

# COUNTY OF NOTTOWAY, VIRGINIA



## ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018



County of Nottoway, Virginia

Annual Financial Report

For The Year Ended June 30, 2018

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# COUNTY OF NOTTOWAY, VIRGINIA

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## Board of Supervisors

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Steve W. Bowen, Chairperson

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

Clarence A. Simpson  
Helen M. Simmons

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## School Board

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Shelli Hinton, Jr., Chairperson

Jackie Hawkes, Vice Chairperson  
Robert L. Horn, Sr.

Clive Pettis  
Curtis Hurte, Jr.

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## Board of Social Services

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Noel Shekleton, Chairperson

Jacqueline Downs, Vice Chairperson  
Ronald Scruggs

Jesse F. Roberts, III  
Barbara Briggins

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## 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 .....	Ellen F. Myatt
Sheriff .....	Larry J. Parrish
Superintendent of Schools .....	Rodney L. Berry
Director of Social Services .....	Bernetta Watkins
Commissioner of the Revenue .....	Christy A. Hudson
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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 21 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

## *Restatement of Beginning Balances*

As described in Note 21 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 105-107, and 108-125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other Information*

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

*Supplementary and Other Information (Continued)*

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2018, on our consideration of County of Nottoway, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Nottoway, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Nottoway, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia  
November 23, 2018

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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, 2018.

### 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 \$34,284,065 (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 \$258,775 (Exhibit 5) after making contributions totaling \$5,181,461 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$21,779,738, an increase of \$258,775 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,860,154 or 102.8% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$266,143 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.

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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Overview of the Financial Statements (Continued)

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

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All 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.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$34,284,065 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	
	2018	2017
Current and other assets	\$ 24,628,238	\$ 22,916,096
Capital assets	18,715,384	19,418,467
Total assets	\$ 43,343,622	\$ 42,334,563
Deferred outflows of resources	\$ 110,119	\$ 473,558
Current liabilities	\$ 160,587	\$ 147,794
Long-term liabilities outstanding	8,064,785	7,604,928
Total liabilities	\$ 8,225,372	\$ 7,752,722
Deferred inflows of resources	\$ 944,304	\$ 506,080
Net position:		
Net investment in capital assets	\$ 16,387,675	\$ 16,604,005
Unrestricted	17,896,390	17,945,314
Total net position	\$ 34,284,065	\$ 34,549,319

\*Restatement of Total net position for 2017 not reflected in this table.  
Please see Note 21.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position increased by \$426,756. The following table summarizes the County's Statement of Activities

County of Nottoway, Virginia's Changes in Net Position		
	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 651,315	\$ 560,025
Operating grants and contributions	3,617,923	3,374,947
Capital grants and contributions	280,000	-
General revenues:		
General property taxes	7,415,503	6,918,150
Other local taxes	1,673,112	1,703,463
Grants and other contributions not restricted	1,424,397	1,508,408
Other general revenues	818,149	846,766
Total revenues	<u>\$ 15,880,399</u>	<u>\$ 14,911,759</u>
Expenses:		
General government administration	\$ 1,159,579	\$ 1,631,110
Judicial administration	755,430	816,258
Public safety	2,527,622	2,517,124
Public works	1,697,197	1,046,610
Health and welfare	2,306,603	2,188,527
Education	5,589,509	4,704,799
Parks, recreation, and cultural	326,545	357,724
Community development	993,620	659,625
Interest and other fiscal charges	97,538	110,433
Total expenses	<u>\$ 15,453,643</u>	<u>\$ 14,032,210</u>
Change in net position	\$ 426,756	\$ 879,549
Net position, beginning, as restated	33,857,309	33,669,770
Net position, ending	<u>\$ 34,284,065</u>	<u>\$ 34,549,319</u>

\*2018 Net position, beginning differs from 2017 Net position, ending, due to a restatement of net position from an accounting change. Please see Note 21.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### 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 \$21,779,738, an increase of \$258,775 in comparison with the prior year. Approximately 68.23% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

### General Fund Budgetary Highlights

During the year, revenues and other financing sources were less than budgetary estimates by \$396,000 and expenditures and other financing uses were less than budgetary estimates by \$2,970,340 resulting in a positive variance of \$2,574,340.

### Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2018 amounted to \$18,715,384 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

< Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$2,264,921. Of this amount, \$2,264,921 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt decreased by \$480,474.

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 2019 fiscal year.

The fiscal year 2019 budget increased by approximately 1.6 percent. All tax rates remained the same for fiscal year 2019.

### 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, 2018

	Primary Government			
	Governmental		Component Units	
	<u>Activities</u>		<u>School Board</u>	<u>IDA</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,309,390	\$ 4,286,325	\$ 981,671	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,071,185	-	-	
Accounts receivable	103,559	-	-	
Due from other governmental units	2,321,817	607,353	-	
Prepaid items	12,375	626,514	-	
Net pension asset	1,809,912	237,130	-	
Other assets:				
Notes receivable	-	-	1,236,841	
Capital assets (net of accumulated depreciation):				
Land	8,808,090	88,670	-	
Buildings and improvements	6,850,470	-	-	
Machinery and equipment	791,901	1,455,956	-	
Jointly owned assets	2,264,923	10,144,185	-	
Total assets	<u>\$ 43,343,622</u>	<u>\$ 17,446,133</u>	<u>\$ 2,218,512</u>	
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension related items	\$ 58,675	\$ 1,995,969	\$ -	
OPEB related items	51,444	201,040	-	
Total deferred outflow of resources	<u>\$ 110,119</u>	<u>\$ 2,197,009</u>	<u>\$ -</u>	
<b>LIABILITIES</b>				
Accounts payable	\$ 109,208	\$ 116,200	\$ -	
Accrued liabilities	-	545,205	-	
Accrued interest payable	51,379	-	-	
Due to other governmental units	-	1,623,185	76,378	
Long-term liabilities:				
Due within one year	362,455	11,252	-	
Due in more than one year	7,702,330	21,353,936	-	
Total liabilities	<u>\$ 8,225,372</u>	<u>\$ 23,649,778</u>	<u>\$ 76,378</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 25,744	\$ -	\$ -	
Pension related items	845,560	2,731,485	-	
OPEB related items	73,000	144,000	-	
Total deferred inflows of resources	<u>\$ 944,304</u>	<u>\$ 2,875,485</u>	<u>\$ -</u>	
<b>NET POSITION</b>				
Net investment in capital assets	\$ 16,387,675	\$ 11,688,811	\$ -	
Unrestricted	17,896,390	(18,570,932)	2,142,134	
Total net position	<u>\$ 34,284,065</u>	<u>\$ (6,882,121)</u>	<u>\$ 2,142,134</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, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	IDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,159,579	\$ 2,344	\$ 242,207	\$ -	\$ (915,028)	\$ -	\$ -
Judicial administration	755,430	46,505	448,038	-	(260,887)	-	-
Public safety	2,527,622	124,973	1,119,875	-	(1,282,774)	-	-
Public works	1,697,197	477,281	5,460	-	(1,214,456)	-	-
Health and welfare	2,306,603	-	1,743,348	-	(563,255)	-	-
Education	5,589,509	-	-	-	(5,589,509)	-	-
Parks, recreation, and cultural	326,545	-	58,995	-	(267,550)	-	-
Community development	993,620	212	-	280,000	(713,408)	-	-
Interest on long-term debt	97,538	-	-	-	(97,538)	-	-
Total governmental activities	\$ 15,453,643	\$ 651,315	\$ 3,617,923	\$ 280,000	\$ (10,904,405)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 22,250,216	\$ 205,081	\$ 17,907,451	\$ -	\$ -	\$ (4,137,684)	\$ -
Industrial Development Authority	33,144	96,614	-	-	-	-	63,470
Total component units	\$ 22,283,360	\$ 301,695	\$ 17,907,451	\$ -	\$ -	\$ (4,137,684)	\$ 63,470
General revenues:							
General property taxes					\$ 7,415,503	\$ -	\$ -
Local sales and use taxes					1,210,377	-	-
Consumer utility taxes					150,249	-	-
Business licenses					208,972	-	-
Motor vehicle licenses					2,682	-	-
Other local taxes					100,832	-	-
Unrestricted revenues from use of money and property					705,220	2,492	1,461
Miscellaneous					112,929	81,213	-
Grants and contributions not restricted to specific programs					1,424,397	-	-
Contribution from Nottoway County					-	5,424,124	-
Total general revenues					\$ 11,331,161	\$ 5,507,829	\$ 1,461
Change in net position					426,756	1,370,145	64,931
Net position - beginning, as restated					33,857,309	(8,252,266)	2,077,203
Net position - ending					\$ 34,284,065	\$ (6,882,121)	\$ 2,142,134

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, 2018

	General <u>Fund</u>	Landfill <u>Fund</u>	LRA Land Sale <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,823,360	\$ 808,644	\$ 5,228,188	\$ 449,198	\$ 19,309,390
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,071,185	-	-	-	1,071,185
Accounts receivable	10,185	93,374	-	-	103,559
Due from other funds	1,000,000	-	-	-	1,000,000
Due from other governmental units	2,300,556	-	-	21,261	2,321,817
Prepaid items	12,375	-	-	-	12,375
Total assets	<u>\$ 17,217,661</u>	<u>\$ 902,018</u>	<u>\$ 5,228,188</u>	<u>\$ 470,459</u>	<u>\$ 23,818,326</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 109,208	\$ -	\$ -	\$ -	\$ 109,208
Due to other funds	-	1,000,000	-	-	1,000,000
Total liabilities	<u>\$ 109,208</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,109,208</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 929,380	\$ -	\$ -	\$ -	\$ 929,380
Total deferred inflows of resources	<u>\$ 929,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929,380</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 12,375	\$ -	\$ -	\$ -	\$ 12,375
Committed	1,306,544	(97,982)	5,228,188	470,459	6,907,209
Unassigned	14,860,154	-	-	-	14,860,154
Total fund balances	<u>\$ 16,179,073</u>	<u>\$ (97,982)</u>	<u>\$ 5,228,188</u>	<u>\$ 470,459</u>	<u>\$ 21,779,738</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,217,661</u>	<u>\$ 902,018</u>	<u>\$ 5,228,188</u>	<u>\$ 470,459</u>	<u>\$ 23,818,326</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, 2018

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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	\$	21,779,738
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 29,739,642		
Accumulated depreciation	(11,024,258)		18,715,384

The net pension asset is not an available resource and, therefore, is not reported in the funds.		1,809,912
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		903,636

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 58,675	
OPEB related items	51,444	110,119

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
General obligation bonds	\$ (1,799,350)	
Premium on general obligation bond	(62,788)	
Net OPEB liabilities	(676,000)	
State literary loans	(465,571)	
Landfill closure liability	(4,800,695)	
Compensated absences	(260,381)	
Accrued interest payable	(51,379)	(8,116,164)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (845,560)	
OPEB related items	(73,000)	(918,560)

Net position of governmental activities	\$	34,284,065
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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, 2018

	General <u>Fund</u>	Landfill <u>Fund</u>	LRA Land Sale <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 7,403,795	\$ -	\$ -	\$ -	\$ 7,403,795
Other local taxes	1,493,918	178,644	-	550	1,673,112
Permits, privilege fees, and regulatory licenses	110,295	-	-	-	110,295
Fines and forfeitures	11,291	-	-	-	11,291
Revenue from the use of money and property	705,220	-	-	-	705,220
Charges for services	52,448	477,281	-	-	529,729
Miscellaneous	112,929	-	-	-	112,929
Recovered costs	203,498	-	-	-	203,498
Intergovernmental:					
Commonwealth	4,008,228	238,183	-	127,221	4,373,632
Federal	948,688	-	-	-	948,688
Total revenues	<u>\$ 15,050,310</u>	<u>\$ 894,108</u>	<u>\$ -</u>	<u>\$ 127,771</u>	<u>\$ 16,072,189</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,495,583	\$ -	\$ -	\$ -	\$ 1,495,583
Judicial administration	731,994	-	-	-	731,994
Public safety	2,555,104	-	-	154,283	2,709,387
Public works	243,715	1,191,316	-	-	1,435,031
Health and welfare	2,399,535	-	-	-	2,399,535
Education	5,186,355	-	-	-	5,186,355
Parks, recreation, and cultural	270,303	-	-	-	270,303
Community development	996,084	-	-	-	996,084
Debt service:					
Principal retirement	475,823	53,651	-	-	529,474
Interest and other fiscal charges	107,095	1,573	-	-	108,668
Total expenditures	<u>\$ 14,461,591</u>	<u>\$ 1,246,540</u>	<u>\$ -</u>	<u>\$ 154,283</u>	<u>\$ 15,862,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 588,719</u>	<u>\$ (352,432)</u>	<u>\$ -</u>	<u>\$ (26,512)</u>	<u>\$ 209,775</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of note payable	\$ 49,000	\$ -	\$ -	\$ -	\$ 49,000
Net change in fund balances	\$ 637,719	\$ (352,432)	\$ -	\$ (26,512)	\$ 258,775
Fund balances - beginning	15,541,354	254,450	5,228,188	496,971	21,520,963
Fund balances - ending	<u>\$ 16,179,073</u>	<u>\$ (97,982)</u>	<u>\$ 5,228,188</u>	<u>\$ 470,459</u>	<u>\$ 21,779,738</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, 2018

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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 \$ 258,775

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	\$ 204,438	
Depreciation expense	(664,858)	
Jointly owned asset allocation	<u>(242,663)</u>	(703,083)

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

Property taxes		11,708
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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	\$ 176,619	
Principal retirement on bond anticipation note	95,000	
Principal retirement on state literary fund loans	155,204	
Principal retirement on capital lease	53,651	
Principal retirement on note payable	49,000	
Issuance of note payable	(49,000)	
Increase in landfill closure liability	<u>(247,499)</u>	232,975

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

Decrease (increase) in compensated absences	\$ (23,111)	
Decrease (increase) in premium on general obligation bond	6,279	
Decrease (increase) in accrued interest payable	4,851	
Pension expense	643,908	
OPEB expense	<u>(5,546)</u>	626,381

Change in net position of governmental activities		<u><u>\$ 426,756</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, 2018

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	Agency <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,610
Total assets	<u>\$ 3,610</u>
LIABILITIES	
Amounts held for social services clients	\$ 3,610
Total liabilities	<u>\$ 3,610</u>

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

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## COUNTY OF NOTTOWAY, VIRGINIA

### Notes to Financial Statements As of June 30, 2018

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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, 2018 (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, 2018 (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, 2018.

