,746	912,073	82.62%	1,089,636	83.70%
6/30/2010	4,252,104	5,183,492	931,388	82.03%	1,115,662	83.48%
6/30/2009	4,302,604	4,728,249	425,645	91.00%	1,166,326	36.49%
6/30/2008	4,307,256	4,543,896	236,640	94.79%	1,106,182	21.39%
6/30/2007	4,019,545	4,324,245	304,700	92.95%	1,133,856	26.87%
6/30/2006	3,450,173	3,917,270	467,097	88.08%	1,085,719	43.02%
6/30/2005	3,207,861	3,684,206	476,345	87.07%	1,050,934	45.33%
6/30/2004	3,086,522	3,172,098	85,576	97.30%	969,813	8.82%

## County of Nottoway, Virginia

## Schedule of OPEB Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2014

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

\* Based on annual payroll reported to the Virginia Retirement System

\*\* Only two valuations available

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND  
SCHEDULES*

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County of Nottoway, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2014

	E-911 <u>Fund</u>	Dare <u>Fund</u>	LRA Land Sale <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 587,015	\$ 99	\$ 10,000	\$ 597,114
Receivables (net of allowance for uncollectibles):				
Accounts receivable	21,907	-	-	21,907
Total assets	<u>\$ 608,922</u>	<u>\$ 99</u>	<u>\$ 10,000</u>	<u>\$ 619,021</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Fund balances:				
Committed	\$ 608,922	\$ 99	\$ 10,000	\$ 619,021
Total fund balances	<u>\$ 608,922</u>	<u>\$ 99</u>	<u>\$ 10,000</u>	<u>\$ 619,021</u>
Total liabilities and fund balances	<u>\$ 608,922</u>	<u>\$ 99</u>	<u>\$ 10,000</u>	<u>\$ 619,021</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, 2014

	<u>E-911 Fund</u>	<u>Dare Fund</u>	<u>LRA Land Sale Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Other local taxes	\$ 340	\$ -	\$ -	\$ 340
Intergovernmental:				
Commonwealth	140,147	-	-	140,147
Total revenues	<u>\$ 140,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,487</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 111,230	\$ 243	\$ -	\$ 111,473
Total expenditures	<u>\$ 111,230</u>	<u>\$ 243</u>	<u>\$ -</u>	<u>\$ 111,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,257</u>	<u>\$ (243)</u>	<u>\$ -</u>	<u>\$ 29,014</u>
Net change in fund balances	\$ 29,257	\$ (243)	\$ -	\$ 29,014
Fund balances - beginning	579,665	342	10,000	590,007
Fund balances - ending	<u><u>\$ 608,922</u></u>	<u><u>\$ 99</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 619,021</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, 2014

	E-911 Fund			Variance with
	Budgeted Amounts		Actual	Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 400	\$ 400	\$ 340	\$ (60)
Intergovernmental:				
Commonwealth	138,875	146,375	140,147	(6,228)
Total revenues	<u>\$ 139,275</u>	<u>\$ 146,775</u>	<u>\$ 140,487</u>	<u>\$ (6,288)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 139,275	\$ 156,595	\$ 111,230	\$ 45,365
Total expenditures	<u>\$ 139,275</u>	<u>\$ 156,595</u>	<u>\$ 111,230</u>	<u>\$ 45,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (9,820)</u>	<u>\$ 29,257</u>	<u>\$ 39,077</u>
Net change in fund balances	\$ -	\$ (9,820)	\$ 29,257	\$ 39,077
Fund balances - beginning	-	9,820	579,665	569,845
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,922</u>	<u>\$ 608,922</u>

Dare Fund					LRA Land Sale Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 243	\$ (243)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 243	\$ (243)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (243)	\$ (243)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (243)	\$ (243)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	342	342	-	-	10,000	10,000	-	-
\$ -	\$ -	\$ 99	\$ 99	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -

County of Nottoway, Virginia  
Statement of Changes in Assets and Liabilities  
Agency Fund  
For the Year Ended June 30, 2014

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	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets				
Cash and cash equivalents	\$ 5,929	\$ 9,351	\$ 8,679	\$ 6,601
Liabilities				
Amounts held for social services clients	\$ 5,929	\$ 9,351	\$ 8,679	\$ 6,601

*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, 2014

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,191,200	\$ 365,277	\$ 645,800	\$ 3,202,277
Due from other governmental units	654,340	-	18,610	672,950
Prepaid items	501,654	-	-	501,654
Total assets	<u>\$ 3,347,194</u>	<u>\$ 365,277</u>	<u>\$ 664,410</u>	<u>\$ 4,376,881</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 149,984	\$ -	\$ -	\$ 149,984
Accrued liabilities	984,435	-	35,151	1,019,586
Due to other governmental units	979,255	-	-	979,255
Total liabilities	<u>\$ 2,113,674</u>	<u>\$ -</u>	<u>\$ 35,151</u>	<u>\$ 2,148,825</u>
Fund balances:				
Nonspendable	\$ 501,654	\$ -	\$ -	\$ 501,654
Committed	731,866	365,277	629,259	1,726,402
Total fund balances	<u>\$ 1,233,520</u>	<u>\$ 365,277</u>	<u>\$ 629,259</u>	<u>\$ 2,228,056</u>
Total liabilities and fund balances	<u>\$ 3,347,194</u>	<u>\$ 365,277</u>	<u>\$ 664,410</u>	<u>\$ 4,376,881</u>

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

Total fund balances per above	\$ 2,228,056
-------------------------------	--------------

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	\$ 29,242,251	
Accumulated depreciation	<u>(15,517,499)</u>	13,724,752

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(232,339)
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Net position of governmental activities	<u>\$ 15,720,469</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, 2014

