

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

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COUNTY OF NELSON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2023

BOARD OF SUPERVISORS

Jesse N. Rutherford – Chairman
J. David Parr – Vice Chairman
Ernest Q. Reed - Central District
Robert G. Barton - South District
Thomas D. Harvey - North District

COUNTY SCHOOL BOARD

Shannon Powell – Chairperson
Ceaser Perkins – Vice Chairperson

George Cheape
Janet Turner-Giles

Margaret Clair

COUNTY SOCIAL SERVICES BOARD

Edith Napier, Chairperson
Darlene Smith, Vice Chairperson

Diane Harvey
J. David Parr

Brad Johnson
Claudia Van Koba

OTHER OFFICIALS

Michael R. Doucette
Lisa Bryant
Daniel Rutherford
Pamela C. Campbell
Angela F. Hicks
David W. Hill
Amanda C. Hester
Angie Rose
Stephen A. Carter

Judge of the Circuit Court
Clerk of the Circuit Court
Commonwealth’s Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator



Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Nelson, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nelson, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nelson, Virginia, as of and for the year ended June 30, 2023, 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.

We did not audit the financial statements of the School Activities Fund, which represent 9 percent, 32 percent, and 2 percent, respectively, of the assets, fund balances, and revenues of the discretely presented component unit – school board as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activities Fund, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Nelson, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Restatement of Beginning Balances

As described in Note 26 to the financial statements, during the year ending June 30, 2022, the County restated beginning balances related to Accumulated Depreciation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Nelson, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Nelson, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Nelson, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Nelson, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2024, on our consideration of County of Nelson, 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 Nelson, 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 Nelson, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

April 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the County of Nelson, Virginia for the fiscal year ended June 30, 2023.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the County of Nelson, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,159,118. Of this amount, \$35,616,654 is unrestricted, and may be used to meet the government's ongoing obligations to creditors and citizens. Of the total net position, there is \$18,542,464 invested in capital assets net of related debt (an increase of \$198,031 from the previous year, after considering the restatement for recalculation of accumulated depreciation). The School Board's net position is \$2,502,271 of which the unrestricted net position was a deficit of \$16,057,798.

The total net position of the Primary Government increased by \$3,790,812, the Component Unit School Board's net position increased by \$2,987,512, and the Component Unit Economic Development Authority's net position increased by \$39,497. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$29,078,931. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2022-23 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$34,247,789 of which \$29,078,931 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Nelson County's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains the required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents the County's permanent accounts or assets, liabilities, deferred outflows, deferred inflows and the resulting net position. The difference between assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources) is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

Overview of the Financial Statements: (Continued)

Government-wide Financial Statements: (Continued)

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in governments, revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate government activities and business-type activities of the County. The primary source of funding for government activities is taxes and intergovernmental revenues. Government activities include general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently classifies the Piney River public water and sewer system and the Nelson County Broadband Authority as business-type activities.

The government-wide financial statements include, in addition to the primary government or County, two component units: 1) the Nelson County School Board and 2) the Nelson County Economic Development Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant operational funding of the component unit.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas, the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided after the governmental fund balance sheet on Exhibit 4 and after the governmental fund statement of revenues, expenditures and changes in fund balances on Exhibit 6.

Overview of the Financial Statements: (Continued)

Governmental funds: (Continued)

The County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data for other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The financial statements for the Piney River public water and sewer system and the Nelson County Broadband Authority are reported as enterprise funds in the County's fund financial statements. The Piney River public water and sewer system's operation provides for the delivery of public water and sewer service to County residents in designated areas of Nelson County. The Nelson County Broadband Authority operates a middle mile broadband network. The County does not have any internal service funds.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County 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 (Exhibit 10). Fiduciary funds are not reflected in the government-wide financial statements because the funds are not available to support the County's own activities. These funds consist of the Special Welfare and EMS Loan Funds.

Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements mentioned earlier in connection with non-major governmental funds are presented as other supplementary information.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Nelson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$54,159,118 at the end of the fiscal year.