*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, 2018.

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, 2018. 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, 2018 (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, 2018 (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, Forfeited Assets, and Dare. The Landfill and LRA Land Sale funds are reported as major funds.

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

#### E. Cash and Cash Equivalents

Cash and cash equivalents include 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

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

#### 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."

## COUNTY OF NOTTOWAY, VIRGINIA

### Notes to Financial Statements As of June 30, 2018 (Continued)

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

##### G. Receivables and Payables (Continued)

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 \$253,432 at June 30, 2018 and is comprised solely of property taxes.

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

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

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

The County bills and collects its own property taxes.

##### H. Capital Assets

Capital assets, which include property, 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 acquisition value at the date of donation.

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

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

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



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

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I. Compensated Absences

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

J. Use of Estimates

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

K. Fund Equity

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

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

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

# COUNTY OF NOTTOWAY, VIRGINIA

## Notes to Financial Statements As of June 30, 2018 (Continued)

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

#### K. Fund Equity (Continued)

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

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

	General Fund	Major Special Revenue Fund Landfill Fund	Major Special Revenue Fund LRA Land Sale Fund	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 12,375	\$ -	\$ -	\$ -	\$ 12,375
Total Nonspendable Fund Balance	\$ 12,375	\$ -	\$ -	\$ -	\$ 12,375
Committed:					
Encumbrances and carry-over from prior year	\$ 1,220,511	\$ 648,139	\$ -	\$ 144,949	\$ 2,013,599
Landfill	-	(746,121)	-	-	(746,121)
E-911	-	-	-	325,064	325,064
Community development block grant	86,033	-	-	-	86,033
Forfeited assets	-	-	-	446	446
Local Reuse Authority land sale	-	-	5,228,188	-	5,228,188
Total Committed Fund Balance	\$ 1,306,544	\$ (97,982)	\$ 5,228,188	\$ 470,459	\$ 6,907,209
Unassigned	\$ 14,860,154	\$ -	\$ -	\$ -	\$ 14,860,154
Total Fund Balances	\$ 16,179,073	\$ (97,982)	\$ 5,228,188	\$ 470,459	\$ 21,779,738

#### L. Net Position

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

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

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**M. Net Position Flow Assumption**

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

**N. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**O. Long-term Obligations**

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

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

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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

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#### P. Pensions

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

#### Q. Other Postemployment Benefits (OPEB)

##### Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and related LODA OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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

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**Q. Other Postemployment Benefits (OPEB) (Continued)**

Teacher Employee Health Insurance Credit Program (Continued)

For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Medical and Dental Pay-As-You Go

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the School Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the School Board's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

*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 in any fund at June 30, 2018.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### *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, 2018.

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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

At June 30, 2018, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board	Component Unit Industrial Development Authority
Other Local Governments:			
County of Nottoway School Board	\$ 1,623,185	\$ -	\$ -
Nottoway County Industrial Development Authority	76,378	-	-
Commonwealth of Virginia:			
Local sales tax	230,003	-	-
Shared expenses	118,672	-	-
Recordation tax	4,285	-	-
VPA funds	29,389	-	-
State sales tax	-	283,688	-
Comprehensive services act	142,615	-	-
Wireless grant	8,512	-	-
Communications tax	12,749	-	-
Other state funds	-	29,553	-
Federal Government:			
School fund grants	-	294,112	-
Victim witness	13,911	-	-
VPA funds	62,118	-	-
Total due from other governments	\$ <u>2,321,817</u>	\$ <u>607,353</u>	\$ <u>-</u>

At June 30, 2018 amounts due to other local governments are as follows:

Other Local Governments:			
County of Nottoway	\$ <u>-</u>	\$ <u>1,623,185</u>	\$ <u>76,378</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

*Note 5—Capital Assets:*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

Primary Government:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 8,808,090	\$ -	\$ -	\$ 8,808,090
Total capital assets not subject to depreciation	\$ 8,808,090	\$ -	\$ -	\$ 8,808,090
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,965,254	\$ 7,680	\$ -	\$ 10,972,934
Machinery and equipment	3,860,649	166,901	23,097	4,004,453
Jointly owned assets	6,523,338	29,857	599,030	5,954,165
Total capital assets subject to depreciation	\$ 21,349,241	\$ 204,438	\$ 622,127	\$ 20,931,552
Accumulated Depreciation:				
Buildings and improvements	\$ 3,829,748	\$ 292,716	\$ -	\$ 4,122,464
Machinery and equipment	3,077,523	158,126	23,097	3,212,552
Jointly owned assets	3,831,593	214,016	356,367	3,689,242
Total accumulated depreciation	\$ 10,738,864	\$ 664,858	\$ 379,464	\$ 11,024,258
Total capital assets being depreciated, net	\$ 10,610,377	\$ (460,420)	\$ 242,663	\$ 9,907,294
Governmental activities capital assets, net	\$ 19,418,467	\$ (460,420)	\$ 242,663	\$ 18,715,384

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Component Unit - School Board:				
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 88,670	\$ -	\$ -	\$ 88,670
Total capital assets not subject to depreciation	\$ 88,670	\$ -	\$ -	\$ 88,670
Capital assets subject to depreciation:				
Machinery and equipment	\$ 6,151,437	\$ 351,485	\$ -	\$ 6,502,922
Jointly owned assets	26,068,637	-	(599,030)	26,667,667
Total capital assets subject to depreciation	\$ 32,220,074	\$ 351,485	\$ (599,030)	\$ 33,170,589
Accumulated Depreciation:				
Machinery and equipment	\$ 4,685,970	\$ 360,996	\$ -	\$ 5,046,966
Jointly owned assets	15,311,860	855,255	(356,367)	16,523,482
Total accumulated depreciation	\$ 19,997,830	\$ 1,216,251	\$ (356,367)	\$ 21,570,448
Total capital assets being depreciated, net	\$ 12,222,244	\$ (864,766)	\$ (242,663)	\$ 11,600,141
Governmental activities capital assets, net	\$ 12,310,914	\$ (864,766)	\$ (242,663)	\$ 11,688,811



COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

*Note 5—Capital Assets: (Continued)*

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 24,219
Judicial administration	111,703
Public safety	65,899
Public works	82,603
Health and welfare	48,966
Education	214,016
Parks, recreation and cultural	91,398
Community development	26,054
	<u>664,858</u>
Total Primary Government	\$ <u>664,858</u>
Component Unit School Board	\$ <u>1,216,251</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, 2018:

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 237,270	\$ 46,838	\$ 23,727	\$ 260,381	\$ 26,038
Note payable	-	49,000	49,000	-	-
Capital lease	53,651	-	53,651	-	-
Net OPEB liabilities	726,000	57,000	107,000	676,000	-
Landfill closure liability	4,553,196	247,499	-	4,800,695	-
Total incurred by County	\$ <u>5,570,117</u>	\$ <u>400,337</u>	\$ <u>233,378</u>	\$ <u>5,737,076</u>	\$ <u>26,038</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 620,775	\$ -	\$ 155,204	\$ 465,571	\$ 155,204
Bond anticipation note	95,000	-	95,000	-	-
General obligation bonds	1,975,969	-	176,619	1,799,350	181,213
Add issuance premium	69,067	-	6,279	62,788	-
Total incurred by School Board	\$ <u>2,760,811</u>	\$ <u>-</u>	\$ <u>433,102</u>	\$ <u>2,327,709</u>	\$ <u>336,417</u>
Total Governmental Activities Obligations	\$ <u>8,330,928</u>	\$ <u>400,337</u>	\$ <u>666,480</u>	\$ <u>8,064,785</u>	\$ <u>362,455</u>

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (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
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>1,799,350</u>	\$ <u>423,917</u>	\$ <u>465,571</u>	\$ <u>18,621</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (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:

	Amount Outstanding
<u>Incurred by County:</u>	
Landfill closure liability	\$ 4,800,695
Net OPEB liabilities	\$ 676,000
Compensated absences (Payable from the General Fund)	\$ 260,381
Total Incurred by County	\$ 5,737,076
<u>Incurred by School Board:</u>	
<u>General Obligation Bonds:</u>	
\$1,204,354 general obligation bond, issued November 10, 2004, due in varying installments of principal and interest through January 15, 2025, interest payable semi-annually at varying rates.	\$ 379,957
\$2,324,114 general obligation bond, issued November 1, 2007, due in varying installments of principal and interest through July 15, 2027, interest payable semi-annually at 5.10%. Face amount of bonds outstanding \$1,637,357 plus unamortized issuance premium of \$62,788.	1,482,181
Total General Obligation Bonds	\$ 1,862,138

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (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: *(Continued)*

<u>Incurring by School Board: (Continued)</u>	<u>Amount Outstanding</u>
<u>State Literary Fund Loans:</u>	
 \$1,439,954 State Literary Fund Loan issued April 15, 2000; due in annual principal installments of \$72,000 through 2020; interest payable annually at 2%.	 \$ 215,954
 \$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%.	 <u>249,617</u>
 Total State Literary Fund Loans	 \$ <u>465,571</u>
 Total Incurred by School Board	 \$ <u>2,327,709</u>
 Total Governmental Activities Obligations	 \$ <u><u>8,064,785</u></u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (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, 2018:

	Restated Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Governmental Obligations :					
Incurring by School Board:					
Compensated absences	\$ 133,400	\$ 13,340	\$ 34,223	\$ 112,517	\$ 11,252
Net pension liability	20,694,745	3,126,928	6,101,673	17,720,000	-
Net OPEB liabilities	<u>3,646,858</u>	<u>255,316</u>	<u>369,503</u>	<u>3,532,671</u>	<u>-</u>
Total Governmental Obligations	\$ <u>24,475,003</u>	\$ <u>3,395,584</u>	\$ <u>6,505,399</u>	\$ <u>21,365,188</u>	\$ <u>11,252</u>

Details of long-term obligations are as follows:

Net pension liability	\$ 17,720,000
Net OPEB liabilities	3,532,671
Compensated absences (Payable from the School Fund)	<u>112,517</u>
Total governmental obligations	\$ <u>21,365,188</u>

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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

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

	wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 903,636
Prepaid property taxes due in December but paid in advance by taxpayers	25,744	25,744
Total	<u>\$ 25,744</u>	<u>\$ 929,380</u>

*Note 8—Contingent Liabilities:*

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

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

*Note 9—Litigation:*

At June 30, 2018, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

## COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### *Note 10—Risk Management:*

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

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

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

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

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

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> 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.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> </ul>



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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

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

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

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

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

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u><b>Defined Benefit Component:</b></u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u><b>Defined Contribution Component:</b></u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> </ul>

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)</p> <p><u>Defined Contribution Component:</u> (Cont.)</p> <ul style="list-style-type: none"> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**Note 11—Pension Plan: (Continued)**

**Plan Description (Continued)**

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

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul>	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>



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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <u>Defined Contribution Component:</u> Not applicable.

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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, 2018 (Continued)

**Note 11—Pension Plan: (Continued)**

**Employees Covered by Benefit Terms**

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	47	33
Inactive members:		
Vested inactive members	13	2
Non-vested inactive members	12	4
Inactive members active elsewhere in VRS	48	16
Total inactive members	73	22
Active members	82	35
Total covered employees	202	90

**Contributions**

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

The County's contractually required employer contribution rate for the year ended June 30, 2018 was 2.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$58,675 and \$67,821 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 5.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

**Note 11—Pension Plan: (Continued)**

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**Contributions (Continued)**

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$50,613 and \$57,781 for the years ended June 30, 2018 and June 30, 2017, respectively.

**Net Pension Liability/Asset**

The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

**Mortality rates:**

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Note 11—Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

**Largest 10 - Non-Hazardous Duty:**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Note 11—Pension Plan: (Continued)****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

**Mortality rates:**

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Note 11—Pension Plan: (Continued)****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

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

**Largest 10 - Hazardous Duty:**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
	Increased age 50 rates, and lowered rates at older ages
Retirement Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	No change
Salary Scale	Decreased rate from 60% to 45%
Line of Duty Disability	

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.



COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 11—Pension Plan: (Continued)**

**Changes in Net Pension Liability (Asset)**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 14,920,619	\$ 15,301,024	\$ (380,405)
Changes for the year:			
Service cost	\$ 313,968	\$ -	\$ 313,968
Interest	1,024,181	-	1,024,181
Benefit changes			
Differences between expected and actual experience	(569,715)	-	(569,715)
Assumption changes	(141,997)	-	(141,997)
Contributions - employer	-	59,339	(59,339)
Contributions - employee	-	161,154	(161,154)
Net investment income	-	1,847,888	(1,847,888)
Benefit payments, including refunds			
Refunds of employee contributions	(578,927)	(578,927)	-
Administrative expenses	-	(10,797)	10,797
Other changes	-	(1,640)	1,640
Net changes	\$ 47,510	\$ 1,477,017	\$ (1,429,507)
Balances at June 30, 2017	\$ 14,968,129	\$ 16,778,041	\$ (1,809,912)

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 11—Pension Plan: (Continued)**

**Changes in Net Pension Liability**

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 5,998,204	\$ 5,507,459	\$ 490,745
Changes for the year:			
Service cost	\$ 83,092	\$ -	\$ 83,092
Interest	411,351	-	411,351
Benefit changes			
Differences between expected and actual experience	(405,417)	-	(405,417)
Assumption changes	(55,603)	-	(55,603)
Contributions - employer	-	55,195	(55,195)
Contributions - employee	-	46,424	(46,424)
Net investment income	-	664,164	(664,164)
Benefit payments, including refunds			
Refunds of employee contributions	(243,521)	(243,521)	-
Administrative expenses	-	(3,896)	3,896
Other changes	-	(589)	589
Net changes	\$ (210,098)	\$ 517,777	\$ (727,875)
Balances at June 30, 2017	\$ 5,788,106	\$ 6,025,236	\$ (237,130)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ (56,146)	\$ (1,809,912)	\$ (3,278,266)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 436,798	\$ (237,130)	\$ (805,055)

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 11—Pension Plan: (Continued)**

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

For the year ended June 30, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(593,715) and \$(250,966) respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 521,144	\$ -	\$ 297,005
Change in assumptions	-	92,863	-	33,538
Net difference between projected and actual earnings on pension plan investments	-	231,553	-	82,942
Employer contributions subsequent to the measurement date	58,675	-	50,613	-
Total	\$ 58,675	\$ 845,560	\$ 50,613	\$ 413,485

\$58,675 and \$50,613 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	\$ (527,494)	\$ (283,081)
2020	(163,848)	(75,124)
2021	3,742	1,474
2022	(157,960)	(56,754)
2023	-	-
Thereafter	-	-

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

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**Component Unit School Board (professional)**

***Plan Description***

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

***Contributions***

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,686,356 and \$1,658,194 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$17,720,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.14409% as compared to 0.14417% at June 30, 2016.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 11—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

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

For the year ended June 30, 2018, the school division recognized pension expense of \$1,123,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	-	\$ 1,255,000
Change in assumptions	259,000	-
Net difference between projected and actual earnings on pension plan investments	-	644,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	419,000
Employer contributions subsequent to the measurement date	1,686,356	-
Total	\$ 1,945,356	\$ 2,318,000

\$1,686,356 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2019	(880,000)
2020	(187,000)
2021	(299,000)
2022	(627,000)
2023	(66,000)
Thereafter	-

**Note 11—Pension Plan: (Continued)**

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**Component Unit School Board (professional) (Continued)**

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

**Mortality rates:**

- Pre-Retirement:**  
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement:**  
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement:**  
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 11—Pension Plan: (Continued)**

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Component Unit School Board (professional) (Continued)

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

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

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	\$	<u>12,297,975</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

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

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Asests	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each one of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.



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

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	26,462,000	\$ 17,720,000	\$ 10,489,000

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan):**

**Plan Description**

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Plan Description (Continued)**

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b> - The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

**Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were \$18,281 and \$17,536 for the years ended June 30, 2018 and June 30, 2017, respectively.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Contributions (Continued)**

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$58,321 and \$58,908 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$4,763 and \$5,041 for the years ended June 30, 2018 and June 30, 2017, respectively.

**GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB**

At June 30, 2018, the County reported a liability of \$275,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$924,000 and \$79,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the County's proportion was .01828% as compared to .01821% at June 30, 2016. At June 30, 2017, the Component Unit School Board professional and nonprofessional groups' proportion was .06141% and .00525%, respectively as compared to .06123% and .00513% respectively at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$4,000. For the year ended June 30, 2018, the Component Unit School Board professional group recognized GLI OPEB expense of \$13,000. For the year ended June 30, 2018, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$3,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,000	\$ -	\$ 20,000	\$ -	\$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investment	-	10,000	-	35,000	-	3,000
Change in assumptions	-	14,000	-	48,000	-	4,000
Changes in proportion	-	-	-	-	-	-
Employer contributions subsequent to the measurement date	18,281	-	58,321	-	4,763	-
Total	\$ 18,281	\$ 31,000	\$ 58,321	\$ 103,000	\$ 4,763	\$ 9,000

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)**

\$18,281, \$58,321, and \$4,763, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2019	\$ (6,000)	\$ (21,000)	\$ (2,000)
2020	(6,000)	(21,000)	(2,000)
2021	(6,000)	(21,000)	(2,000)
2022	(6,000)	(21,000)	(2,000)
2023	(4,000)	(12,000)	(1,000)
Thereafter	(3,000)	(7,000)	-

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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**Actuarial Assumptions: (Continued)**

**Mortality Rates - General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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***Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Actuarial Assumptions: (Continued)***

**Mortality Rates - SPORS Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%



***Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Actuarial Assumptions: (Continued)***

**Mortality Rates - VaLORS Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

***Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Actuarial Assumptions: (Continued)***

**Mortality Rates - JRS Employees**

- Pre-Retirement:  
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.
  
- Post-Retirement:  
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.
  
- Post-Disablement:  
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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***Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Actuarial Assumptions: (Continued)***

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

***Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Actuarial Assumptions: (Continued)***

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

***Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Actuarial Assumptions: (Continued)***

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

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

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

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**Note 12—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

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

		1% Decrease (6.00%)		Current Discount (7.00%)		1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program						
Net OPEB Liability	\$	356,000	\$	275,000	\$	209,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program						
Net OPEB Liability	\$	1,195,000	\$	924,000	\$	704,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program						
Net OPEB Liability	\$	103,000	\$	79,000	\$	61,000

**Group Life Insurance Program Fiduciary Net Position**

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



**Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):****Plan Description**

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

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li> <li>• <u>Disability Retirement</u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> <li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul> </li> </ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</li> </ul>

***Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)***

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***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$137,956 and \$125,543 for the years ended June 30, 2018 and June 30, 2017, respectively.

***Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB***

At June 30, 2018, the school division reported a liability of \$1,818,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .14331% as compared to .14416% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$147,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

**Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)****Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)**

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 3,000
Change in assumptions	-	19,000
Change in proportion	-	10,000
Employer contributions subsequent to the measurement date	<u>137,956</u>	<u>-</u>
Total	<u>\$ 137,956</u>	<u>\$ 32,000</u>

\$137,956 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (5,000)
2020	(5,000)
2021	(5,000)
2022	(5,000)
2023	(4,000)
Thereafter	(8,000)

**Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)****Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers: (Continued)**

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

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

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,268,611

Plan Fiduciary Net Position as a Percentage  
of the Total Teacher Employee HIC OPEB Liability 7.04%

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

**Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)****Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

**Note 13—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)*****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 2,029,000	\$ 1,818,000	\$ 1,638,000

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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**Note 14—Line of Duty Act (LODA) Program:****Plan Description**

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The eligible employees of the Line of Duty Act Program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS).</p>
<p><b>Benefit Amounts</b></p> <p>The Line of Duty Act Program provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> <li>• <b><u>Death</u></b> - The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> <li>○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.</li> <li>○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> </li> <li>• <b><u>Health Insurance</u></b> - The Line of Duty Act program provides health insurance benefits. <ul style="list-style-type: none"> <li>○ Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.</li> <li>○ Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.</li> </ul> </li> </ul>



**Note 14—Line of Duty Act (LODA) Program: (Continued)****Contributions**

The contribution requirements for the Line of Duty Act Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program for the year ended June 30, 2018 was \$567.37 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$17,163 and \$16,454 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the entity reported a liability of \$401,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2017 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2017, the entity's proportion was .15256% as compared to .14624% at June 30, 2016.

For the year ended June 30, 2018, the entity recognized LODA OPEB expense of \$37,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on LODA OPEB plan investments	\$ -	\$ 1,000
Change in assumptions	-	41,000
Change in proportion	16,000	-
Employer contributions subsequent to the measurement date	17,163	-
Total	\$ 33,163	\$ 42,000

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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

\$17,163 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (3,000)
2020	(3,000)
2021	(3,000)
2022	(3,000)
2023	(3,000)
Thereafter	(11,000)

**Actuarial Assumptions**

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Investment rate of return	3.56%, net of OPEB plan investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.56%. However, since the difference was minimal, a more conservative 3.56% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return.

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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**Actuarial Assumptions: (Continued)**

**Mortality rates - General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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**Actuarial Assumptions: (Continued)**

**Mortality rates - SPORS Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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**Actuarial Assumptions: (Continued)**

**Mortality rates - VaLORS Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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**Actuarial Assumptions: (Continued)**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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**Actuarial Assumptions: (Continued)**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

**Note 14—Line of Duty Act (LODA) Program: (Continued)****Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)**

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2016 actuarial valuation results which were rolled forward to the measurement date of June 30, 2017. There was no current actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be factored into future actuarial valuations for the LODA Program.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for VRS's periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation.
- The extension of health care benefits for dependent children to age 26.
- The expansion of the definition of presumption of death or disability to include infectious diseases.

**Net LODA OPEB Liability**

The net OPEB liability (NOL) for the Line of Duty Act Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Line of Duty Act Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 266,252
Plan Fiduciary Net Position	3,461
Employers' Net OPEB Liability (Asset)	<u>\$ 262,791</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.56% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2017.



COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 14—Line of Duty Act (LODA) Program: (Continued)**

**Discount Rate**

The discount rate used to measure the total LODA OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.56%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current rate:

		Discount Rate		
		1% Decrease (2.56%)	Current (3.56%)	1% Increase (4.56%)
County's proportionate share of the total LODA				
Net OPEB Liability	\$	455,000	\$ 401,000	\$ 356,000

**Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate**

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

		Health Care Trend Rates		
		1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
County's proportionate share of the total LODA				
Net OPEB Liability	\$	340,000	\$ 401,000	\$ 476,000

**Note 14—Line of Duty Act (LODA) Program: (Continued)**

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**LODA OPEB Fiduciary Net Position**

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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**Note 15—Medical and Dental Pay-As-You-Go (OPEB Plan):****School Board*****Plan Description***

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

***Benefits Provided***

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

***Plan Membership***

At June 30, 2017 (measurement date), the following employees were covered by the benefit terms:

	Component Unit School Board
Total active employees with coverage	166
Total active employees without coverage	145
Total retirees with coverage	7
Total retirees without coverage	-
Total	318

**Note 15—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

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School Board: (Continued)

**Contributions**

The School Board does not pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$38,503.

**Total OPEB Liability**

The School Board’s total OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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

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

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

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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**Note 15—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

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School Board: (Continued)

**Actuarial Assumptions (Continued)**

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

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

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

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

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

**Discount Rate**

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

**Changes in Total OPEB Liability**

	Component Unit School Board Total OPEB Liability
Balances at June 30, 2017	\$ 657,858
Changes for the year:	
Service cost	70,851
Interest	21,465
Benefit payments	(38,503)
Net changes	\$ 53,813
Balances at June 30, 2018	\$ 711,671

COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 15—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

**School Board: (Continued)**

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.11%) or one percentage point higher (4.11%) than the current discount rate:

	Rate		
	1% Decrease (2.11%)	Current Discount Rate (3.11%)	1% Increase (4.11%)
Component Unit School Board:			
Total OPEB liability	\$ 761,926	\$ 711,671	\$ 663,354

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7% decreasing to 4% over 10 years) or one percentage point higher (9% decreasing to 6% over 10 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (7% decreasing to 4%)	Healthcare Cost Trend (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Component Unit School Board:			
Total OPEB liability	\$ 628,005	\$ 711,671	\$ 810,262

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

For the year ended June 30, 2018, the School Board recognized OPEB expense in the amount of \$92,316. At June 30, 2018, the School Board did not have deferred outflows of resources and deferred inflows of resources related to OPEB.

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

## COUNTY OF NOTTOWAY, VIRGINIA

### Notes to Financial Statements

As of June 30, 2018 (Continued)

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#### **Note 16–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
Ellen F. Myatt, Treasurer	400,000
Christy A. Hudson, Commissioner of the Revenue	3,000
Larry J. Parrish, Sheriff	30,000
State Farm Insurance - Surety	
Steve Bowen, Chairperson	2,500
Sherman C. Vaughn, Vice-Chairperson	2,500
Clarence A. Simpson, Supervisor	2,500
Helen M. Simmons, Supervisor	2,500
Gary L. Simmons, Supervisor	2,500
Ronald E. Roark, County Administrator	5,000
Utica Mutual Insurance - Surety	
Clerk of the School Board	15,000
Deputy Clerk of School Board	15,000
Payroll Clerk	15,000
Great American Insurance Company - Surety	
All Social Services Employees - Blanket Bond	100,000

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#### **Note 17–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 \$57,355 to the operations of the Crossroads Community Services Board.

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#### **Note 18–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 \$4,800,695 reported as landfill closure and postclosure care liability at June 30, 2018, represents the cumulative amount reported based on the use of 72.5% of the estimated capacity of the landfill with the total amount of \$6,621,648 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 2018. 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 19–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, 2018, the balance of the lease-purchase receivable was \$348,399.