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 237	\$ 2,251	\$ 2,488
Charges for services	5,769	-	198,462	204,231
Miscellaneous	147,452	3,185	42,812	193,449
Recovered costs	242,446	-	-	242,446
Intergovernmental:				
Local government	4,736,996	-	-	4,736,996
Commonwealth	14,389,211	-	20,962	14,410,173
Federal	1,716,035	-	826,080	2,542,115
Total revenues	\$ 21,237,909	\$ 3,422	\$ 1,090,567	\$ 22,331,898
<b>EXPENDITURES</b>				
Current:				
Education	\$ 20,567,212	\$ 330,318	\$ 1,024,664	\$ 21,922,194
Capital projects	138,320	-	-	138,320
Total expenditures	\$ 20,705,532	\$ 330,318	\$ 1,024,664	\$ 22,060,514
Excess (deficiency) of revenues over (under) expenditures	\$ 532,377	\$ (326,896)	\$ 65,903	\$ 271,384
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 292,623	\$ -	\$ 292,623
Transfers out	(292,623)	-	-	(292,623)
Total other financing sources (uses)	\$ (292,623)	\$ 292,623	\$ -	\$ -
Net change in fund balances	\$ 239,754	\$ (34,273)	\$ 65,903	\$ 271,384
Fund balances - beginning, as restated	993,766	399,550	563,356	1,956,672
Fund balances - ending	\$ 1,233,520	\$ 365,277	\$ 629,259	\$ 2,228,056

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 \$ 271,384

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	\$	117,902	
Depreciation expense		(1,447,469)	
Jointly owned asset allocation		910,378	(419,189)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in net OPEB obligation	\$	(8,993)	
(Increase) decrease in compensated absences		(3,369)	(12,362)

Change in net position of governmental activities \$ (160,167)

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, 2014

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	5,769	5,769
Miscellaneous	95,000	125,000	147,452	22,452
Recovered costs	100,000	100,000	242,446	142,446
Intergovernmental:				
Local government	4,866,261	5,063,671	4,736,996	(326,675)
Commonwealth	14,378,438	14,587,563	14,389,211	(198,352)
Federal	1,958,575	2,013,173	1,716,035	(297,138)
Total revenues	\$ 21,398,274	\$ 21,889,407	\$ 21,237,909	\$ (651,498)
<b>EXPENDITURES</b>				
Current:				
Education	\$ 20,845,119	\$ 21,876,918	\$ 20,567,212	\$ 1,309,706
Capital projects	553,155	553,155	138,320	414,835
Total expenditures	\$ 21,398,274	\$ 22,430,073	\$ 20,705,532	\$ 1,724,541
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (540,666)	\$ 532,377	\$ 1,073,043
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(292,623)	(292,623)
Total other financing sources (uses)	\$ -	\$ -	\$ (292,623)	\$ (292,623)
Net change in fund balances	\$ -	\$ (540,666)	\$ 239,754	\$ 780,420
Fund balances - beginning, as restated	-	540,666	993,766	453,100
Fund balances - ending	\$ -	\$ -	\$ 1,233,520	\$ 1,233,520

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					
\$ -	\$ 335,000	\$ 237	\$ (334,763)	\$ 3,000	\$ 3,000	\$ 2,251	\$ (749)		
-	-	-	-	279,000	279,000	198,462	(80,538)		
-	335,000	3,185	3,185	105,500	105,500	42,812	(62,688)		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
-	-	-	-	27,200	27,200	20,962	(6,238)		
-	-	-	-	700,000	700,000	826,080	126,080		
\$ -	\$ 670,000	\$ 3,422	\$ (331,578)	\$ 1,114,700	\$ 1,114,700	\$ 1,090,567	\$ (24,133)		
\$ -	\$ 335,000	\$ 330,318	\$ 4,682	\$ 1,114,700	\$ 1,194,739	\$ 1,024,664	\$ 170,075		
-	-	-	-	-	-	-	-		
\$ -	\$ 335,000	\$ 330,318	\$ 4,682	\$ 1,114,700	\$ 1,194,739	\$ 1,024,664	\$ 170,075		
\$ -	\$ 335,000	\$ (326,896)	\$ (326,896)	\$ -	\$ (80,039)	\$ 65,903	\$ 145,942		
\$ -	\$ -	\$ 292,623	\$ 292,623	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	-	-	-	-		
\$ -	\$ -	\$ 292,623	\$ 292,623	\$ -	\$ -	\$ -	\$ -		
\$ -	\$ 335,000	\$ (34,273)	\$ (34,273)	\$ -	\$ (80,039)	\$ 65,903	\$ 145,942		
-	-	399,550	399,550	-	80,039	563,356	483,317		
\$ -	\$ 335,000	\$ 365,277	\$ 365,277	\$ -	\$ -	\$ 629,259	\$ 629,259		

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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, 2014

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 89,044
Notes receivable - current portion	190,484
Total current assets	<u>\$ 279,528</u>

## Noncurrent assets:

Notes receivable - net of current portion	\$ 2,158,247
Total noncurrent assets	<u>\$ 2,158,247</u>
Total assets	<u>\$ 2,437,775</u>

**LIABILITIES**

## Current liabilities:

Due to other governmental units	\$ 76,378
Notes payable - current portion	67,321
Total current liabilities	<u>\$ 143,699</u>

## Noncurrent liabilities:

Notes payable - net of current portion	\$ 447,033
Total noncurrent liabilities	<u>\$ 447,033</u>
Total liabilities	<u>\$ 590,732</u>

**NET POSITION**

Unrestricted	\$ 1,847,043
Total net position	<u><u>\$ 1,847,043</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, 2014

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**OPERATING REVENUES**

Charges for services:

Rents	\$ 111,899
Other revenues	107,433
Total operating revenues	<u>\$ 219,332</u>

**OPERATING EXPENSES**

Other charges	\$ 97,103
Total operating expenses	<u>\$ 97,103</u>

Operating income (loss)	<u>\$ 122,229</u>
-------------------------	-------------------

**NONOPERATING REVENUES (EXPENSES)**

Investment income	\$ 453
Interest expense	(27,550)
Total nonoperating revenues (expenses)	<u>\$ (27,097)</u>

Change in net position	\$ 95,132
------------------------	-----------

Total net position - beginning	1,751,911
Total net position - ending	<u><u>\$ 1,847,043</u></u>