The County's net position is divided into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

County of Nelson's Net Position As of June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 52,819,901	\$ 50,857,894	\$ 2,754,389	\$ 2,734,637	\$ 55,574,290	\$ 53,592,531
Capital assets*	<u>29,856,556</u>	<u>28,554,956</u>	<u>4,320,080</u>	<u>4,528,668</u>	<u>34,176,636</u>	<u>33,083,624</u>
Total assets	<u>\$ 82,676,457</u>	<u>\$ 79,412,850</u>	<u>\$ 7,074,469</u>	<u>\$ 7,263,305</u>	<u>\$ 89,750,926</u>	<u>\$ 86,676,155</u>
Deferred Outflows of Resources	<u>\$ 1,097,379</u>	<u>\$ 1,403,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,097,379</u>	<u>\$ 1,403,003</u>
Long-term liabilities	\$ 16,711,434	\$ 16,326,405	\$ 238,743	\$ 243,771	\$ 16,950,177	\$ 16,570,176
Other liabilities	<u>4,059,814</u>	<u>3,688,254</u>	<u>13,013</u>	<u>34,269</u>	<u>4,072,827</u>	<u>3,722,523</u>
Total liabilities	<u>\$ 20,771,248</u>	<u>\$ 20,014,659</u>	<u>\$ 251,756</u>	<u>\$ 278,040</u>	<u>\$ 21,023,004</u>	<u>\$ 20,292,699</u>
Deferred Inflows of Resources	<u>\$ 13,652,666</u>	<u>\$ 15,286,130</u>	<u>\$ 2,013,517</u>	<u>\$ 2,132,023</u>	<u>\$ 15,666,183</u>	<u>\$ 17,418,153</u>
Net Position:						
Invested in capital assets, net of related debt*	\$ 14,461,127	\$ 14,176,669	\$ 4,081,337	\$ 4,284,897	\$ 18,542,464	\$ 18,461,566
Unrestricted	<u>34,888,795</u>	<u>31,338,395</u>	<u>727,859</u>	<u>568,345</u>	<u>35,616,654</u>	<u>31,906,740</u>
Total net position	<u>\$ 49,349,922</u>	<u>\$ 45,515,064</u>	<u>\$ 4,809,196</u>	<u>\$ 4,853,242</u>	<u>\$ 54,159,118</u>	<u>\$ 50,368,306</u>

*Capital Assets and Net Position Invested in capital assets, net of related debt as of 6/30/22 have been restated due to recalculation of accumulated depreciation, refer to footnotes for further details.

For the County, investment in capital assets (i.e., land, buildings, machinery and equipment), net of related debt used to acquire those assets that is still outstanding, represents 34.2 percent of total net position. The County uses these capital assets to provide services to citizens, therefore these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from assets restricted for that purpose or other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has no restricted net position items at June 30, 2023. The remaining balance of unrestricted net position, which is \$35,616,654 or 65.76 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

Government-wide Financial Analysis: (Continued)

At the end of the fiscal year, the County's Primary Government reports a positive balance in total net position. The governmental activities reported positive balances of \$14,461,127 in net position invested in capital assets, net of related debt and \$34,888,795 in unrestricted net position. The business-type activities reported positive balances of \$4,081,337 in net position invested in capital assets net of related debt and \$727,859 in unrestricted net position.

The government's total net position increased by \$3,790,812 during the current fiscal year compared to an increase of \$1,791,109 in FY 2022.

Governmental and Business-type Activities

Governmental activities increased the County's net position by \$3,834,858. Business-type activities decreased the County's net position by \$44,046. Key elements of these changes are as follows:

**County of Nelson's Changes in Net Position
For the Years Ended June 30, 2023 and June 30, 2022**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 855,192	\$ 900,387	\$ 326,018	\$ 328,293	\$ 1,181,210	\$ 1,228,680
Operating grants & contributions	5,878,669	5,270,515	-	-	5,878,669	5,270,515
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
General property taxes	26,862,656	25,706,353	-	-	26,862,656	25,706,353
Other local taxes	6,924,358	6,422,557	-	-	6,924,358	6,422,557
Use of money and property	779,656	(5,984)	50,684	52,401	830,340	46,417
Miscellaneous	163,637	398,433	-	-	163,637	398,433
Grants and contributions not restricted to specific programs	2,363,410	2,261,269	-	-	2,363,410	2,261,269
Transfers	(76,442)	(183,654)	76,442	183,654	-	-
Total revenues	<u>\$ 43,751,136</u>	<u>\$ 40,769,876</u>	<u>\$ 453,144</u>	<u>\$ 564,348</u>	<u>\$ 44,204,280</u>	<u>\$ 41,334,224</u>
Expenses:						
General government	\$ 2,958,355	\$ 2,747,161	\$ -	\$ -	\$ 2,958,355	\$ 2,747,161
Judicial administration	1,318,116	1,060,678	-	-	1,318,116	1,060,678
Public safety	6,754,529	6,358,220	-	-	6,754,529	6,358,220
Public works	2,652,732	2,334,419	497,190	1,646,767	3,149,922	3,981,186
Health and welfare	5,421,109	4,036,913	-	-	5,421,109	4,036,913
Education	18,291,689	17,647,308	-	-	18,291,689	17,647,308
Parks, recreation and cultural	958,260	933,246	-	-	958,260	933,246
Community development	1,113,555	2,398,021	-	-	1,113,555	2,398,021
Interest on long-term debt	447,933	380,382	-	-	447,933	380,382
Loss on disposal of capital assets	-	-	-	-	-	-
Total expenses	<u>\$ 39,916,278</u>	<u>\$ 37,896,348</u>	<u>\$ 497,190</u>	<u>\$ 1,646,767</u>	<u>\$ 40,413,468</u>	<u>\$ 39,543,115</u>
Increase (decrease) in net assets	\$ 3,834,858	\$ 2,873,528	\$ (44,046)	\$ (1,082,419)	\$ 3,790,812	\$ 1,791,109
Beginning net position, restated	<u>45,515,064</u>	<u>42,641,536</u>	<u>4,853,242</u>	<u>5,935,661</u>	<u>50,368,306</u>	<u>48,577,197</u>
Ending net position	<u>\$ 49,349,922</u>	<u>\$ 45,515,064</u>	<u>\$ 4,809,196</u>	<u>\$ 4,853,242</u>	<u>\$ 54,159,118</u>	<u>\$ 50,368,306</u>

Government-wide Financial Analysis: (Continued)

Revenues

- Overall revenues increased by \$2,870,056. Revenues from Governmental Activities increased by \$2,981,260. Business-type activities revenues decreased when compared to the prior year by \$111,204, which is mainly attributed to a decreased transfer in from general county funds, which was \$107,212 less than the prior year. Piney River water and sewer charges increased \$18,610 and Broadband Authority revenues decreased by \$20,885 as compared to the prior year.
- There was an increase in General property tax revenue of \$1,156,303. The real estate tax revenue category sustained the most significant increase, which was \$1,099,077 higher than the prior year. This increase is generally attributable to FY23 reflecting a full year of revenue based on the most recent reassessment.
- There was an overall increase in the Other Local Taxes category of revenue of \$501,801. The more predominant changes from FY22 to FY23 in this revenue category were:
 - Meals tax revenue increased by \$142,200
 - Transient occupancy tax increased by \$495,953
 - Tax on recordation and wills decreased by \$196,235

These increases in meals and lodging taxes are generally deemed to be attributable to the County's continued recovery from the impact of the Coronavirus Pandemic that forced temporary or permanent closure of numerous eateries and lodging establishments.

- The revenues from charges for services decreased by \$47,470. The business-type activities sustained a net decrease of \$2,275 (\$18,610 increase in Piney River water and sewer charges offset by a decrease in Broadband Authority charges of \$20,885), while the governmental activities sustained a decrease of \$45,195. The largest component of the decrease was due to a decrease in building permit fees of \$68,175. There were slight fluctuations in all other charges for services.
- Revenue from the use of money and property increased by a substantial \$785,640 as the county enjoyed favorable interest rates and market increases on invested funds.
- There was a decrease in the Miscellaneous category of revenue from FY22 to FY23 in the amount of \$234,796. This was mainly due to the recognition of deferred opioid settlement revenue of \$172,088 in FY22.
- There was an increase in Operating Grants and Contributions revenues of \$608,154, attributed mainly to the following changes in operating grants:
 - Increase in Compensation Board shared expense reimbursements for constitutional offices of \$90,258
 - Decrease in American Rescue Plan Act grant of \$173,443 (there were no ARPA expenditures in FY23, thus the remaining funds received remain in deferred revenue totaling \$2,894,977)
 - Increase in Children's Services Act revenues of \$464,228
 - Increase in DHR Funding for Vietnam War Museum of \$250,000 (new for FY23)
 - Decrease in combined state and federal public assistance and welfare administration funding of \$186,364