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, 2018, the balance of the lease-purchase receivable was \$364,792.

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, 2018, the balance of the lease-purchase receivable was \$523,650.

**Note 20-Upcoming Pronouncements:**

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Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.



**Note 20-Upcoming Pronouncements: (Continued)**

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Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 21—Adoption of Accounting Principles:**

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, Omnibus 2017 during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	Govern- mental Activities	Component Unit - School Board
Net position, July 1, 2017, as previously stated	\$ 34,549,319	\$ (5,077,179)
Implementation of GASB 75:		
Adjustment to record OPEB GLI liability as reported by VRS at the beginning of the year	(319,000)	(1,161,000)
Adjustment to record deferred outflow of resources related to OPEB GLI liability at the beginning of the year	17,536	63,949
Adjustment to record OPEB HIC liability as reported by VRS at the beginning of the year	-	(1,828,000)
Adjustment to record deferred outflow of resources related to OPEB HIC liability at the beginning of the year	-	125,543
Adjustment to record OPEB LODA liability as reported by VRS at the beginning of the year	(407,000)	-
Adjustment to record deferred outflow of resources related to OPEB LODA liability at the beginning of the year	16,454	-
Adjustment to remove OPEB healthcare insurance liability as reported under GASB 45	-	282,279
Adjustment to record OPEB healthcare insurance liability as reported under GASB 75	-	(657,858)
Net position, July 1, 2017, as restated	\$ <u>33,857,309</u>	\$ <u>(8,252,266)</u>

*REQUIRED SUPPLEMENTARY INFORMATION*

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County of Nottoway, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 6,984,075	\$ 6,984,075	\$ 7,403,795	\$ 419,720
Other local taxes	1,393,600	1,393,600	1,493,918	100,318
Permits, privilege fees, and regulatory licenses	84,060	84,060	110,295	26,235
Fines and forfeitures	4,000	4,000	11,291	7,291
Revenue from the use of money and property	593,500	593,500	705,220	111,720
Charges for services	50,652	50,652	52,448	1,796
Miscellaneous	175,000	1,581,440	112,929	(1,468,511)
Recovered costs	24,690	24,932	203,498	178,566
Intergovernmental:				
Commonwealth	3,807,890	3,844,558	4,008,228	163,670
Federal	875,000	885,493	948,688	63,195
Total revenues	\$ 13,992,467	\$ 15,446,310	\$ 15,050,310	\$ (396,000)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,696,598	\$ 2,866,697	\$ 1,495,583	\$ 1,371,114
Judicial administration	769,419	814,272	731,994	82,278
Public safety	2,898,162	3,643,358	2,555,104	1,088,254
Public works	282,920	281,864	243,715	38,149
Health and welfare	2,522,143	2,669,320	2,399,535	269,785
Education	4,715,633	5,085,497	5,186,355	(100,858)
Parks, recreation, and cultural	264,667	319,972	270,303	49,669
Community development	775,207	1,217,033	996,084	220,949
Debt service:				
Principal retirement	426,823	426,823	475,823	(49,000)
Interest and other fiscal charges	107,095	107,095	107,095	-
Total expenditures	\$ 14,458,667	\$ 17,431,931	\$ 14,461,591	\$ 2,970,340
Excess (deficiency) of revenues over (under) expenditures	\$ (466,200)	\$ (1,985,621)	\$ 588,719	\$ 2,574,340
<b>OTHER FINANCING SOURCES (USES)</b>				
Rural development loan	\$ -	\$ 49,000	\$ 49,000	\$ -
Net change in fund balances	\$ (466,200)	\$ (1,936,621)	\$ 637,719	\$ 2,574,340
Fund balances - beginning balance	466,200	1,936,621	15,541,354	13,604,733
Fund balances - ending	\$ -	\$ -	\$ 16,179,073	\$ 16,179,073

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, 2018

	Landfill Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 181,629	\$ 181,629	\$ 178,644	\$ (2,985)
Charges for services	400,700	400,700	477,281	76,581
Intergovernmental:				
Commonwealth	267,103	267,103	238,183	(28,920)
Total revenues	<u>\$ 849,432</u>	<u>\$ 849,432</u>	<u>\$ 894,108</u>	<u>\$ 44,676</u>
EXPENDITURES				
Current:				
Public works	\$ 1,794,208	\$ 1,875,691	\$ 1,191,316	\$ 684,375
Debt service:				
Principal retirement	53,651	53,651	53,651	-
Interest and other fiscal charges	1,573	1,573	1,573	-
Total expenditures	<u>\$ 1,849,432</u>	<u>\$ 1,930,915</u>	<u>\$ 1,246,540</u>	<u>\$ 684,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,000,000)</u>	<u>\$ (1,081,483)</u>	<u>\$ (352,432)</u>	<u>\$ 729,051</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund balances	\$ -	\$ (81,483)	\$ (352,432)	\$ (270,949)
Fund balances - beginning balance	-	81,483	254,450	172,967
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (97,982)</u>	<u>\$ (97,982)</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, 2018

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

County of Nottoway, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Primary Government  
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 313,968	\$ 294,153	\$ 298,465	\$ 281,373
Interest	1,024,181	1,001,985	1,004,479	951,942
Differences between expected and actual experience	(569,715)	(317,448)	(710,757)	-
Changes in assumptions	(141,997)	-	-	-
Benefit payments, including refunds of employee contributions	(578,927)	(744,286)	(511,345)	(454,219)
Net change in total pension liability	\$ 47,510	\$ 234,404	\$ 80,842	\$ 779,096
Total pension liability - beginning	14,920,619	14,686,215	14,605,373	13,826,277
Total pension liability - ending (a)	<u>\$ 14,968,129</u>	<u>\$ 14,920,619</u>	<u>\$ 14,686,215</u>	<u>\$ 14,605,373</u>
Plan fiduciary net position				
Contributions - employer	\$ 59,339	\$ 206,557	\$ 209,913	\$ 240,675
Contributions - employee	161,154	158,802	161,754	160,078
Net investment income	1,847,888	258,106	680,665	2,040,771
Benefit payments, including refunds of employee contributions	(578,927)	(744,286)	(511,345)	(454,219)
Administrative expense	(10,797)	(9,732)	(9,323)	(10,945)
Other	(1,640)	(112)	(143)	108
Net change in plan fiduciary net position	\$ 1,477,017	\$ (130,665)	\$ 531,521	\$ 1,976,468
Plan fiduciary net position - beginning	15,301,024	15,431,689	14,900,168	12,923,700
Plan fiduciary net position - ending (b)	<u>\$ 16,778,041</u>	<u>\$ 15,301,024</u>	<u>\$ 15,431,689</u>	<u>\$ 14,900,168</u>
County's net pension liability (asset) - ending (a) - (b)	\$ (1,809,912)	\$ (380,405)	\$ (745,474)	\$ (294,795)
Plan fiduciary net position as a percentage of the total pension liability	112.09%	102.55%	105.08%	102.02%
Covered payroll	\$ 3,357,499	\$ 3,270,921	\$ 3,298,543	\$ 3,211,013
County's net pension liability (asset) as a percentage of covered payroll	-53.91%	-11.63%	-22.60%	-9.18%

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



County of Nottoway, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 83,092	\$ 98,522	\$ 105,472	\$ 107,776
Interest	411,351	398,827	397,914	378,446
Differences between expected and actual experience	(405,417)	(58,959)	(231,118)	-
Changes in assumptions	(55,603)			-
Benefit payments, including refunds of employee contributions	(243,521)	(275,438)	(243,013)	(173,181)
Net change in total pension liability	\$ (210,098)	\$ 162,952	\$ 29,255	\$ 313,041
Total pension liability - beginning	5,998,204	5,835,252	5,805,997	5,492,956
Total pension liability - ending (a)	<u>\$ 5,788,106</u>	<u>\$ 5,998,204</u>	<u>\$ 5,835,252</u>	<u>\$ 5,805,997</u>
Plan fiduciary net position				
Contributions - employer	\$ 55,195	\$ 76,827	\$ 85,134	\$ 97,577
Contributions - employee	46,424	44,242	49,309	57,300
Net investment income	664,164	93,374	246,344	743,198
Benefit payments, including refunds of employee contributions	(243,521)	(275,438)	(243,013)	(173,181)
Administrative expense	(3,896)	(3,503)	(3,430)	(3,985)
Other	(589)	(40)	(54)	39
Net change in plan fiduciary net position	\$ 517,777	\$ (64,538)	\$ 134,290	\$ 720,948
Plan fiduciary net position - beginning	5,507,459	5,571,997	5,437,707	4,716,759
Plan fiduciary net position - ending (b)	<u>\$ 6,025,236</u>	<u>\$ 5,507,459</u>	<u>\$ 5,571,997</u>	<u>\$ 5,437,707</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (237,130)	\$ 490,745	\$ 263,255	\$ 368,290
Plan fiduciary net position as a percentage of the total pension liability	104.10%	91.82%	95.49%	93.66%
Covered payroll	\$ 969,477	\$ 918,183	\$ 1,009,199	\$ 1,148,431
School Division's net pension liability as a percentage of covered payroll	-24.46%	53.45%	26.09%	32.07%

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

County of Nottoway, Virginia  
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.14409%	0.14417%	0.14656%	0.14748%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,720,000	\$ 20,204,000	\$ 18,446,000	\$ 17,822,000
Employer's Covered Payroll	11,328,465	11,002,059	10,923,794	10,842,711
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.42%	183.64%	168.86%	164.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

## Schedule of Employer Contributions

For the Years Ended June 30, 2009 through June 30, 2018

Date		Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>						
2018	\$	58,675	\$ 58,675	\$ -	3,507,488	1.67%
2017		67,821	67,821	-	3,357,499	2.02%
2016		211,302	211,302	-	3,270,921	6.46%
2015		213,086	213,086	-	3,298,543	6.46%
2014		241,147	241,147	-	3,211,013	7.51%
2013		228,542	228,542	-	3,043,168	7.51%
2012		190,628	190,628	-	2,960,066	6.44%
2011		190,306	190,306	-	2,955,067	6.44%
2010		238,111	238,111	-	3,060,558	7.78%
2009		241,516	241,516	-	3,104,313	7.78%
<b>Component Unit School Board (nonprofessional)</b>						
2018	\$	50,613	\$ 50,613	\$ -	911,302	5.55%
2017		57,781	57,781	-	969,477	5.96%
2016		78,505	78,505	-	918,183	8.55%
2015		86,287	86,287	-	1,009,199	8.55%
2014		97,732	97,732	-	1,148,431	8.51%
2013		97,628	97,628	-	1,147,220	8.51%
2012		63,682	63,682	-	1,097,964	5.80%
2011		63,199	63,199	-	1,089,636	5.80%
2010		67,961	67,961	-	1,127,055	6.03%
2009		70,767	70,767	-	1,173,585	6.03%
<b>Component Unit School Board (professional)</b>						
2018	\$	1,686,356	\$ 1,686,356	\$ -	11,428,307	14.76%
2017		1,658,194	1,658,194	-	11,409,651	14.53%
2016		1,545,205	1,545,205	-	10,656,586	14.50%
2015		1,585,438	1,585,438	-	10,934,055	14.50%
2014		1,262,999	1,262,999	-	10,831,896	11.66%
2013		1,270,428	1,270,428	-	10,895,610	11.66%
2012		1,185,685	1,185,685	-	10,465,003	11.33%
2011		937,764	937,764	-	10,501,273	8.93%
2010		1,533,606	1,533,606	-	11,105,039	13.81%
2009		1,566,857	1,566,857	-	11,345,814	13.81%

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

County of Nottoway, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

County of Nottoway, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2018

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Component Unit School Board - Professional Employees

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

County of Nottoway, Virginia  
Schedule of County's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2017	0.01828% \$	275,000 \$	3,357,499	8.19%	48.86%
Component Unit School Board (nonprofessional):					
2017	0.00525% \$	79,000 \$	969,477	8.15%	48.86%
Component Unit School Board (professional):					
2017	0.06141% \$	924,000 \$	11,328,465	8.16%	48.86%

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

County of Nottoway, Virginia  
Schedule of Employer Contributions  
Group Life Insurance Program  
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2018	\$ 18,281	\$ 18,281	\$ -	\$ 3,515,613	0.52%
2017	17,536	17,536	-	3,372,357	0.52%
2016	15,710	15,710	-	3,273,001	0.48%
2015	15,833	15,833	-	3,298,543	0.48%
2014	15,413	15,413	-	3,211,013	0.48%
2013	14,654	14,654	-	3,052,850	0.48%
2012	8,298	8,298	-	2,963,458	0.28%
2011	8,286	8,286	-	2,959,180	0.28%
2010	6,239	6,239	-	2,310,615	0.27%
2009	8,414	8,414	-	3,116,271	0.27%
<b>Component Unit School Board (nonprofessional)</b>					
2018	\$ 4,763	\$ 4,763	\$ -	\$ 915,978	0.52%
2017	5,041	5,041	-	969,477	0.52%
2016	4,429	4,429	-	922,759	0.48%
2015	4,911	4,911	-	1,023,122	0.48%
2014	5,512	5,512	-	1,148,431	0.48%
2013	5,524	5,524	-	1,150,839	0.48%
2012	3,074	3,074	-	1,097,964	0.28%
2011	3,051	3,051	-	1,089,636	0.28%
2010	2,253	2,253	-	834,483	0.27%
2009	3,169	3,169	-	1,173,585	0.27%
<b>Component Unit School Board (professional)</b>					
2018	\$ 58,321	\$ 58,321	\$ -	\$ 11,215,533	0.52%
2017	58,908	58,908	-	11,328,465	0.52%
2016	52,810	52,810	-	11,002,059	0.48%
2015	52,434	52,434	-	10,923,794	0.48%
2014	52,045	52,045	-	10,842,711	0.48%
2013	52,241	52,241	-	10,883,562	0.48%
2012	29,470	29,470	-	10,524,933	0.28%
2011	29,579	29,579	-	10,564,026	0.28%
2010	21,421	21,421	-	7,933,649	0.27%
2009	30,634	30,634	-	11,345,814	0.27%