1,847,043



County of Nottoway, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2014

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ (320,234)
Payments for operating activities	(97,103)
Net cash provided by (used for) operating activities	<u>\$ (417,337)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal payments on note payable	\$ (64,866)
Interest payments	(27,550)
Net cash provided by (used for) capital and related financing activities	<u>\$ (92,416)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	
Sale (purchase) of investments	
Interest income	\$ 453
Net cash provided by (used for) investing activities	<u>\$ 453</u>

Net increase (decrease) in cash and cash equivalents	\$ (509,300)
--	--------------

Cash and cash equivalents - beginning	598,344
Cash and cash equivalents - ending	<u>\$ 89,044</u>

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

Operating income (loss)	\$ 122,229
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in notes receivable	\$ (539,566)
Total adjustments	<u>\$ (539,566)</u>
Net cash provided by (used for) operating activities	<u>\$ (417,337)</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, 2014

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,245,463	\$ 4,245,463	\$ 4,224,087	\$ (21,376)
Real and personal public service corporation taxes	376,000	376,000	429,370	53,370
Personal property taxes	1,421,590	1,421,590	1,699,556	277,966
Mobile home taxes	12,300	12,300	12,588	288
Machinery and tools taxes	190,500	190,500	190,693	193
Penalties	95,000	95,000	103,580	8,580
Interest	45,000	45,000	75,578	30,578
Total general property taxes	<u>\$ 6,385,853</u>	<u>\$ 6,385,853</u>	<u>\$ 6,735,452</u>	<u>\$ 349,599</u>
Other local taxes:				
Local sales and use taxes	\$ 950,000	\$ 950,000	\$ 1,065,141	\$ 115,141
Business license taxes	136,300	136,300	160,058	23,758
Motor vehicle licenses	150,000	150,000	135,790	(14,210)
Taxes on recordation and wills	52,500	52,500	48,367	(4,133)
Hotel and motel room taxes	6,000	6,000	1,591	(4,409)
Total other local taxes	<u>\$ 1,294,800</u>	<u>\$ 1,294,800</u>	<u>\$ 1,410,947</u>	<u>\$ 116,147</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,450	\$ 15,560	\$ 12,928	\$ (2,632)
Permits and other licenses	49,650	49,650	70,228	20,578
Total permits, privilege fees, and regulatory licenses	<u>\$ 65,100</u>	<u>\$ 65,210</u>	<u>\$ 83,156</u>	<u>\$ 17,946</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 54,200	\$ 56,200	\$ 5,574	\$ (50,626)
Total fines and forfeitures	<u>\$ 54,200</u>	<u>\$ 56,200</u>	<u>\$ 5,574</u>	<u>\$ (50,626)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 75,000	\$ 75,000	\$ 44,811	\$ (30,189)
Revenue from use of property	548,867	548,867	682,889	134,022
Total revenue from use of money and property	<u>\$ 623,867</u>	<u>\$ 623,867</u>	<u>\$ 727,700</u>	<u>\$ 103,833</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,042	\$ 1,042	\$ 1,042	\$ -
Charges for court costs	-	-	7,235	7,235
Charges for courthouse security	-	-	32,620	32,620
Charges for Commonwealth's Attorney	800	800	1,210	410
Charges for law library	-	-	1,341	1,341
Charges for other protection	-	-	2,343	2,343
Charges for data processing	-	-	1,582	1,582

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sale of historical material	\$ 100	\$ 100	\$ 140	\$ 40
Total charges for services	\$ 1,942	\$ 1,942	\$ 47,513	\$ 45,571
Miscellaneous revenue:				
Miscellaneous	\$ 188,690	\$ 238,941	\$ 81,512	\$ (157,429)
Total miscellaneous revenue	\$ 188,690	\$ 238,941	\$ 81,512	\$ (157,429)
Recovered costs:				
Dispatching - Towns	\$ 8,274	\$ 8,274	\$ 8,274	\$ -
Library contribution	3,500	3,500	1,500	(2,000)
Indirect services - School Board	-	-	169,670	169,670
Total recovered costs	\$ 11,774	\$ 11,774	\$ 179,444	\$ 167,670
Total revenue from local sources	\$ 8,626,226	\$ 8,678,587	\$ 9,271,298	\$ 592,711
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 70,000	\$ 70,000	\$ 200	\$ (69,800)
Mobile home titling tax	16,000	16,000	2,348	(13,652)
Tax on Deeds	12,000	12,000	13,783	1,783
Motor vehicle rental tax	-	-	2,047	2,047
State recordation tax	-	-	22,570	22,570
Personal property tax relief funds	1,049,790	1,049,790	1,049,790	-
Total noncategorical aid	\$ 1,147,790	\$ 1,147,790	\$ 1,090,738	\$ (57,052)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 208,677	\$ 209,710	\$ 208,292	\$ (1,418)
Sheriff	784,245	796,333	785,980	(10,353)
Commissioner of revenue	77,746	77,746	77,736	(10)
Treasurer	90,825	90,825	90,347	(478)
Registrar/electoral board	45,313	45,313	36,640	(8,673)
Clerk of the Circuit Court	174,507	174,507	171,334	(3,173)
Total shared expenses	\$ 1,381,313	\$ 1,394,434	\$ 1,370,329	\$ (24,105)