Governmental and Business-type Activities: (Continued)

Expenses

- Expenses reflected an overall net increase of \$870,353. Of this amount, expense from governmental activities increased by \$2,019,930 and business-type activities decreased by \$1,149,577.
- Several functional areas of expenses reflected increases: general government; judicial administration; public safety; health and welfare; education; and parks, recreation and cultural. The community development function declined by a significant amount, as did the public works function.
- The general government function had a net increase in expenditures of \$211,194. This is predominantly attributed to some noncapital projects that occurred in FY23, including a comprehensive plan update (cost of \$102,193); support to emergency organizations (capital purchases of \$215,335); and other projects including a compensation study and repair/painting of the courthouse complex.
- The public safety function had net increased expenses of \$396,309. The following departmental fluctuations were noted within this functional area compared to the prior year:
 - \$76,373 increase in Sheriff's department
 - \$85,317 increase in E-911 department
 - \$90,817 increase in Emergency Services department
 - \$243,674 increase in Paid EMS department
 - \$206,036 increase in Correction and Detention costs of the regional jail services
 - \$355,404 reduction in depreciation for the public safety functional category
- The public works function had a decrease in expense of \$831,264. Of this total decrease, there was an increase of \$318,313 in Governmental Activities associated with public works and a decrease of \$1,149,577 in Business Activities associated with public works. The decrease in Business Activities is mainly due to the contribution to industry by the Nelson County Broadband Authority of \$1,250,000 in FY22. The Broadband Authority sustained a decrease in operating expenses of \$28,271 and the Piney River Water and Sewer Fund sustained an increase in operating costs of \$128,694, due to increased repairs and maintenance costs of \$113,036. The increase in expenses for the Governmental Activities is primarily attributable to an increase in the automotive/motor pool department of \$35,490; an increase in the refuse collection/disposal department of \$130,478, and an increase in the general buildings and grounds maintenance department of \$88,136.
- The health and welfare function reported an increase in expenses of \$1,384,196, as compared to the prior year. This is mainly attributable to an increase in the cost of the Children's Services Act program expenses of \$1,549,837 (partially offset by an increase in state funding of this program of \$464,228), an increase in funding of the Region Ten Community Services Board of \$49,414, and a decrease in public assistance and administration of \$169,354 as compared to the prior year.
- The education function of the Primary Government sustained an increase in expense of \$644,381. Contributions from the county to the school board for regular operations and the nursing program increased by \$628,166 from FY22 to FY23. This increase in funding is partially offset by reduced net transfers of jointly owned assets between county and school board due to payment of debt service thereon for the year.

Governmental and Business-type Activities: (Continued)

Expenses (Continued)

- The parks, recreation and cultural function sustained an increase of \$25,014 in expenses from FY22 to FY23. Departments in this function sustained normal operating fluctuations.
- The community development function sustained a decrease of \$1,284,466 in expenses when compared to the prior year. Contributions to the Nelson County Economic Development Authority decreased by \$1,342,500 for FY23 due to funding a broadband expansion by Firefly in the prior year.

Financial Analysis of the Government's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$34,247,789, an increase of \$1,656,972 over the prior year. Approximately 84.91 percent of this total amount constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified to indicate that it is not available for new spending because it is constrained as follows:

- Nonspendable fund balance of \$389,510
- Restricted fund balance of \$8,093
- Committed fund balance of \$4,771,255

Details of these classifications can be found in Note 1 (N) of these financial statements.

The general fund is the chief operating fund of the County. As of June 30, 2023, total fund balance of the general fund was \$30,290,097, of which \$29,078,931 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total general fund expenditures. The general fund unassigned fund balance represents 68.77 percent of total general fund expenditures which includes transfers to the School Board component unit of \$17,152,581. The general fund total fund balance represents 71.63 percent of total general fund expenditures.