County of Nottoway, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Teachers**

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

**SPORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**ValORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%



County of Nottoway, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2018 (Continued)

**JRS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

County of Nottoway, Virginia  
Schedule of School Board's Share of Net OPEB Liability  
Teacher Health Insurance Credit Program (HIC)  
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.14331% \$	1,818,000 \$	11,310,137	16.07%	7.04%

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

County of Nottoway, Virginia  
Schedule of Employer Contributions  
Teacher Health Insurance Credit Program (HIC)  
For the Years Ended June 30, 2009 through June 30, 2018

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 137,956	\$ 137,956	\$ -	\$ 11,215,959	1.23%
2017	125,543	125,543	-	11,310,137	1.11%
2016	116,517	116,517	-	10,992,178	1.06%
2015	115,499	115,499	-	10,896,110	1.06%
2014	119,717	119,717	-	10,785,295	1.11%
2013	120,627	120,627	-	10,867,305	1.11%
2012	62,790	62,790	-	10,465,003	0.60%
2011	63,008	63,008	-	10,501,273	0.60%
2010	82,510	82,510	-	7,933,649	1.04%
2009	122,535	122,535	-	11,345,814	1.08%

County of Nottoway, Virginia  
Notes to Required Supplementary Information  
Teacher Health Insurance Credit Program (HIC)  
For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

County of Nottoway, Virginia  
Schedule of Employer's Share of Net LODA OPEB Liability  
Line of Duty Act Program (LODA)  
For the Year Ended June 30, 2018

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

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

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

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

County of Nottoway, Virginia  
Schedule of Employer Contributions  
Line of Duty Act Program (LODA)  
For the Years Ended June 30, 2016 through June 30, 2018

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

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

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

County of Nottoway, Virginia  
Notes to Required Supplementary Information  
Line of Duty Act Program (LODA)  
For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**SPORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**VaLORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

**Employees in the Largest Ten Locality Employers with Public Safety Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

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

County of Nottoway, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Component Unit School Board  
For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 70,851
Interest	21,465
Benefit payments	<u>(38,503)</u>
Net change in total OPEB liability	\$ 53,813
Total OPEB liability - beginning	657,858
Total OPEB liability - ending	<u><u>\$ 711,671</u></u>
 Covered payroll	 \$ N/A
 School's total OPEB liability (asset) as a percentage of covered payroll	  N/A

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



County of Nottoway, Virginia  
Notes to Required Supplementary Information - Component Unit School Board  
For the Year Ended June 30, 2018

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Valuation Date: 6/30/2017  
Measurement Date: 6/30/2017

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal
Discount Rate	3.11% per year as of July 1, 2017
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.0% in 2017 and gradually declines to 5.0% over 10 years

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*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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County of Nottoway, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018

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	E-911 <u>Fund</u>	Dare <u>Fund</u>	Forfeited Asset <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 448,653	\$ 99	\$ 446	\$ 449,198
Due from other governmental units	21,261	-	-	21,261
Total assets	<u>\$ 469,914</u>	<u>\$ 99</u>	<u>\$ 446</u>	<u>\$ 470,459</u>
<b>FUND BALANCES</b>				
Fund balances:				
Committed	\$ 469,914	\$ 99	\$ 446	\$ 470,459
Total fund balances	<u>\$ 469,914</u>	<u>\$ 99</u>	<u>\$ 446</u>	<u>\$ 470,459</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, 2018

	<u>E-911 Fund</u>	<u>Dare Fund</u>	<u>Forfeited Asset Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Other local taxes	\$ 550	\$ -	\$ -	\$ 550
Intergovernmental:				
Commonwealth	127,221	-	-	127,221
Total revenues	<u>\$ 127,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,771</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 154,283	\$ -	\$ -	\$ 154,283
Total expenditures	<u>\$ 154,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (26,512)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,512)</u>
Net change in fund balances	\$ (26,512)	\$ -	\$ -	\$ (26,512)
Fund balances - beginning	496,426	99	446	496,971
Fund balances - ending	<u><u>\$ 469,914</u></u>	<u><u>\$ 99</u></u>	<u><u>\$ 446</u></u>	<u><u>\$ 470,459</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, 2018

	E-911 Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 400	\$ 400	\$ 550	\$ 150
Intergovernmental:				
Commonwealth	138,000	138,000	127,221	(10,779)
Total revenues	<u>\$ 138,400</u>	<u>\$ 138,400</u>	<u>\$ 127,771</u>	<u>\$ (10,629)</u>
EXPENDITURES				
Current:				
Public safety	\$ 246,857	\$ 302,857	\$ 154,283	\$ 148,574
Total expenditures	<u>\$ 246,857</u>	<u>\$ 302,857</u>	<u>\$ 154,283</u>	<u>\$ 148,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (108,457)</u>	<u>\$ (164,457)</u>	<u>\$ (26,512)</u>	<u>\$ 137,945</u>
Net change in fund balances	\$ (108,457)	\$ (164,457)	\$ (26,512)	\$ 137,945
Fund balances - beginning	108,457	164,457	496,426	331,969
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,914</u>	<u>\$ 469,914</u>

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

County of Nottoway, Virginia  
Statement of Changes in Assets and Liabilities  
Agency Fund  
For the Year Ended June 30, 2018

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	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets				
Cash and cash equivalents	\$ 7,217	\$ 3,269	\$ 6,876	\$ 3,610
Liabilities				
Amounts held for social services clients	\$ 7,217	\$ 3,269	\$ 6,876	\$ 3,610

*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, 2018

	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	\$ 2,546,926	\$ 1,174,018	\$ 565,381	\$ 4,286,325
Due from other governmental units	590,337	-	17,016	607,353
Prepaid items	626,514	-	-	626,514
Total assets	<u>\$ 3,763,777</u>	<u>\$ 1,174,018</u>	<u>\$ 582,397</u>	<u>\$ 5,520,192</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 116,200	\$ -	\$ -	\$ 116,200
Accrued liabilities	545,205	-	-	545,205
Due to other governmental units	1,623,185	-	-	1,623,185
Total liabilities	<u>\$ 2,284,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,284,590</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ 626,514	\$ -	\$ -	\$ 626,514
Committed	852,674	1,174,018	582,397	2,609,089
Total fund balances	<u>\$ 1,479,187</u>	<u>\$ 1,174,018</u>	<u>\$ 582,397</u>	<u>\$ 3,235,602</u>
Total liabilities and fund balances	<u>\$ 3,763,777</u>	<u>\$ 1,174,018</u>	<u>\$ 582,397</u>	<u>\$ 5,520,192</u>

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

Total fund balances per above	\$ 3,235,602
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The net pension asset is not an available resource and, therefore, is not reported in the funds.	237,130
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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	\$ 33,259,259	
Accumulated depreciation	<u>(21,570,448)</u>	11,688,811

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

Pension related items	\$ 1,995,969	
OPEB related items	<u>201,040</u>	2,197,009

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

Compensated absences	\$ (112,517)	
Net pension liability	(17,720,000)	
Net OPEB liabilities	<u>(3,532,671)</u>	(21,365,188)

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

Pension related items	\$ (2,731,485)	
OPEB related items	<u>(144,000)</u>	(2,875,485)

Net position of governmental activities	<u>\$ (6,882,121)</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, 2018

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,492	\$ 2,492
Charges for services	4,200	-	200,881	205,081
Miscellaneous	36,572	4,268	40,373	81,213
Intergovernmental:				
Local government	5,181,461	-	-	5,181,461
Commonwealth	15,008,804	-	19,303	15,028,107
Federal	2,048,554	-	830,790	2,879,344
Total revenues	<u>\$ 22,279,591</u>	<u>\$ 4,268</u>	<u>\$ 1,093,839</u>	<u>\$ 23,377,698</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 20,715,629	\$ 97,824	\$ 1,070,229	\$ 21,883,682
Capital projects	348,540	-	-	348,540
Total expenditures	<u>\$ 21,064,169</u>	<u>\$ 97,824</u>	<u>\$ 1,070,229</u>	<u>\$ 22,232,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,215,422</u>	<u>\$ (93,556)</u>	<u>\$ 23,610</u>	<u>\$ 1,145,476</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 607,136	\$ -	\$ 607,136
Transfers out	(607,136)	-	-	(607,136)
Total other financing sources (uses)	<u>\$ (607,136)</u>	<u>\$ 607,136</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 608,286	\$ 513,580	\$ 23,610	\$ 1,145,476
Fund balances - beginning	870,901	660,438	558,787	2,090,126
Fund balances - ending	<u>\$ 1,479,187</u>	<u>\$ 1,174,018</u>	<u>\$ 582,397</u>	<u>\$ 3,235,602</u>

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

Net change in fund balances - total governmental funds - per above \$ 1,145,476

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	\$ 351,485	
Depreciation expense	(1,216,251)	
Jointly owned asset allocation	<u>242,663</u>	(622,103)

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

Pension expense	\$ 844,155	
OPEB expense	(18,265)	
(Increase) decrease in compensated absences	<u>20,882</u>	846,772

Change in net position of governmental activities \$ 1,370,145

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, 2018

	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	-	-	4,200	4,200
Miscellaneous	23,317	23,317	36,572	13,255
Recovered costs	50,000	50,000	-	(50,000)
Intergovernmental:				
Local government	4,710,739	5,080,603	5,181,461	100,858
Commonwealth	15,508,944	15,533,944	15,008,804	(525,140)
Federal	1,952,688	2,320,530	2,048,554	(271,976)
Total revenues	\$ 22,245,688	\$ 23,008,394	\$ 22,279,591	\$ (728,803)
<b>EXPENDITURES</b>				
Current:				
Education	\$ 22,220,688	\$ 23,282,111	\$ 20,715,629	\$ 2,566,482
Capital projects	439,835	1,010,015	348,540	661,475
Total expenditures	\$ 22,660,523	\$ 24,292,126	\$ 21,064,169	\$ 3,227,957
Excess (deficiency) of revenues over (under) expenditures	\$ (414,835)	\$ (1,283,732)	\$ 1,215,422	\$ 2,499,154
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(607,136)	(607,136)
Total other financing sources (uses)	\$ -	\$ -	\$ (607,136)	\$ (607,136)
Net change in fund balances	\$ (414,835)	\$ (1,283,732)	\$ 608,286	\$ 1,892,018
Fund balances - beginning	414,835	1,283,732	870,902	(412,830)
Fund balances - ending	\$ -	\$ -	\$ 1,479,188	\$ 1,479,188

Textbook Fund				School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 2,492	\$ 492
-	-	-	-	235,000	235,000	200,881	(34,119)
-	98,000	4,268	(93,732)	41,400	41,400	40,373	(1,027)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	17,546	17,546	19,303	1,757
-	-	-	-	725,000	790,310	830,790	40,480
\$ -	\$ 98,000	\$ 4,268	\$ (93,732)	\$ 1,020,946	\$ 1,086,256	\$ 1,093,839	\$ 7,583
\$ -	\$ 98,000	\$ 97,824	\$ 176	\$ 1,237,834	\$ 1,380,972	\$ 1,070,229	\$ 310,743
-	-	-	-	-	-	-	-
\$ -	\$ 98,000	\$ 97,824	\$ 176	\$ 1,237,834	\$ 1,380,972	\$ 1,070,229	\$ 310,743
\$ -	\$ -	\$ (93,556)	\$ (93,556)	\$ (216,888)	\$ (294,716)	\$ 23,610	\$ 318,326
\$ -	\$ -	\$ 607,136	\$ 607,136	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 607,136	\$ 607,136	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 513,580	\$ 513,580	\$ (216,888)	\$ (294,716)	\$ 23,610	\$ 318,326
-	-	660,438	660,438	216,888	294,716	558,787	264,071
\$ -	\$ -	\$ 1,174,018	\$ 1,174,018	\$ -	\$ -	\$ 582,397	\$ 582,397

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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, 2018

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 981,671
Notes receivable - current portion	182,499
Total current assets	<u>\$ 1,164,170</u>

## Noncurrent assets:

Notes receivable - net of current portion	\$ 1,054,342
Total noncurrent assets	<u>\$ 1,054,342</u>
Total assets	<u>\$ 2,218,512</u>

**LIABILITIES**

## Current liabilities:

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

**NET POSITION**

## Unrestricted

	\$ 2,142,134
Total net position	<u><u>\$ 2,142,134</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, 2018

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## OPERATING REVENUES

## Charges for services:

Rents	\$ 61,231
Other revenues	35,383
Total operating revenues	<u>\$ 96,614</u>

## OPERATING EXPENSES

## Other charges

Total operating expenses	<u>\$ 33,144</u>
--------------------------	------------------