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 502,538	\$ 502,538	\$ 377,940	\$ (124,598)
Comprehensive services act	658,260	658,260	501,889	(156,371)
Litter control grant	5,000	6,366	6,366	-
Bio solids fees	800	800	841	41
Victim witness grant	-	25,000	12,500	(12,500)
Emergency medical services	-	-	12,946	12,946
Library grant	53,728	53,728	53,728	-
Forfeited assets	-	3,762	950	(2,812)
VJCCCS grant	19,399	19,399	19,399	-
Tobacco grant	-	-	150,170	150,170
Clerk's records grant	-	-	11,930	11,930
Fire programs	-	-	55,473	55,473
Total other categorical aid	\$ 1,239,725	\$ 1,269,853	\$ 1,204,132	\$ (65,721)
Total categorical aid	\$ 2,621,038	\$ 2,664,287	\$ 2,574,461	\$ (89,826)
Total revenue from the Commonwealth	\$ 3,768,828	\$ 3,812,077	\$ 3,665,199	\$ (146,878)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,032,094	\$ 1,032,094	\$ 776,200	\$ (255,894)
Forfeited assets	-	110,613	45,404	(65,209)
Emergency management preparation	-	-	7,500	7,500
RDA loan/grant	-	25,000	25,000	-
Ground transportation safety	-	-	7,513	7,513
Byrne justice assistance	-	-	702	702
Total categorical aid	\$ 1,032,094	\$ 1,167,707	\$ 862,319	\$ (305,388)
Total revenue from the federal government	\$ 1,032,094	\$ 1,167,707	\$ 862,319	\$ (305,388)
Total General Fund	\$ 13,427,148	\$ 13,658,371	\$ 13,798,816	\$ 140,445
<b>Special Revenue Funds:</b>				
<b>Landfill Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Consumer utility tax	\$ 148,860	\$ 148,860	\$ 147,298	\$ (1,562)
Consumption tax	25,000	25,000	28,301	3,301
Total other local taxes	\$ 173,860	\$ 173,860	\$ 175,599	\$ 1,739

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Landfill Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Landfill use fees	\$ 312,841	\$ 312,841	\$ 341,077	\$ 28,236
Total revenue from local sources	\$ 486,701	\$ 486,701	\$ 516,676	\$ 29,975
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 258,177	\$ 258,177	\$ 262,044	\$ 3,867
Total noncategorical aid	\$ 258,177	\$ 258,177	\$ 262,044	\$ 3,867
Total revenue from the Commonwealth	\$ 258,177	\$ 258,177	\$ 262,044	\$ 3,867
Total Landfill Fund	\$ 744,878	\$ 744,878	\$ 778,720	\$ 33,842
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 400	\$ 400	\$ 340	\$ (60)
Total other local taxes	\$ 400	\$ 400	\$ 340	\$ (60)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications Tax	\$ 89,948	\$ 89,948	\$ 87,348	\$ (2,600)
Categorical aid:				
Wireless grant funds	\$ 48,927	\$ 56,427	\$ 42,299	\$ (14,128)
PSAP grant	-	-	10,500	10,500
Total categorical aid	\$ 48,927	\$ 56,427	\$ 52,799	\$ (3,628)
Total revenue from the Commonwealth	\$ 138,875	\$ 146,375	\$ 140,147	\$ (6,228)
Total E-911 Fund	\$ 139,275	\$ 146,775	\$ 140,487	\$ (6,288)
Total Primary Government	\$ 14,311,301	\$ 14,550,024	\$ 14,718,023	\$ 167,999



County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ -	\$ -	\$ 5,769	\$ 5,769
Miscellaneous revenue:				
Other miscellaneous	\$ 95,000	\$ 125,000	\$ 147,452	\$ 22,452
Total miscellaneous revenue	\$ 95,000	\$ 125,000	\$ 147,452	\$ 22,452
Recovered costs:				
Dual enrollment	\$ 100,000	\$ 100,000	\$ 242,446	\$ 142,446
Total recovered costs	\$ 100,000	\$ 100,000	\$ 242,446	\$ 142,446
Total revenue from local sources	\$ 195,000	\$ 225,000	\$ 395,667	\$ 170,667
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nottoway, Virginia	\$ 4,866,261	\$ 5,063,671	\$ 4,736,996	\$ (326,675)
Total revenues from local governments	\$ 4,866,261	\$ 5,063,671	\$ 4,736,996	\$ (326,675)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,213,247	\$ 2,213,247	\$ 2,134,829	\$ (78,418)
Basic school aid	7,209,203	7,209,203	7,179,482	(29,721)
ISAEF	7,859	7,859	7,859	-
Remedial education	325,109	325,109	322,336	(2,773)
Regular foster care	18,600	18,600	6,446	(12,154)
Gifted and talented	75,151	75,151	74,510	(641)
Remedial summer school	107,177	107,177	102,175	(5,002)
Preschool and 4 year old At Risk	231,122	231,122	231,122	-
Special education	872,403	872,403	864,962	(7,441)
Project Graduation	11,000	14,125	18,603	4,478
Vocational education	302,884	302,884	295,330	(7,554)
Textbook payments	146,593	146,593	145,343	(1,250)
Social security and retirement fringe benefits	1,549,294	1,549,294	1,537,130	(12,164)
Early reading intervention	30,656	30,656	35,372	4,716
Homebound education	5,577	5,577	6,620	1,043
Special education - foster children	-	-	4,619	4,619
At risk payments	438,774	438,774	435,014	(3,760)
VPSA technology funds	258,000	464,000	412,000	(52,000)
Primary class size	466,243	466,243	465,983	(260)
Standards of Learning algebra readiness	45,926	45,926	40,986	(4,940)

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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)				
English as a second language	\$ 62,148	\$ 62,148	\$ 64,400	\$ 2,252
National Board Certification	-	-	2,500	2,500
Mentor teacher program	1,472	1,472	1,590	118
Total categorical aid	<u>\$ 14,378,438</u>	<u>\$ 14,587,563</u>	<u>\$ 14,389,211</u>	<u>\$ (198,352)</u>
Total revenue from the Commonwealth	<u>\$ 14,378,438</u>	<u>\$ 14,587,563</u>	<u>\$ 14,389,211</u>	<u>\$ (198,352)</u>
Revenue from the federal government:				
Categorical aid:				
Migrant education	\$ 32,459	\$ 41,023	\$ 18,139	\$ (22,884)
Rural education	40,430	40,430	70,165	29,735
Title I	776,778	814,537	733,574	(80,963)
Title II, Part A	133,305	133,305	104,692	(28,613)
Title VI-B, special education flow-through	576,049	584,324	433,768	(150,556)
Vocational education	55,093	55,093	69,872	14,779
Preschool special education	14,000	14,000	-	(14,000)
Preschool handicapped	15,747	15,747	11,216	(4,531)
21st century grant	255,079	255,079	208,038	(47,041)
Consortium incentive grant	6,000	6,000	9,718	3,718
ROTC	41,135	41,135	56,853	15,718
Project hope grant	12,500	12,500	-	(12,500)
Total categorical aid	<u>\$ 1,958,575</u>	<u>\$ 2,013,173</u>	<u>\$ 1,716,035</u>	<u>\$ (297,138)</u>
Total revenue from the federal government	<u>\$ 1,958,575</u>	<u>\$ 2,013,173</u>	<u>\$ 1,716,035</u>	<u>\$ (297,138)</u>
Total School Operating Fund	<u>\$ 21,398,274</u>	<u>\$ 21,889,407</u>	<u>\$ 21,237,909</u>	<u>\$ (651,498)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,000	\$ 3,000	\$ 2,251	\$ (749)
Charges for services:				
Cafeteria sales	<u>\$ 279,000</u>	<u>\$ 279,000</u>	<u>\$ 198,462</u>	<u>\$ (80,538)</u>