Financial Analysis of the Government's Funds (Continued)

The fund balance of the County's general fund decreased by \$1,359,063 during the current fiscal year. Key factors in this increase are as follows:

- Overall General Fund revenues increased by \$3,045,925 as compared to the prior year.
 - As discussed above in the Revenues section of the Government-Wide Financial Analysis:
 - There was a substantial increase in state funding due primarily to increased funding for the Children's Services Act mandated program of \$464,228, a new grant from DHR for a Vietnam War Museum of \$250,000. There was a reduction in ARPA revenue recognized of \$173,443 and a reduction in public assistance and welfare administration funding of \$186,364 compared to FY22. There was also an increase sustained in motor vehicle carrier's tax of \$100,135 over the prior year.
 - As discussed previously, property tax assessments were increased and resulted in \$1,115,304 of additional property tax revenue being reported in FY23 as compared to FY22. There were also \$501,801 additional other local taxes reported this year, mainly in the categories of meals tax and transient lodging tax.
 - There was also a notable increase in revenue from the use of money as the County enjoyed an increase of \$785,640 in earnings on invested funds as compared to FY22.
 - The other categories of revenues sustained fairly normal fluctuations in revenues as compared to the prior year, with items of note being:
 - a decrease in revenues from permits, privilege fees and licenses of \$108,599, primarily attributable to building permit sales declines.
 - the miscellaneous revenue category reporting a decrease of \$32,191
- General Fund expenditures increased by \$5,961,270 as compared to the prior year. Most departments sustained fairly moderate changes from FY22 to FY23. Increases and decreases by function are:
 - a decrease in General Government expenditures of \$84,830; of note is a decrease in reassessment costs of \$149,571. All other general government departments experienced moderate increases and decreases in expenditures compared to the previous year, for a combined increase of \$64,741
 - an increase in Judicial Administration expenditures of \$190,267, which included increases in most departments, with notable increases sustained by the Commonwealth's attorney department of \$63,175, the VJCCA program of \$69,949, and the clerk of the circuit court of \$47,390
 - an increase in Public Safety expenditures of \$696,499, which includes moderate fluctuations in most departments, but is primarily comprised of a \$243,674 increase in Paid EMS and an increase in Regional Jail services of \$206,036,
 - an increase in Public Works expenditures of \$221,717, an increase in the Automotive/motor pool department of \$35,490 and increases in the Refuse collection and disposal department of \$130,478 and in the General properties department of \$88,136 when compared to the prior year,
 - an increase in Health and Welfare expenditures of \$1,465,147, primarily associated with increased funding of the Region Ten Community Services Board of \$49,414, a decrease in Public assistance and administration of \$169,354, and an increase of \$1,549,837 in cost of Children's Services Act program, compared to prior year,
 - an increase in Education expenditures of \$627,881, mostly due to an increase in funding to the Nelson County public school system by \$628,166 from FY22 to FY23,
 - an increase in Parks, Recreation, and Cultural expenditures of \$56,132, mostly due to an increase in parks and recreation administration and program costs of \$52,175,
 - a decrease in Community Development expenditures of \$1,065,977, mainly attributable to a decrease in funding of the Nelson County Economic Development Authority by \$1,342,500 as compared to the prior year, attributable to pass through of funds to Firefly for Broadband expansion in FY22,
 - an increase in Nondepartmental function expenditures of \$534,055, mostly due to expenditures of \$250,000 for a Vietnam War Museum (using grant funds), \$153,897 for employee benefits, \$70,194 for Nelson County Service Authority special projects

- **Financial Analysis of the Government's Funds (Continued)**

- an increase in capital projects expenditures of \$3,235,119 compared to the prior year, attributable to the following projects undertaken during FY23:
 - \$2,484,667 purchase of land (Larkin property)
 - \$251,510 purchase of solid waste rolloff truck
 - \$138,834 purchase of three maintenance trucks
 - \$244,922 purchase of 4 Sheriff's vehicles with equipment
 - \$370,789 construction project costs for E911 microwave network upgrade
 - \$96,033 construction project costs for social services building
 - \$30,766 construction project costs for agricultural center
 - \$16,200 construction project costs for Larkin property development
 - \$95,775 purchase of two Animal Control vehicles with equipment
- Transfers out for debt service increased by \$3,198,231 to build up reserves for future capital improvements. Transfers for support of proprietary funds decreased by \$107,212 as compared to the prior year. The transfers to Piney River Water and Sewer System were for capital projects and significant repair items.

Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the Piney River Water and Sewer Fund at the end of the fiscal year was \$305,384. This is an increase from the prior year of \$3,645.

Unrestricted net position of the Broadband Authority at the end of the fiscal year was \$422,475 as compared to \$266,606 in the prior year, for an increase of \$155,869.

General Fund Budgetary Highlights

The final amended budgeted appropriations for the General Fund were \$47,733,220, \$2,412,553 more than the original budgeted expenditure appropriations, which is 5.3 percent of the total original budget, and can be briefly summarized as follows:

- In the general and financial administration functional category, there were net increases in budget during the year of \$109,797. This was comprised of moderate budget amendments in most departments.
- The judicial administration functional category budget increased by \$307,173, with slight increases in most departments.
 - The VJCCA program sustained an increase of \$110,000. This increase is primarily due to an increase in utilization of the Juvenile Detention Home towards the end of the fiscal year.
 - The Clerk of the Circuit Court department sustained an increase of \$70,414 primarily due to Library of Virginia services provided for by Circuit Court Records Preservation Grant funding.
 - The Commonwealth's attorney's department sustained an increase of \$124,084 primarily due to the approval of an additional attorney position and stipend assigned by MOU for Adult Drug Court work, and to the appropriation of the balance of Asset Forfeiture funds carried forward from FY22.

General Fund Budgetary Highlights (Continued)

- The public safety functional category budget increased by \$441,789, with many of the departments having relatively small amendments. Some of the more significant Public Safety amendments are:
 - \$260,932 increase in Sheriff's department to appropriate the FY21 balance of Asset Forfeiture funds and the transfer of funds from the School Resource Officer Reserve to the department and additional bonus pay awarded by the State Compensation Board for Sheriff's Deputies and Officers
 - \$103,309 increase in Emergency services council department related to the appropriation of Fire Funds and Four For Life Funds received during the fiscal year and increased costs of vehicle gas, oil, and grease.
- The public works functional category budget increased by \$192,140, including:
 - \$79,517 increase in Automotive/motor pool department related to the appropriation of funds for increased costs of vehicle repairs, gas, oil, and grease.
 - \$85,850 increase in Refuse collection and disposal department primarily due to increased costs of machinery repairs and maintenance, increased fuel costs, and increased solid waste disposal costs related to an increase in volume throughout the year and additional outside contracted transport costs due to equipment failures.
- The health and welfare functional category budget increased by \$1,132,484, all attributable to an increase in budgeted expenditures for the Children's Services Act program.
- The education functional category budget increased by \$264,402 due to operational increases of the School Board due to salary and fringe benefit increases.
- The parks, recreational, and cultural functional category budget increased by \$110,496, attributed mainly to the VOF Public Access Grant of \$60,000 for a boat takeout and parking lot development on the Rockfish River and to the parks and recreation operating department.
- The community development functional category budget increased by \$331,769, attributed mainly to the community development VTC Drive Tourism 2.0 Grant and the VTC ARPA Tourism Recovery Grant.
- The non-departmental functional category budget decreased by \$821,522 as contingency reserves included in the original budget were transferred to other departments throughout the year.
- The Capital projects functional category budget increased by \$258,765 during FY23. The projects with amendments are:
 - \$30,000 Tye River Bridge Deck Repair
 - \$36,000 MP Services for Larkin Property
 - \$30,766 PAR Agricultural Center
 - \$15,200 Animal Control Livestock Trailer
 - \$78,842 Animal Control Trucks (2)
 - \$16,049 Sheriff Vehicles
 - Other projects incurred combined budget increases of \$51,908.

Refer to Schedule 2 for details of increases and decreases by department.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2023 is \$29,856,556 (net of accumulated depreciation and is an increase of \$1,301,600 from the previous fiscal year). This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, and construction in progress.