Operating income (loss)	<u>\$ 63,470</u>
-------------------------	------------------

## NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 1,461
Total nonoperating revenues (expenses)	<u>\$ 1,461</u>

Change in net position	\$ 64,931
------------------------	-----------

Total net position - beginning	2,077,203
Total net position - ending	<u><u>\$ 2,142,134</u></u>



County of Nottoway, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2018

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## CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 277,706
Payments for operating activities	(33,144)
Net cash provided by (used for) operating activities	<u>\$ 244,562</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 1,461
Net cash provided by (used for) investing activities	<u>\$ 1,461</u>

Net increase (decrease) in cash and cash equivalents \$ 246,023

Cash and cash equivalents - beginning 735,648

Cash and cash equivalents - ending \$ 981,671

## Reconciliation of operating income (loss) to net cash

provided by (used for) operating activities:

Operating income (loss) \$ 63,470

Adjustments to reconcile operating income to net cash

provided (used) by operating activities:

(Increase) decrease in notes receivable \$ 181,092

Total adjustments \$ 181,092

Net cash provided by (used for) operating activities \$ 244,562

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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, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,538,691	\$ 4,538,691	\$ 4,545,014	\$ 6,323
Real and personal public service corporation taxes	470,000	470,000	525,791	55,791
Personal property taxes	1,638,384	1,638,384	1,980,121	341,737
Mobile home taxes	12,000	12,000	14,550	2,550
Machinery and tools taxes	130,000	130,000	119,434	(10,566)
Penalties	135,000	135,000	119,438	(15,562)
Interest	60,000	60,000	99,447	39,447
Total general property taxes	\$ 6,984,075	\$ 6,984,075	\$ 7,403,795	\$ 419,720
Other local taxes:				
Local sales and use taxes	\$ 1,155,000	\$ 1,155,000	\$ 1,210,377	\$ 55,377
Business license taxes	157,600	157,600	208,972	51,372
Motor vehicle licenses	-	-	2,682	2,682
Taxes on recordation and wills	80,000	80,000	70,380	(9,620)
Hotel and motel room taxes	1,000	1,000	1,507	507
Total other local taxes	\$ 1,393,600	\$ 1,393,600	\$ 1,493,918	\$ 100,318
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,710	\$ 15,710	\$ 13,664	\$ (2,046)
Permits and other licenses	68,350	68,350	96,631	28,281
Total permits, privilege fees, and regulatory licenses	\$ 84,060	\$ 84,060	\$ 110,295	\$ 26,235
Fines and forfeitures:				
Court fines and forfeitures	\$ 4,000	\$ 4,000	\$ 11,291	\$ 7,291
Total fines and forfeitures	\$ 4,000	\$ 4,000	\$ 11,291	\$ 7,291
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 58,021	\$ 8,021
Revenue from use of property	543,500	543,500	647,199	103,699
Total revenue from use of money and property	\$ 593,500	\$ 593,500	\$ 705,220	\$ 111,720
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,042	\$ 1,042	\$ 1,042	\$ -
Charges for court costs	9,200	9,200	9,775	575
Charges for courthouse security	36,000	36,000	32,990	(3,010)
Charges for Commonwealth's Attorney	1,250	1,250	1,689	439
Charges for law library	1,500	1,500	2,051	551
Charges for other protection	-	-	2,345	2,345
Charges for planning	-	-	212	212
Charges for data processing	1,535	1,535	2,344	809
Charges for sale of historical material	125	125	-	(125)
Total charges for services	\$ 50,652	\$ 50,652	\$ 52,448	\$ 1,796

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 175,000	\$ 1,581,440	\$ 112,929	\$ (1,468,511)
Total miscellaneous	\$ 175,000	\$ 1,581,440	\$ 112,929	\$ (1,468,511)
Recovered costs:				
Dispatching - Towns	\$ 18,000	\$ 18,000	\$ 31,485	\$ 13,485
Library contribution	3,500	3,742	1,000	(2,742)
Cost allocation plan	-	-	167,864	167,864
Planning council contributions	3,190	3,190	3,149	(41)
Total recovered costs	\$ 24,690	\$ 24,932	\$ 203,498	\$ 178,566
Total revenue from local sources	\$ 9,309,577	\$ 10,716,259	\$ 10,093,394	\$ (622,865)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 82,000	\$ 82,000	\$ 210	\$ (81,790)
Mobile home titling tax	16,000	16,000	12,826	(3,174)
Tax on Deeds	15,000	15,000	18,361	3,361
Motor vehicle rental tax	-	-	2,202	2,202
State recordation tax	-	-	23,431	23,431
Personal property tax relief funds	1,049,790	1,049,790	1,049,790	-
Total noncategorical aid	\$ 1,162,790	\$ 1,162,790	\$ 1,106,820	\$ (55,970)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 283,451	\$ 298,401	\$ 220,840	\$ (77,561)
Sheriff	818,756	826,216	826,654	438
Commissioner of revenue	74,747	74,747	74,475	(272)
Treasurer	85,709	85,709	85,763	54
Registrar/electoral board	41,690	41,690	37,394	(4,296)
Clerk of the Circuit Court	181,070	195,300	189,212	(6,088)
Total shared expenses	\$ 1,485,423	\$ 1,522,063	\$ 1,434,338	\$ (87,725)

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 715,000	\$ 715,000	\$ 431,330	\$ (283,670)
Comprehensive services act	360,000	360,000	437,401	77,401
Litter control grant	6,000	6,000	5,460	(540)
Bio solids fees	800	800	-	(800)
Virginia center for rehabilitation	-	-	100,000	100,000
Victim witness grant	-	-	21,921	21,921
Library grant	58,967	58,995	58,995	-
VJCCCS grant	18,910	18,910	19,399	489
Tobacco grant	-	-	280,000	280,000
Clerk's records grant	-	-	16,065	16,065
Fire programs	-	-	62,417	62,417
Other grants	-	-	34,082	34,082
Total other categorical aid	\$ 1,159,677	\$ 1,159,705	\$ 1,467,070	\$ 307,365
Total categorical aid	\$ 2,645,100	\$ 2,681,768	\$ 2,901,408	\$ 219,640
Total revenue from the Commonwealth	\$ 3,807,890	\$ 3,844,558	\$ 4,008,228	\$ 163,670
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 875,000	\$ 875,000	\$ 874,617	\$ (383)
Forfeited assets	-	-	2,647	2,647
Emergency management preparation	-	-	6,000	6,000
Victim witness	-	-	46,592	46,592
Ground transportation safety	-	-	6,728	6,728
Byrne justice assistance	-	-	1,611	1,611
USDA grant	-	10,493	10,493	-
Total categorical aid	\$ 875,000	\$ 885,493	\$ 948,688	\$ 63,195
Total revenue from the federal government	\$ 875,000	\$ 885,493	\$ 948,688	\$ 63,195
Total General Fund	\$ 13,992,467	\$ 15,446,310	\$ 15,050,310	\$ (396,000)

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Landfill Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility tax	\$ 152,629	\$ 152,629	\$ 150,249	\$ (2,380)
Consumption tax	29,000	29,000	28,395	(605)
Total other local taxes	\$ 181,629	\$ 181,629	\$ 178,644	\$ (2,985)
Charges for services:				
Landfill use fees	\$ 400,700	\$ 400,700	\$ 476,117	\$ 75,417
Other charges for services	-	-	1,164	1,164
Total charges for services	\$ 400,700	\$ 400,700	\$ 477,281	\$ 76,581
Total revenue from local sources	\$ 582,329	\$ 582,329	\$ 655,925	\$ 73,596
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 267,103	\$ 267,103	\$ 238,183	\$ (28,920)
Total noncategorical aid	\$ 267,103	\$ 267,103	\$ 238,183	\$ (28,920)
Total revenue from the Commonwealth	\$ 267,103	\$ 267,103	\$ 238,183	\$ (28,920)
Total Landfill Fund	\$ 849,432	\$ 849,432	\$ 894,108	\$ 44,676
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 400	\$ 400	\$ 550	\$ 150
Total other local taxes	\$ 400	\$ 400	\$ 550	\$ 150
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications Tax	\$ 92,000	\$ 92,000	\$ 79,394	\$ (12,606)
Total noncategorical aid	\$ 92,000	\$ 92,000	\$ 79,394	\$ (12,606)
Categorical aid:				
Wireless grant funds	\$ 46,000	\$ 46,000	\$ 47,827	\$ 1,827
Total categorical aid	\$ 46,000	\$ 46,000	\$ 47,827	\$ 1,827
Total revenue from the Commonwealth	\$ 138,000	\$ 138,000	\$ 127,221	\$ (10,779)
Total E-911 Fund	\$ 138,400	\$ 138,400	\$ 127,771	\$ (10,629)
Total Primary Government	\$ 14,980,299	\$ 16,434,142	\$ 16,072,189	\$ (361,953)



County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ -	\$ -	\$ 4,200	\$ 4,200
Miscellaneous:				
Other miscellaneous	\$ 23,317	\$ 23,317	\$ 36,572	\$ 13,255
Total miscellaneous	\$ 23,317	\$ 23,317	\$ 36,572	\$ 13,255
Recovered costs:				
Dual enrollment	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Total recovered costs	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Total revenue from local sources	\$ 73,317	\$ 73,317	\$ 40,772	\$ (32,545)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nottoway, Virginia	\$ 4,710,739	\$ 5,080,603	\$ 5,181,461	\$ 100,858
Total revenues from local governments	\$ 4,710,739	\$ 5,080,603	\$ 5,181,461	\$ 100,858
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,251,309	\$ 2,251,309	\$ 2,139,999	\$ (111,310)
Basic school aid	7,300,639	7,300,639	7,132,115	(168,524)
ISAEF	7,859	7,859	-	(7,859)
Remedial education	448,154	448,154	440,952	(7,202)
Regular foster care	7,313	7,313	6,739	(574)
Gifted and talented	72,920	72,920	71,748	(1,172)
Remedial summer school	123,153	123,153	61,959	(61,194)
Preschool and 4 year old at risk	187,033	187,033	187,033	-
Special education	957,075	957,075	941,694	(15,381)
Project Graduation	14,000	14,000	3,915	(10,085)
Vocational education	305,078	305,078	304,887	(191)
Textbook payments	166,774	166,774	164,094	(2,680)
Social security and retirement fringe benefits	1,567,779	1,567,779	1,542,585	(25,194)
GED payments	-	-	8,294	8,294
State lottery payments	416,434	416,434	410,115	(6,319)
Early reading intervention	54,838	54,838	64,809	9,971
Homebound education	24,703	24,703	9,947	(14,756)
Compensation supplement	75,248	75,248	73,981	(1,267)
At risk payments	515,214	515,214	519,349	4,135
VPSA technology funds	330,000	330,000	206,000	(124,000)
Primary class size	570,190	570,190	588,751	18,561
Standards of Learning algebra readiness	45,376	45,376	45,376	-

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Middle school corps	\$ -	\$ 15,000	\$ 15,000	\$ -
English as a second language	65,538	65,538	62,807	(2,731)
National Board Certification	-	-	5,000	5,000
Mentor teacher program	2,317	2,317	1,655	(662)
Other grants	-	10,000	-	(10,000)
Total categorical aid	<u>\$ 15,508,944</u>	<u>\$ 15,533,944</u>	<u>\$ 15,008,804</u>	<u>\$ (525,140)</u>
Total revenue from the Commonwealth	<u>\$ 15,508,944</u>	<u>\$ 15,533,944</u>	<u>\$ 15,008,804</u>	<u>\$ (525,140)</u>
Revenue from the federal government:				
Categorical aid:				
Migrant education	\$ 1,716	\$ 1,716	\$ 1,615	\$ (101)
Rural education	44,607	54,057	40,986	(13,071)
Title I	914,080	1,014,080	875,447	(138,633)
Title II, Part A	126,536	126,536	92,465	(34,071)
Title III, Part A	-	-	6,584	6,584
Title VI-B, special education flow-through	571,050	611,050	590,246	(20,804)
Vocational education	58,742	58,742	50,892	(7,850)
Preschool special education	16,110	16,110	21,867	5,757
Sliver grant	11,320	11,320	-	(11,320)
21st century grant	140,000	336,766	281,467	(55,299)
Consortium incentive grant	2,527	2,527	339	(2,188)
ROTC	56,000	56,000	75,265	19,265
ESEA Title IV	-	21,626	-	(21,626)
Student support & academic enrichment	-	-	7,344	7,344
Project Hope grant	10,000	10,000	4,037	(5,963)
Total categorical aid	<u>\$ 1,952,688</u>	<u>\$ 2,320,530</u>	<u>\$ 2,048,554</u>	<u>\$ (271,976)</u>
Total revenue from the federal government	<u>\$ 1,952,688</u>	<u>\$ 2,320,530</u>	<u>\$ 2,048,554</u>	<u>\$ (271,976)</u>
Total School Operating Fund	<u>\$ 22,245,688</u>	<u>\$ 23,008,394</u>	<u>\$ 22,279,591</u>	<u>\$ (728,803)</u>