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Other miscellaneous	\$ 105,500	\$ 105,500	\$ 42,812	\$ (62,688)
Total revenue from local sources	\$ 387,500	\$ 387,500	\$ 243,525	\$ (143,975)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 27,200	\$ 27,200	\$ 20,962	\$ (6,238)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 700,000	\$ 700,000	\$ 755,701	\$ 55,701
Commodities	-	-	70,379	70,379
Total revenue from the federal government	\$ 700,000	\$ 700,000	\$ 826,080	\$ 126,080
Total School Cafeteria Fund	\$ 1,114,700	\$ 1,114,700	\$ 1,090,567	\$ (24,133)
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 335,000	\$ 237	\$ (334,763)
Total revenue from use of money and property	\$ -	\$ 335,000	\$ 237	\$ (334,763)
Miscellaneous revenue				
Miscellaneous	\$ -	\$ -	\$ 3,185	\$ 3,185
Total revenue from local sources	\$ -	\$ 335,000	\$ 3,422	\$ (331,578)
Total School Textbook Fund	\$ -	\$ 335,000	\$ 3,422	\$ (331,578)
Total Discretely Presented Component Unit - School Board	\$ 22,512,974	\$ 23,339,107	\$ 22,331,898	\$ (1,007,209)

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County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 358,962	\$ 368,059	\$ 224,560	\$ 143,499
Total legislative	\$ 358,962	\$ 368,059	\$ 224,560	\$ 143,499
General and financial administration:				
County administrator	\$ 268,530	\$ 266,804	\$ 261,831	\$ 4,973
Legal services	11,650	11,650	12,283	(633)
Commissioner of revenue	178,638	178,638	178,198	440
Treasurer	207,461	210,051	201,481	8,570
Data processing	139,523	145,772	116,688	29,084
Other general and financial administration	39,000	39,000	39,000	-
Total general and financial administration	\$ 844,802	\$ 851,915	\$ 809,481	\$ 42,434
Board of elections:				
Electoral board and officials	\$ 121,341	\$ 121,341	\$ 102,823	\$ 18,518
Total board of elections	\$ 121,341	\$ 121,341	\$ 102,823	\$ 18,518
Total general government administration	\$ 1,325,105	\$ 1,341,315	\$ 1,136,864	\$ 204,451
Judicial administration:				
Courts:				
Circuit court	\$ 19,300	\$ 19,300	\$ 14,444	\$ 4,856
General district court	5,700	5,700	3,905	1,795
Commissioner of accounts	150	150	-	150
Magistrate	100	200	130	70
Juvenile and domestic relations district court	22,800	24,989	23,452	1,537
Clerk of the circuit court	222,564	234,494	232,060	2,434
Jurors and witnesses	9,412	9,412	2,668	6,744
Sheriff	129,945	133,055	128,800	4,255
Law library	2,000	3,332	2,408	924
Total courts	\$ 411,971	\$ 430,632	\$ 407,867	\$ 22,765
Commonwealth's attorney:				
Commonwealth's attorney	\$ 245,122	\$ 278,433	\$ 260,093	\$ 18,340
Total commonwealth's attorney	\$ 245,122	\$ 278,433	\$ 260,093	\$ 18,340
Total judicial administration	\$ 657,093	\$ 709,065	\$ 667,960	\$ 41,105

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>General Fund: (Continued)</b>				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,023,041	\$ 1,299,795	\$ 1,050,583	\$ 249,212
Central dispatching	438,356	450,271	384,379	65,892
Total law enforcement and traffic control	<u>\$ 1,461,397</u>	<u>\$ 1,750,066</u>	<u>\$ 1,434,962</u>	<u>\$ 315,104</u>
Fire and rescue services:				
Volunteer fire department	\$ 198,579	\$ 198,579	\$ 170,734	\$ 27,845
Rescue service	106,620	137,341	98,940	38,401
State forestry service	11,435	12,122	12,122	-
Total fire and rescue services	<u>\$ 316,634</u>	<u>\$ 348,042</u>	<u>\$ 281,796</u>	<u>\$ 66,246</u>
Correction and detention:				
Detention home	\$ 75,000	\$ 75,000	\$ 60,675	\$ 14,325
Juvenile probation and detention	400,000	664,397	664,397	-
Total correction and detention	<u>\$ 475,000</u>	<u>\$ 739,397</u>	<u>\$ 725,072</u>	<u>\$ 14,325</u>
Inspections:				
Building	\$ 74,278	\$ 73,421	\$ 73,338	\$ 83
Total inspections	<u>\$ 74,278</u>	<u>\$ 73,421</u>	<u>\$ 73,338</u>	<u>\$ 83</u>
Other protection:				
Animal control	\$ 72,490	\$ 70,226	\$ 56,592	\$ 13,634
Medical examiner	200	200	60	140
Total other protection	<u>\$ 72,690</u>	<u>\$ 70,426</u>	<u>\$ 56,652</u>	<u>\$ 13,774</u>
Total public safety	<u>\$ 2,399,999</u>	<u>\$ 2,981,352</u>	<u>\$ 2,571,820</u>	<u>\$ 409,532</u>
Public works:				
Sanitation and waste removal:				
Litter control	\$ 5,000	\$ 6,366	\$ 6,563	\$ (197)
Total sanitation and waste removal	<u>\$ 5,000</u>	<u>\$ 6,366</u>	<u>\$ 6,563</u>	<u>\$ (197)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 269,530	\$ 264,945	\$ 244,934	\$ 20,011
Total maintenance of general buildings and grounds	<u>\$ 269,530</u>	<u>\$ 264,945</u>	<u>\$ 244,934</u>	<u>\$ 20,011</u>
Total public works	<u>\$ 274,530</u>	<u>\$ 271,311</u>	<u>\$ 251,497</u>	<u>\$ 19,814</u>