Capital Asset and Debt Administration (Continued)

**County of Nelson, Virginia
Capital Assets for Governmental Activities
(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 3,254,550	\$ 694,107	\$ 40,000	\$ 40,000	\$ 3,294,550	\$ 734,107
Infrastructure	-	-	3,860,244	3,937,860	3,860,244	3,937,860
Buildings and improvements	23,695,643	25,678,786	-	-	23,695,643	25,678,786
Machinery and equipment	2,382,832	2,165,554	188,017	191,991	2,570,849	2,357,545
Construction in progress	513,788	-	-	-	513,788	-
Lease land improvements	-	-	231,819	241,684	231,819	241,684
Lease equipment	9,743	16,509	-	-	9,743	16,509
Total	<u>\$ 29,856,556</u>	<u>\$ 28,554,956</u>	<u>\$ 4,320,080</u>	<u>\$ 4,411,535</u>	<u>\$ 34,176,636</u>	<u>\$ 32,966,491</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the fiscal year the County had the following outstanding loans and bonded indebtedness:

**County of Nelson's Outstanding Debt
For the Year Ended June 30, 2023**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Lease Revenue Refunding	\$ 4,066,000	\$ 4,843,000	\$ -	\$ -	\$ 4,066,000	\$ 4,843,000
General Obligation Bonds	1,110,000	2,165,000	-	-	1,110,000	2,165,000
Revenue Bonds	3,555,000	4,155,000	-	-	3,555,000	4,155,000
Refunding Revenue Bonds	2,380,000	2,795,000	-	-	2,380,000	2,795,000
Lease liabilities	10,888	16,630	238,743	243,771	249,631	260,401
Total	<u>\$ 11,121,888</u>	<u>\$ 13,974,630</u>	<u>\$ 238,743</u>	<u>\$ 243,771</u>	<u>\$ 11,360,631</u>	<u>\$ 14,218,401</u>

All debt reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as required by Section 15.2-1800.1, Code of Virginia, 1950, as amended.

Additional information on the County's long-term debt, including other long-term obligations such as compensated absences, other post-employment benefits and net pension liability, can be found in Notes 7-11, in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County was 2.8 percent (June 2023), which is a small decrease from the rate of 2.9 percent a year ago (June 2022). The rate still compares favorably to the state's average unemployment rate of 2.7 percent (June 2023) and the national average rate of 3.6 percent (June 2023). These rates were obtained from the U.S. Bureau of Labor Statistics and Virginia Employment Commission websites and are indicative of the continued rebound from the adverse effects of the Coronavirus Pandemic on local employment.
- Due to current housing market conditions and rising interest rates during a large part of FY23, the County incurred a decrease in building permit fees of 18.98% for fiscal year 2022-2023, reflective of continued growth. Conversely, the upturn in interest rates and the stock markets positively impacted the County's investment earnings.
- The 4-year real property reassessment became effective January 1, 2022 and reflected increases in property values from 2021. FY23 sustained additional real estate tax revenue based on levies for both collections dates within the year reflecting the increased assessments. Additionally, supply chain issues have negatively affected availability of new vehicles and consumer demand has increased property values of vehicles, leading to increased assessed values of personal property. These increased assessed values of real and personal property will positively impact the budgets for FY24 and subsequent years.
- Consumer spending remained relative constant as local sales tax saw a minor increase of 2.4% over the prior year (\$44,740 more than budgeted). Additionally, the County saw a substantial increase throughout the year in Transient Occupancy Tax, 42.0% higher revenue than FY22 (\$525,853 more than budgeted) and Meals tax, 11.9% higher revenue than FY22 (\$170,870 more than budgeted). The County continues to experience growth in the short-term rental market, and it is speculated that people living in outlying urban areas began to travel out to surrounding rural areas, in order to enjoy short vacations where they could be outdoors. This trend is expected to continue in FY24.
- A number of capital projects are planned for FY24, including: the acquisition of three sheriff's department vehicles, two emergency services vehicles, completion of the E-911 Microwave Network upgrade, and radio subscriber upgrade and installation.
- Effects of the Coronavirus Pandemic on the County's budget remain uncertain and will continue into FY24. The County will carry an additional \$2,894,977 in unspent ARPA funding forward to FY24.