County of Nottoway, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 2,492	\$ 492
Charges for services:				
Cafeteria sales	\$ 235,000	\$ 235,000	\$ 200,881	\$ (34,119)
Miscellaneous:				
Other miscellaneous	\$ 41,400	\$ 41,400	\$ 40,373	\$ (1,027)
Total revenue from local sources	\$ 278,400	\$ 278,400	\$ 243,746	\$ (34,654)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 17,546	\$ 17,546	\$ 19,303	\$ 1,757
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 725,000	\$ 725,000	\$ 765,480	\$ 40,480
Commodities	-	65,310	65,310	-
Total revenue from the federal government	\$ 725,000	\$ 790,310	\$ 830,790	\$ 40,480
Total School Cafeteria Fund	\$ 1,020,946	\$ 1,086,256	\$ 1,093,839	\$ 7,583
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue				
Miscellaneous	\$ -	\$ 98,000	\$ 4,268	\$ (93,732)
Total revenue from local sources	\$ -	\$ 98,000	\$ 4,268	\$ (93,732)
Total School Textbook Fund	\$ -	\$ 98,000	\$ 4,268	\$ (93,732)
Total Discretely Presented Component Unit - School Board	\$ 23,266,634	\$ 24,192,650	\$ 23,377,698	\$ (814,952)

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County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 592,675	\$ 1,532,476	\$ 305,469	\$ 1,227,007
Total legislative	\$ 592,675	\$ 1,532,476	\$ 305,469	\$ 1,227,007
General and financial administration:				
County administrator	\$ 289,263	\$ 291,560	\$ 286,338	\$ 5,222
Legal services	13,918	14,164	14,864	(700)
Commissioner of revenue	228,282	349,657	298,414	51,243
Treasurer	229,382	237,438	224,633	12,805
Data processing	123,700	222,024	164,478	57,546
Other general and financial administration	45,000	45,000	41,250	3,750
Total general and financial administration	\$ 929,545	\$ 1,159,843	\$ 1,029,977	\$ 129,866
Board of elections:				
Electoral board and officials	\$ 174,378	\$ 174,378	\$ 160,137	\$ 14,241
Total board of elections	\$ 174,378	\$ 174,378	\$ 160,137	\$ 14,241
Total general government administration	\$ 1,696,598	\$ 2,866,697	\$ 1,495,583	\$ 1,371,114
Judicial administration:				
Courts:				
Circuit court	\$ 20,000	\$ 20,000	\$ 9,387	\$ 10,613
General district court	8,800	8,800	4,589	4,211
Commissioner of accounts	150	150	-	150
Magistrate	100	100	-	100
Juvenile and domestic relations district court	22,500	28,669	4,315	24,354
Clerk of the circuit court	237,413	253,728	249,243	4,485
Jurors and witnesses	9,412	9,412	6,248	3,164
Sheriff	146,872	146,872	140,546	6,326
Law library	1,500	5,941	599	5,342
Total courts	\$ 446,747	\$ 473,672	\$ 414,927	\$ 58,745
Commonwealth's attorney:				
Commonwealth's attorney	\$ 322,672	\$ 340,600	\$ 317,067	\$ 23,533
Total commonwealth's attorney	\$ 322,672	\$ 340,600	\$ 317,067	\$ 23,533
Total judicial administration	\$ 769,419	\$ 814,272	\$ 731,994	\$ 82,278

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,075,701	\$ 1,330,886	\$ 1,028,141	\$ 302,745
Central dispatching	463,030	501,692	435,885	65,807
Total law enforcement and traffic control	<u>\$ 1,538,731</u>	<u>\$ 1,832,578</u>	<u>\$ 1,464,026</u>	<u>\$ 368,552</u>
Fire and rescue services:				
Volunteer fire department	\$ 200,000	\$ 262,417	\$ 262,417	\$ -
Rescue service	117,060	142,773	85,879	56,894
State forestry service	12,122	12,122	12,122	-
Total fire and rescue services	<u>\$ 329,182</u>	<u>\$ 417,312</u>	<u>\$ 360,418</u>	<u>\$ 56,894</u>
Correction and detention:				
Detention home	\$ 65,000	\$ 80,903	\$ 68,003	\$ 12,900
Piedmont regional jail	753,902	1,065,303	449,140	616,163
Total correction and detention	<u>\$ 818,902</u>	<u>\$ 1,146,206</u>	<u>\$ 517,143</u>	<u>\$ 629,063</u>
Inspections:				
Building	\$ 78,838	\$ 82,146	\$ 79,647	\$ 2,499
Total inspections	<u>\$ 78,838</u>	<u>\$ 82,146</u>	<u>\$ 79,647</u>	<u>\$ 2,499</u>
Other protection:				
Animal control	\$ 132,309	\$ 164,916	\$ 133,770	\$ 31,146
Medical examiner	200	200	100	100
Total other protection	<u>\$ 132,509</u>	<u>\$ 165,116</u>	<u>\$ 133,870</u>	<u>\$ 31,246</u>
Total public safety	<u>\$ 2,898,162</u>	<u>\$ 3,643,358</u>	<u>\$ 2,555,104</u>	<u>\$ 1,088,254</u>
Public works:				
Sanitation and waste removal:				
Litter control	\$ 6,000	\$ 6,000	\$ 5,877	\$ 123
Total sanitation and waste removal	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 5,877</u>	<u>\$ 123</u>
Maintenance of general buildings and grounds:				
General properties	\$ 276,920	\$ 275,864	\$ 237,838	\$ 38,026
Total maintenance of general buildings and grounds	<u>\$ 276,920</u>	<u>\$ 275,864</u>	<u>\$ 237,838</u>	<u>\$ 38,026</u>
Total public works	<u>\$ 282,920</u>	<u>\$ 281,864</u>	<u>\$ 243,715</u>	<u>\$ 38,149</u>

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,000	\$ 100,000	\$ 99,304	\$ 696
Total health	\$ 100,000	\$ 100,000	\$ 99,304	\$ 696
Mental health and mental retardation:				
Community services board	\$ 57,355	\$ 57,355	\$ 57,355	\$ -
Total mental health and mental retardation	\$ 57,355	\$ 57,355	\$ 57,355	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,844,453	\$ 1,845,128	\$ 1,478,865	\$ 366,263
Comprehensive Services Act	520,335	666,837	764,011	(97,174)
Total welfare	\$ 2,364,788	\$ 2,511,965	\$ 2,242,876	\$ 269,089
Total health and welfare	\$ 2,522,143	\$ 2,669,320	\$ 2,399,535	\$ 269,785
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 4,894	\$ 4,894	\$ 4,894	\$ -
Contribution to County School Board	4,710,739	5,080,603	5,181,461	(100,858)
Total education	\$ 4,715,633	\$ 5,085,497	\$ 5,186,355	\$ (100,858)
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 19,500	\$ 69,059	\$ 19,500	\$ 49,559
Total parks and recreation	\$ 19,500	\$ 69,059	\$ 19,500	\$ 49,559
Library:				
Library administration	\$ 245,167	\$ 250,913	\$ 250,803	\$ 110
Total library	\$ 245,167	\$ 250,913	\$ 250,803	\$ 110
Total parks, recreation, and cultural	\$ 264,667	\$ 319,972	\$ 270,303	\$ 49,669
Community development:				
Planning and community development:				
Economic development	\$ 26,391	\$ 306,127	\$ 302,847	\$ 3,280
Planning commission	88,678	91,150	86,470	4,680
Zoning board	2,850	2,874	2,636	238
Total planning and community development	\$ 117,919	\$ 400,151	\$ 391,953	\$ 8,198
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Other environmental management	9,651	8,535	4,572	3,963
Total environmental management	\$ 18,151	\$ 17,035	\$ 13,072	\$ 3,963

County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 53,681	\$ 53,681	\$ 52,870	\$ 811
Total cooperative extension program	\$ 53,681	\$ 53,681	\$ 52,870	\$ 811
Other community development:				
Ft. Pickett local reuse authority	\$ 349,873	\$ 510,029	\$ 322,840	\$ 187,189
Community development block grant	6,000	6,000	42	5,958
Small business incubator	21,953	23,953	23,038	915
Lodge at Ft. Pickett	207,630	206,184	192,269	13,915
Total other community development	\$ 585,456	\$ 746,166	\$ 538,189	\$ 207,977
Total community development	\$ 775,207	\$ 1,217,033	\$ 996,084	\$ 220,949
Debt service:				
Principal retirement	\$ 426,823	\$ 426,823	\$ 475,823	\$ (49,000)
Interest and other fiscal charges	107,095	107,095	107,095	-
Total debt service	\$ 533,918	\$ 533,918	\$ 582,918	\$ (49,000)
Total General Fund	\$ 14,458,667	\$ 17,431,931	\$ 14,461,591	\$ 2,970,340
Special Revenue Funds:				
Landfill Fund:				
Public works:				
Sanitation and waste removal:				
Landfill	\$ 1,794,208	\$ 1,875,691	\$ 1,191,316	\$ 684,375
Debt service:				
Principal retirement	\$ 53,651	\$ 53,651	\$ 53,651	\$ -
Interest and other fiscal charges	1,573	1,573	1,573	-
Total debt service	\$ 55,224	\$ 55,224	\$ 55,224	\$ -
Total Landfill Fund	\$ 1,849,432	\$ 1,930,915	\$ 1,246,540	\$ 684,375
E-911 Fund:				
Public safety:				
Law enforcement and traffic control:				
Emergency 911 services	\$ 246,857	\$ 302,857	\$ 154,283	\$ 148,574
Total E-911 Fund	\$ 246,857	\$ 302,857	\$ 154,283	\$ 148,574



County of Nottoway, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Dare Program Fund:				
Public safety:				
Law enforcement and traffic control:				
Dare program	\$ -	\$ 99	\$ -	\$ 99
Total Dare Program Fund	\$ -	\$ 99	\$ -	\$ 99
Total Primary Government	\$ 16,554,956	\$ 19,665,802	\$ 15,862,414	\$ 3,803,388
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 17,080,952	\$ 17,765,410	\$ 16,124,456	\$ 1,640,954
Total instruction costs	\$ 17,080,952	\$ 17,765,410	\$ 16,124,456	\$ 1,640,954
Operating costs:				
Administration, attendance and health services	\$ 1,326,768	\$ 1,337,159	\$ 1,257,660	\$ 79,499
Pupil transportation	1,407,166	1,318,770	1,168,610	150,160
Operation and maintenance of school plant	2,405,802	2,860,772	2,164,903	695,869
Total operating costs	\$ 5,139,736	\$ 5,516,701	\$ 4,591,173	\$ 925,528
Total education	\$ 22,220,688	\$ 23,282,111	\$ 20,715,629	\$ 2,566,482
Capital projects:				
School capital projects	\$ 439,835	\$ 1,010,015	\$ 348,540	\$ 661,475
Total capital projects	\$ 439,835	\$ 1,010,015	\$ 348,540	\$ 661,475
Total School Operating Fund	\$ 22,660,523	\$ 24,292,126	\$ 21,064,169	\$ 3,227,957
Special Revenue Funds:				
School Textbook Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ 98,000	\$ 97,824	\$ 176
Total School Textbook Fund	\$ -	\$ 98,000	\$ 97,824	\$ 176
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,237,834	\$ 1,315,662	\$ 1,004,919	\$ 310,743
Commodities	-	65,310	65,310	-
Total School Cafeteria Fund	\$ 1,237,834	\$ 1,380,972	\$ 1,070,229	\$ 310,743
Total Discretely Presented Component Unit - School Board	\$ 23,898,357	\$ 25,771,098	\$ 22,232,222	\$ 3,538,876

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## *OTHER STATISTICAL INFORMATION*

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Table 1

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

Fiscal Year	General		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration								
2009	\$ 952,744	\$ 751,950	\$ 2,164,176	\$ 1,451,886	\$ 2,960,851	\$ 4,105,917	\$ 288,816	\$ 761,856	\$ 253,282	\$ 13,691,478
2010	1,030,374	734,255	1,985,731	1,211,446	2,719,493	4,271,797	332,705	1,192,922	267,481	13,746,204
2011	853,235	715,061	2,619,360	1,106,481	2,490,161	6,279,361	293,289	1,178,707	253,573	15,789,228
2012	1,052,738	749,812	2,134,591	1,281,092	2,550,832	4,779,326	328,756	839,415	174,484	13,891,046
2013	1,137,841	760,916	2,508,940	613,101	2,623,446	4,526,212	339,258	1,457,207	211,077	14,177,998
2014	1,161,580	766,111	2,788,375	1,776,879	2,440,221	5,262,880	358,507	774,358	161,935	15,490,846
2015	1,232,743	753,595	2,589,898	1,543,166	2,263,211	4,834,848	361,174	771,383	131,132	14,481,150
2016	936,027	768,920	2,530,134	1,074,068	1,996,214	5,231,092	338,200	608,120	130,484	13,613,259
2017	1,631,110	816,258	2,517,124	1,046,610	2,188,527	4,704,799	357,724	659,625	110,433	14,032,210
2018	1,159,579	755,430	2,527,622	1,697,197	2,306,603	5,589,509	326,545	993,620	97,538	15,453,643

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		
2009	\$ 544,386	\$ 4,204,403	\$ 50,048	\$ 5,926,926	\$ 1,840,115	\$ 1,136,271	\$ 209,941	\$ 797,297	\$ -	\$ 14,709,387	
2010	526,548	3,698,189	242,157	6,143,978	1,425,465	825,800	121,783	1,470,004	258,158	14,712,082	
2011	462,676	3,240,693	1,372,452	6,189,091	1,458,257	785,153	109,817	1,489,054	-	15,107,193	
2012	473,252	4,031,460	71,955	6,396,185	1,474,067	728,438	94,763	1,443,945	-	14,714,065	
2013	475,600	4,026,666	-	6,034,409	1,555,276	716,771	112,145	1,538,961	56,853	14,516,681	
2014	477,320	3,489,580	-	6,666,598	1,586,886	727,700	81,512	1,440,129	-	14,469,725	
2015	583,206	3,125,217	-	6,653,238	1,556,878	711,772	68,162	1,625,711	(3,756,634)	10,567,550	
2016	523,796	3,188,576	-	6,833,044	1,612,326	629,974	74,480	1,511,423	-	14,373,619	
2017	560,025	3,374,947	-	6,918,150	1,703,463	640,964	205,802	1,508,408	-	14,911,759	