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>General Fund: (Continued)</b>				
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,000	\$ 100,000	\$ 89,871	\$ 10,129
Total health	\$ 100,000	\$ 100,000	\$ 89,871	\$ 10,129
Mental health and mental retardation:				
Community services board	\$ 44,500	\$ 44,500	\$ 44,500	\$ -
Total mental health and mental retardation	\$ 44,500	\$ 44,500	\$ 44,500	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,773,377	\$ 1,773,377	\$ 1,412,689	\$ 360,688
Comprehensive Services Act	912,500	912,500	821,269	91,231
Total welfare	\$ 2,685,877	\$ 2,685,877	\$ 2,233,958	\$ 451,919
Total health and welfare	\$ 2,830,377	\$ 2,830,377	\$ 2,368,329	\$ 462,048
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 3,654	\$ 3,654	\$ 3,654	\$ -
Contribution to County School Board	4,866,261	5,063,671	4,736,996	326,675
Total education	\$ 4,869,915	\$ 5,067,325	\$ 4,740,650	\$ 326,675
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 19,500	\$ 163,231	\$ 24,811	\$ 138,420
Total parks and recreation	\$ 19,500	\$ 163,231	\$ 24,811	\$ 138,420
Library:				
Library administration	\$ 250,444	\$ 253,865	\$ 251,959	\$ 1,906
Total library	\$ 250,444	\$ 253,865	\$ 251,959	\$ 1,906
Total parks, recreation, and cultural	\$ 269,944	\$ 417,096	\$ 276,770	\$ 140,326
Community development:				
Planning and community development:				
Economic development	\$ 26,841	\$ 26,457	\$ 8,125	\$ 18,332
Planning commission	82,567	93,337	77,332	16,005
Zoning board	2,850	2,850	2,779	71
Total planning and community development	\$ 112,258	\$ 122,644	\$ 88,236	\$ 34,408
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Other environmental management	25,533	25,533	7,734	17,799
Total environmental management	\$ 34,033	\$ 34,033	\$ 16,234	\$ 17,799

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 45,214	\$ 45,214	\$ 43,233	\$ 1,981
Total cooperative extension program	\$ 45,214	\$ 45,214	\$ 43,233	\$ 1,981
Other community development:				
Ft. Pickett local reuse authority	\$ 469,567	\$ 672,856	\$ 436,990	\$ 235,866
Small business incubator	27,503	27,502	11,650	15,852
Lodge at Ft. Pickett	194,570	194,569	162,465	32,104
Total other community development	\$ 691,640	\$ 894,927	\$ 611,105	\$ 283,822
Total community development	\$ 883,145	\$ 1,096,818	\$ 758,808	\$ 338,010
School debt service:				
Principal retirement	\$ 634,034	\$ 685,622	\$ 706,622	\$ (21,000)
Interest and other fiscal charges	206,552	177,224	177,935	(711)
Total school debt service	\$ 840,586	\$ 862,846	\$ 884,557	\$ (21,711)
Total General Fund	\$ 14,350,694	\$ 15,577,505	\$ 13,657,255	\$ 1,920,250
<b>Special Revenue Funds:</b>				
<b>Landfill Fund:</b>				
Public works:				
Sanitation and waste removal:				
Landfill	\$ 704,878	\$ 912,583	\$ 894,750	\$ 17,833
Debt service:				
Principal retirement	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total debt service	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total Landfill Fund	\$ 744,878	\$ 952,583	\$ 934,750	\$ 17,833



County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<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>
<b>Special Revenue Funds: (Continued)</b>				
<b>E-911 Fund:</b>				
Public safety:				
Law enforcement and traffic control:				
Emergency 911 services	\$ 139,275	\$ 156,595	\$ 111,230	\$ 45,365
Total E-911 Fund	\$ 139,275	\$ 156,595	\$ 111,230	\$ 45,365
<b>Dare Program Fund:</b>				
Public safety:				
Law enforcement and traffic control:				
Dare program	\$ -	\$ -	\$ 243	\$ (243)
Total Dare Program Fund	\$ -	\$ -	\$ 243	\$ (243)
Total Primary Government	\$ 15,234,847	\$ 16,686,683	\$ 14,703,478	\$ 1,983,205
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 15,983,800	\$ 16,501,543	\$ 15,518,329	\$ 983,214
Total instruction costs	\$ 15,983,800	\$ 16,501,543	\$ 15,518,329	\$ 983,214
Operating costs:				
Administration, attendance and health services	\$ 1,183,451	\$ 1,267,451	\$ 1,176,933	\$ 90,518
Pupil transportation	1,450,425	1,429,214	1,331,510	97,704
Operation and maintenance of school plant	2,227,443	2,678,710	2,540,440	138,270
Total operating costs	\$ 4,861,319	\$ 5,375,375	\$ 5,048,883	\$ 326,492
Total education	\$ 20,845,119	\$ 21,876,918	\$ 20,567,212	\$ 1,309,706
Capital projects:				
School capital projects	\$ 553,155	\$ 553,155	\$ 138,320	\$ 414,835
Total capital projects	\$ 553,155	\$ 553,155	\$ 138,320	\$ 414,835
Total School Operating Fund	\$ 21,398,274	\$ 22,430,073	\$ 20,705,532	\$ 1,724,541