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
2009	\$ 1,071,589	\$ 674,133	\$ 2,179,682	\$ 1,122,463	\$ 2,903,489	\$ 24,954,627	\$ 237,571	\$ 748,890	\$ 944,246	\$ 34,836,690
2010	1,038,838	658,721	1,957,030	1,998,718	2,666,628	21,989,394	243,572	2,332,406	962,444	33,847,751
2011	1,091,117	602,921	1,991,119	962,552	2,434,336	21,782,328	235,094	729,300	2,340,248	32,169,015
2012	1,192,422	638,417	2,174,631	1,099,329	2,516,591	22,119,207	238,858	738,042	929,645	31,647,142
2013	1,104,664	650,265	2,285,758	1,030,169	2,646,524	22,049,473	246,125	660,920	540,574	31,214,472
2014	1,136,864	667,960	2,683,293	1,146,247	2,368,329	21,925,848	276,770	758,808	924,557	31,888,676
2015	1,340,100	675,769	2,560,867	1,104,173	2,285,888	21,667,654	277,835	976,404	888,881	31,777,571
2016	1,204,371	726,542	2,617,795	1,270,202	2,153,350	22,071,187	264,371	690,964	932,866	31,931,648
2017	1,332,833	749,325	2,547,557	954,865	2,189,144	23,113,450	275,677	802,912	624,071	32,589,834
2018	1,495,583	731,994	2,709,387	1,435,031	2,399,535	21,888,576	270,303	996,084	638,142	32,564,635

(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
2009	\$ 6,075,814	\$ 1,840,115	\$ 106,037	\$ 16,137	\$ 1,137,683	\$ 755,632	\$ 378,287	\$ 102,799	\$ 24,251,463	\$ 34,663,967
2010	5,950,546	1,425,465	88,505	17,068	831,138	714,884	304,172	107,158	24,398,578	33,837,514
2011	6,115,213	1,458,257	79,701	16,200	790,040	637,966	305,322	391,575	23,546,461	33,340,735
2012	6,304,420	1,474,067	78,966	16,740	731,551	647,763	327,280	190,890	22,902,655	32,674,332
2013	6,054,653	1,555,276	79,368	7,972	720,347	617,069	362,340	17,747	22,796,756	32,211,528
2014	6,735,452	1,586,886	83,156	5,574	730,188	592,821	274,961	421,890	21,881,997	32,312,925
2015	6,611,983	1,556,878	87,022	3,848	715,020	689,876	242,480	131,576	21,934,976	31,973,659
2016	6,641,274	1,612,326	70,251	4,007	631,785	655,673	172,295	375,401	22,190,197	32,353,209
2017	6,806,196	1,703,463	75,720	10,984	642,575	682,891	273,178	216,534	22,917,302	33,328,843
2018	7,403,795	1,673,112	110,295	11,291	707,712	734,810	194,142	203,498	23,229,771	34,268,426

(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
2009	\$ 7,192,469	\$ 6,901,884	95.96%	\$ 145,342	\$ 7,047,226	97.98%	\$ 835,419	11.62%
2010	6,904,508	6,572,629	95.19%	257,267	6,829,896	98.92%	793,701	11.50%
2011	7,071,099	6,706,433	94.84%	226,796	6,933,229	98.05%	832,656	11.78%
2012	7,116,812	6,802,180	95.58%	319,368	7,121,548	100.07%	747,418	10.50%
2013	7,029,394	6,659,268	94.73%	260,350	6,919,618	98.44%	775,779	11.04%
2014	7,697,598	7,201,515	93.56%	327,871	7,529,386	97.81%	716,349	9.31%
2015	7,662,773	7,292,723	95.17%	250,767	7,543,490	98.44%	747,240	9.75%
2016	7,827,966	7,306,097	93.33%	289,698	7,595,795	97.03%	844,418	10.79%
2017	7,793,788	7,311,127	93.81%	303,828	7,614,955	97.71%	837,051	10.74%
2018	8,272,472	7,758,973	93.79%	475,727	8,234,700	99.54%	954,993	11.54%

(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
2009	\$ 798,086	\$ 80,427	\$ 14,482	\$ 57,123	\$ 950,118
2010	805,070	69,447	13,998	56,230	944,746
2011	819,717	73,693	15,516	62,734	971,660
2012	819,870	72,893	14,799	72,922	980,484
2013	945,617	72,954	13,089	77,364	1,109,024
2014	878,681	77,330	14,849	84,102	1,054,962
2015	878,668	80,115	10,050	90,207	1,059,040
2016	892,421	90,649	9,280	90,207	1,082,557
2017	814,187	83,507	9,661	113,068	1,020,423
2018	916,201	85,174	6,548	101,546	1,109,469

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utility	
				Real Estate	Personal Property
2009	\$ 0.49	\$ 3.50	\$ 1.35	\$ 0.49	\$ 3.50
2010	0.49	3.50	1.35	0.49	3.50
2011	0.49	3.50	1.35	0.49	3.50
2012	0.49	3.50	1.35	0.49	3.50
2013	0.44	3.50	1.35	0.44	3.50
2014	0.47	3.75	1.35	0.47	3.75
2015	0.47	3.75	1.35	0.47	3.75
2016	0.47	3.75	1.35	0.47	3.75
2017	0.47	3.75	1.35	0.47	3.75
2018	0.50	3.75	1.35	0.50	3.75

(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
2009	15,725	\$ 950,118	\$ 8,979,904	\$ 8,979,904	0.95%	\$ 571
2010	15,853	944,746	8,421,596	8,421,596	0.89%	531
2011	15,853	971,660	6,477,614	6,477,614	0.67%	409
2012	15,853	980,484	5,885,627	5,885,627	0.60%	371
2013	15,853	1,109,024	5,301,684	5,301,684	0.48%	334
2014	15,853	1,054,962	4,609,783	4,609,783	0.44%	291
2015	15,853	1,059,040	4,609,783	4,609,783	0.44%	291
2016	15,853	1,082,557	3,214,548	3,214,548	0.30%	203
2017	15,853	1,020,423	2,760,811	2,760,811	0.27%	174
2018	15,853	1,109,469	2,327,709	2,327,709	0.21%	147

(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, 2018, and the related notes to the financial statements, which collectively comprise the County of Nottoway, Virginia's basic financial statements, and have issued our report thereon dated November 23, 2018.

### 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  
November 23, 2018



# 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 the Uniform Guidance

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

### Report on Compliance for Each Major Federal Program

We have audited County of Nottoway, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Nottoway, Virginia's major federal programs for the year ended June 30, 2018. County of Nottoway, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditors' Responsibility*

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

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

#### *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies*

As described in the accompanying schedule of findings and questioned costs, the County of Nottoway, Virginia did not comply with the requirements regarding CFDA 84.010 Title I Grants to Local Educational Agencies as described in finding number 2018-001 for allowable costs. Compliance with such requirements is necessary, in our opinion, for the County of Nottoway, Virginia to comply with the requirements applicable to that program.

### *Qualified Opinion on Title I Grant to Local Educational Agencies*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the 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 Title I Grant for Local Educational Agencies for the year ended June 30, 2018.

### *Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

County of Nottoway, Virginia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Nottoway, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Nottoway, Virginia's internal control over compliance.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

## Report on Internal Control over Compliance (Continued)

*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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

*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.

County of Nottoway, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Nottoway, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Richmond, Virginia  
November 23, 2018

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County of Nottoway, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

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	0950117/0950118	\$ 8,538
Temporary Assistance for Needy Families (TANF)	93.558	0400117/0400118	183,919
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118	241
Low Income Home Energy Assistance	93.568	0600417/0600418	21,946
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/0760118	25,741
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900117/0900118	544
Foster Care - Title IV-E	93.658	1100117/1100118	96,867
Adoption Assistance	93.659	1130117/1130118	24,892
Social Services Block Grant	93.667	1000117/1000118	132,891
Chafee Foster Care Independence Program	93.674	9150117/9150118	1,173
Children's Health Insurance Program	93.767	0540117/0540118	7,028
Medical Assistance Program	93.778	1200117/1200118	177,999
Total Department of Health and Human Services			<u>\$ 681,779</u>
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.766	N/A	<u>\$ 59,493</u>
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
Department of Agriculture:			
Food Distribution--School	10.555	17901-45707	\$ 65,310
Department of Education:			
National School Lunch Program	10.555	17901-40623	550,841
Total CFDA# 10.555			<u>\$ 616,151</u>
School Breakfast Program	10.553	17901-40591	197,623
Department of Health:			
Summer Food Service Program for Children	10.559	unavailable	17,016
Total Child Nutrition Cluster			<u>\$ 830,790</u>
Department of Health:			
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort Under SNAP	10.596	unavailable	18,224
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114	174,614
Total Department of Agriculture			<u>\$ 1,083,121</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Assistance:			
Emergency Management Performance Grants	97.042	77501-98308	<u>\$ 6,000</u>
Department of Justice:			
Pass Through Payments:			
Compensation Board:			
Crime Victim Assistance	16.575	unavailable	\$ 46,592
Edward Byrne Memorial Justice Assistance Grant Program	16.738	unavailable	1,611
Total Department of Justice			<u>\$ 48,203</u>

County of Nottoway, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2018

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	605007-53000	\$ 6,728
Department of the Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	\$ 75,265
Department of the Treasury:			
Pass Through Payments:			
Commonwealth of Virginia Attorney General's Office:			
Forfeited Assets	21.XXX	unavailable	\$ 2,647
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 875,447
Migrant Education - State Grant Program	84.011	17901-42910	1,615
Migrant Education - Coordination Program	84.144	17901-61399	339
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	17901-43071	590,247
Special Education - Preschool Grants	84.173	17901-62521	21,866
Total Special Education Cluster			\$ 612,113
Career and Technical Education - Basic Grants to States	84.048	17901-61095	50,892
Twenty-First Century Community Learning Centers	84.287	17901-60565	281,467
English Language Acquisition State Grants	84.365	17901-60512	6,584
Education for Homeless Children and Youth	84.196	unavailable	4,037
Rural Education	84.358	17901-43481	40,986
Supporting Effective Instruction State Grant	84.367	17901-61480	92,465
Student Support and Academic Enrichment Program	84.424	S424A170048	7,344
Total Department of Education			\$ 1,973,289
Total Expenditures of Federal Awards			\$ 3,877,032

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, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Nottoway, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of County of Nottoway, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Nottoway, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

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

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the County received and disbursed food commodities totaling \$65,310.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - Loan Balances

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

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 948,688
Total primary government	\$ 948,688

Component Unit School Board:

School Operating Fund	\$ 2,048,554
School Cafeteria Fund	830,790
Total component unit school board	\$ 2,879,344

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,828,032
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Rural development loan proceeds	\$ 49,000
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Total federal expenditures per basic financial statements	\$ 3,877,032
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County of Nottoway, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

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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: qualified

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

Identification of major programs:

CFDA Number(s)  
10.553/10.555/10.559  
84.010

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

Dollar threshold used to distinguish between type A  
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

      ✓       yes            no



County of Nottoway, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

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Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

Finding 2018-001

CFDA Title: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Awarding Agency: U.S. Department of Education  
Pass-through Entity: Virginia Department of Education  
Federal Award Number: S010A160046  
Federal Award Year: 2016

*Criteria:* Federal awards should be expended only for allowable activities. When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

*Condition:* Nottoway School Board included payroll estimates on two reimbursements requests.

*Questioned Costs:* \$184,094.93

*Context:* The expenditures reported on the School Board's financial statements did not reconcile to the amount requested for reimbursement.

*Effect:* The School Board comingled Federal funds as the expenditures were not paid after receiving the reimbursement. This poses a potential loss of grant funds.

*Cause:* The School Board intended to reduce a subsequent reimbursement when actual payroll expenditures were known.

*Recommendation:* We recommend the School Board implement procedures to ensure compliance with grant funds and the related grant awards.

*Views of responsible officials and planned corrective actions:* The School Board concurred with the recommendation. The School Board is developing and implementing procedures to ensure compliance with grant fund and related grant awards.

County of Nottoway, Virginia

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018

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There were no prior audit findings.

# Nottoway County Public Schools

Excellence in Education

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Post Office Box 47  
10321 E. Colonial Trail  
Nottoway, Virginia 23955

Phone 434-645-9596  
Fax 434-645-1266  
website: [www.nottowayschools.org](http://www.nottowayschools.org)

**COUNTY OF NOTTOWAY  
CORRECTIVE ACTION PLAN  
FISCAL YEAR ENDING JUNE 30, 2018**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	<p>The Grants Office has a new director who has implemented procedures to ensure that OMEGA reimbursements are submitted using actual expenditures.</p> <p>The over reimbursed amount of \$62,990.93 will be deducted from the next OMEGA reimbursement request.</p>	12/17/2018	Marcia Martin, Director of Instruction, Grants & Technology