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Textbook Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ 335,000	\$ 330,318	\$ 4,682
Total School Textbook Fund	\$ -	\$ 335,000	\$ 330,318	\$ 4,682
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,114,700	\$ 1,194,739	\$ 954,285	\$ 240,454
Commodities	-	-	70,379	(70,379)
Total School Cafeteria Fund	\$ 1,114,700	\$ 1,194,739	\$ 1,024,664	\$ 170,075
Total Discretely Presented Component Unit - School Board	\$ 22,512,974	\$ 23,959,812	\$ 22,060,514	\$ 1,899,298

## *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
2005	\$ 835,552	\$ 425,596	\$ 1,731,098	\$ 1,900,197	\$ 2,015,446	\$ 2,542,511	\$ 46,957	\$ 1,061,513	\$ 79,722	\$ 10,638,592
2006	902,049	596,712	1,750,408	1,038,727	2,048,848	5,635,335	174,982	792,430	155,936	13,095,427
2007	969,831	666,209	1,812,719	981,761	2,516,297	4,053,533	235,446	724,700	207,695	12,168,191
2008	1,003,186	742,287	2,017,296	3,193,667	2,436,410	4,509,077	235,504	1,249,191	320,456	15,707,074
2009	952,744	751,950	2,164,176	1,451,886	2,960,851	4,105,917	288,816	761,856	253,282	13,691,478
2010	1,030,374	734,255	1,985,731	1,211,446	2,719,493	4,271,797	332,705	1,192,922	267,481	13,746,204
2011	853,235	715,061	2,619,360	1,106,481	2,490,161	6,279,361	293,289	1,178,707	253,573	15,789,228
2012	1,052,738	749,812	2,134,591	1,281,092	2,550,832	4,779,326	328,756	839,415	174,484	13,891,046
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

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES								Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain/ (Loss) on Disposal of Capital Assets			
2005	\$ 545,392	\$ 2,782,173	\$ 387,801	\$ 4,381,189	\$ 1,776,239	\$ 568,301	\$ 87,650	\$ 1,324,633	\$ -	\$ 11,853,378		
2006	447,871	3,245,783	-	4,620,680	1,900,662	762,892	107,128	1,228,986	(60,000)	12,254,002		
2007	535,634	3,441,827	-	5,278,029	1,996,430	986,384	160,654	1,235,150	-	13,634,108		
2008	568,831	4,075,732	82,300	6,024,635	1,979,024	936,444	40,470	1,723,017	773,975	16,204,428		
2009	544,386	4,204,403	50,048	5,926,926	1,840,115	1,136,271	209,941	797,297	-	14,709,387		
2010	526,548	3,698,189	242,157	6,143,978	1,425,465	825,800	121,783	1,470,004	258,158	14,712,082		
2011	462,676	3,240,693	1,372,452	6,189,091	1,458,257	785,153	109,817	1,489,054	-	15,107,193		
2012	473,252	4,031,460	71,955	6,396,185	1,474,067	728,438	94,763	1,443,945	-	14,714,065		
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		

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
2005	\$ 815,050	\$ 338,740	\$ 1,760,881	\$ 1,762,435	\$ 1,998,180	\$ 19,629,616	\$ 170,979	\$ 639,856	\$ 2,167,398	\$ 29,283,135
2006	1,018,269	482,624	1,837,003	824,331	1,996,609	20,944,482	165,313	621,278	756,220	28,646,129
2007	928,922	595,356	1,808,213	932,939	2,494,634	21,646,837	182,463	642,529	801,046	30,032,939
2008	1,044,235	673,492	2,067,127	1,572,814	2,390,868	22,412,062	183,570	1,091,767	841,086	32,277,021
2009	1,071,589	674,133	2,179,682	1,122,463	2,903,489	24,954,627	237,571	748,890	944,246	34,836,690
2010	1,038,838	658,721	1,957,030	1,998,718	2,666,628	21,989,394	243,572	2,332,406	962,444	33,847,751
2011	1,091,117	602,921	1,991,119	962,552	2,434,336	21,782,328	235,094	729,300	2,340,248	32,169,015
2012	1,192,422	638,417	2,174,631	1,099,329	2,516,591	22,119,207	238,858	738,042	929,645	31,647,142
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

(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
2005	\$ 4,418,220	\$ 1,776,239	\$ 54,335	\$ 7,594	\$ 569,124	\$ 823,801	\$ 289,636	\$ 40,512	\$ 21,360,648	\$ 29,340,109
2006	4,798,641	1,900,662	69,822	6,271	763,810	723,932	323,154	100,943	21,422,610	30,109,845
2007	5,344,378	1,996,430	61,140	6,832	988,384	806,563	323,859	87,501	23,579,515	33,194,602
2008	5,977,418	1,979,024	59,693	10,133	937,816	828,754	234,618	106,774	24,623,214	34,757,444
2009	6,075,814	1,840,115	106,037	16,137	1,137,683	755,632	378,287	102,799	24,251,463	34,663,967
2010	5,950,546	1,425,465	88,505	17,068	831,138	714,884	304,172	107,158	24,398,578	33,837,514
2011	6,115,213	1,458,257	79,701	16,200	790,040	637,966	305,322	391,575	23,546,461	33,340,735
2012	6,304,420	1,474,067	78,966	16,740	731,551	647,763	327,280	190,890	22,902,655	32,674,332
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

(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
2005	\$ 5,390,352	\$ 5,107,976	94.76%	\$ 177,995	\$ 5,285,971	98.06%	\$ 967,921	17.96%
2006	5,832,438	5,608,668	96.16%	165,194	5,773,862	99.00%	990,053	16.97%
2007	6,394,504	6,154,314	96.24%	146,965	6,301,279	98.54%	685,111	10.71%
2008	6,806,898	6,547,727	96.19%	330,336	6,878,063	101.05%	792,924	11.65%
2009	7,192,469	6,901,884	95.96%	145,342	7,047,226	97.98%	835,419	11.62%
2010	6,904,508	6,572,629	95.19%	257,267	6,829,896	98.92%	793,701	11.50%
2011	7,071,099	6,706,433	94.84%	226,796	6,933,229	98.05%	832,656	11.78%
2012	7,116,812	6,802,180	95.58%	319,368	7,121,548	100.07%	747,418	10.50%
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%

(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
2005	\$ 536,061	\$ 66,966	\$ 16,417	\$ 46,611	\$ 666,055
2006	540,862	72,809	15,956	44,394	674,022
2007	777,728	74,796	18,398	64,454	935,376
2008	790,448	76,093	18,237	66,339	951,116
2009	798,086	80,427	14,482	57,123	950,118
2010	805,070	69,447	13,998	56,230	944,746
2011	819,717	73,693	15,516	62,734	971,660
2012	819,870	72,893	14,799	72,922	980,484
2013	945,617	72,954	13,089	77,364	1,109,024
2014	878,681	77,330	14,849	84,102	1,054,962

(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				Machinery and Tools	Public Utility				
					Real Estate	Personal Property			
2005	\$	0.54	\$	3.15	\$	0.54	\$	3.15	
2006		0.56		3.35		1.25		0.56	3.35
2007		0.44		3.35		1.25		0.44	3.35
2008		0.47		3.40		1.35		0.47	3.40
2009		0.49		3.50		1.35		0.49	3.50
2010		0.49		3.50		1.35		0.49	3.50
2011		0.49		3.50		1.35		0.49	3.50
2012		0.49		3.50		1.35		0.49	3.50
2013		0.44		3.50		1.35		0.44	3.50
2014		0.47		3.75		1.35		0.47	3.75

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005	15,725	\$ 666,055	\$ 6,437,577	\$ 6,437,577	0.97%	\$ 409
2006	15,725	674,022	5,988,038	5,988,038	0.89%	381
2007	15,725	935,376	8,534,523	8,534,523	0.91%	543
2008	15,725	951,116	7,529,614	7,529,614	0.79%	479
2009	15,725	950,118	8,979,904	8,979,904	0.95%	571
2010	15,853	944,746	8,421,596	8,421,596	0.89%	531
2011	15,853	971,660	6,477,614	6,477,614	0.67%	409
2012	15,853	980,484	5,885,627	5,885,627	0.60%	371
2013	15,853	1,109,024	5,301,684	5,301,684	0.48%	334
2014	15,854	1,054,962	4,609,783	4,609,783	0.44%	291

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

(2) From Table 6

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

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

*COMPLIANCE*

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## 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*

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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, 2014, and the related notes to the financial statements, which collectively comprise the County of Nottoway, Virginia's basic financial statements, and have issued our report thereon dated January 6, 2015.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

### Purpose of this Report

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

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

Richmond, Virginia  
January 6, 2015



# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

### Report on Compliance for Each Major Federal Program

We have audited County of Nottoway, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Nottoway, Virginia's major federal programs for the year ended June 30, 2014. County of Nottoway, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditors' Responsibility*

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

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

#### *Opinion on Each Major Federal Program*

In our opinion, County of Nottoway, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

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

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

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

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

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

Richmond, Virginia  
January 6, 2015

County of Nottoway, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 844
Temporary Assistance for Needy Families (TANF)	93.558	0400113/0400114	216,753
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	991
Low Income Home Energy Assistance	93.568	06004413/00600414	17,306
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113/0760114	22,595
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113/090114	1,178
Foster Care - Title IV-E	93.658	1100113/1100114	48,021
Adoption Assistance	93.659	1130113/1130114	27,418
Social Services Block Grant	93.667	1000113/1000114	123,862
Chafee Foster Care Independence Program	93.674	9150113/9150114	2,025
Children's Health Insurance Program	93.767	0540113/0540114	4,878
Medical Assistance Program	93.778	1200113/1200114	145,175
Total Department of Health and Human Services			\$ 611,046
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 46,000
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution--School	10.555	17901-45707	\$ 70,379
Department of Education:			
National school lunch program	10.555	17901-40623	546,030
Total CFDA# 10.555			\$ 616,409
School breakfast program	10.553	17901-40591	190,872
Department of Health:			
Summer Food Service Program for Children	10.559	unavailable	18,799
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114	165,154
Total Department of Agriculture			\$ 1,037,234
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
Emergency Management Performance Grants	97.042	77501-52743	\$ 7,500
Department of Justice:			
Pass Through Payments:			
Edward Byrne Memorial Justice Assistance Grant Program -	16.738	unavailable	\$ 702

County of Nottoway, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2014

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: State and Community Highway Safety	20.600	60507-59257	\$ 7,513
Department of the Defense: Direct Payments: JROTC	12.xxx	N/A	\$ 56,853
Department of the Treasury: Direct Payments: Commonwealth of Virginia Attorney General's Office: Forfeited assets	21.000	N/A	\$ 45,404
Department of Education: Pass Through Payments: Department of Education: Title I Grants to Local Educational Agencies Migrant Education - State Grant Program Migrant Education - Coordination Program <i>Special Education Cluster:</i> Special Education - Grants to States Special Education - Preschool Grants Career and Technical Education - Basic Grants to States Twenty-First Century Community Learning Centers Rural Education Improving Teacher Quality State Grants	84.010 84.011 84.144  84.027 84.173 84.048 84.287 84.358 84.367	17901-42901 17901-42910 17901-61399  17901-43071 17901-62521 17901-61095 17901-60565 17901-43481 17901-61480	\$ 733,574 18,139 9,718  433,768 11,216 69,872 208,038 70,165 104,692
Total Department of Education			\$ 1,659,182
Total Expenditures of Federal Awards			\$ 3,425,434

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, 2014

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of County of Nottoway, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of County of Nottoway, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Nottoway, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the County received and disbursed food commodities totaling \$70,379.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 862,319
Total primary government	\$ 862,319

Component Unit School Board:

School Operating Fund	\$ 1,716,035
School Cafeteria Fund	826,080
Total component unit school board	\$ 2,542,115

Total federal expenditures per basic financial statements	\$ 3,404,434
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Rural development loan proceeds	\$ 21,000
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,425,434
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**County of Nottoway, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

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**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes ✓ no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported

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

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

Identification of major programs:

CFDA Number(s)  
10.553/10.555/10.559  
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: \$300,000

Auditee qualified as low-risk auditee? ✓ yes \_\_\_\_\_ no

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None

County of Nottoway, Virginia

Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2014

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There were no prior year findings.

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