All of these factors were considered in preparing the County's budget for the 2023-2024 fiscal year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Nelson's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Administrator, County of Nelson, Post Office Box 336, Lovingston, Virginia 22949.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
At June 30, 2023

	Component Units				
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 35,186,552	\$ 632,974	\$ 35,819,526	\$ 2,061,334	\$ 51,552
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,461,760	-	14,461,760	-	-
Accounts receivable	736,567	32,023	768,590	-	-
Notes receivable	372,563	-	372,563	-	-
Interest receivable	-	22,047	22,047	-	-
Leases receivable	62,628	2,067,345	2,129,973	-	-
Due from component unit	129,982	-	129,982	-	-
Due from other governmental units	1,854,503	-	1,854,503	876,703	-
Inventories	-	-	-	26,923	-
Prepaid items	15,346	-	15,346	432,157	-
Land held for resale	-	-	-	-	213,663
Capital assets (net of accumulated depreciation/amortization):					
Land and improvements	3,254,550	40,000	3,294,550	851,210	-
Buildings and improvements	23,695,643	-	23,695,643	16,810,327	-
Infrastructure and equipment	-	4,048,261	4,048,261	-	-
Machinery and equipment	2,382,832	-	2,382,832	1,767,688	-
Lease land improvements	-	231,819	231,819	-	-
Lease equipment	9,743	-	9,743	28,411	-
Construction in progress	513,788	-	513,788	-	-
Total assets	<u>\$ 82,676,457</u>	<u>\$ 7,074,469</u>	<u>\$ 89,750,926</u>	<u>\$ 22,854,753</u>	<u>\$ 265,215</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	\$ 54,732	\$ -	\$ 54,732	\$ -	\$ -
OPEB deferrals	254,289	-	254,289	428,022	-
Pension deferrals	788,358	-	788,358	3,391,906	-
Total deferred outflows of resources	<u>\$ 1,097,379</u>	<u>\$ -</u>	<u>\$ 1,097,379</u>	<u>\$ 3,819,928</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u>\$ 83,773,836</u>	<u>\$ 7,074,469</u>	<u>\$ 90,848,305</u>	<u>\$ 26,674,681</u>	<u>\$ 265,215</u>
LIABILITIES					
Accounts payable	\$ 713,046	\$ 10,264	\$ 723,310	\$ 330,554	\$ -
Accrued liabilities	-	-	-	1,100,570	-
Amounts held for others	303,271	-	303,271	-	-
Accrued interest payable	148,520	2,749	151,269	-	-
Due to primary government	-	-	-	129,982	-
Unearned revenue	2,894,977	-	2,894,977	854,407	-
Long-term liabilities:					
Due within one year	2,906,351	5,144	2,911,495	246,658	-
Due in more than one year	13,805,083	233,599	14,038,682	17,214,053	-
Total liabilities	<u>\$ 20,771,248</u>	<u>\$ 251,756</u>	<u>\$ 21,023,004</u>	<u>\$ 19,876,224</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - taxes	\$ 12,337,272	\$ -	\$ 12,337,272	\$ -	\$ -
Lease deferrals	61,027	2,013,517	2,074,544	-	-
Items related to measurement of net OPEB liability	235,189	-	235,189	589,593	-
Items related to measurement of net pension liability	1,019,178	-	1,019,178	3,706,593	-
Total deferred inflows of resources	<u>\$ 13,652,666</u>	<u>\$ 2,013,517</u>	<u>\$ 15,666,183</u>	<u>\$ 4,296,186</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 15,839,039	\$ 4,081,337	\$ 19,920,376	\$ 18,560,069	\$ -
Restricted:					
Unrestricted (deficit)	33,510,883	727,859	34,238,742	(16,057,798)	265,215
Total net position	<u>\$ 49,349,922</u>	<u>\$ 4,809,196</u>	<u>\$ 54,159,118</u>	<u>\$ 2,502,271</u>	<u>\$ 265,215</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 83,773,836</u>	<u>\$ 7,074,469</u>	<u>\$ 90,848,305</u>	<u>\$ 26,674,681</u>	<u>\$ 265,215</u>

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

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,958,355	\$ -	\$ 302,370	\$ -
Judicial administration	1,318,116	217,100	701,538	-
Public safety	6,754,529	380,010	1,471,096	-
Public works	2,652,732	214,819	9,966	-
Health and welfare	5,421,109	-	3,068,015	-
Education	18,291,689	-	-	-
Parks, recreation, and cultural	958,260	42,854	35,684	-
Community development	1,113,555	409	290,000	-
Interest on long-term debt	447,933	-	-	-
Total governmental activities	\$ 39,916,278	\$ 855,192	\$ 5,878,669	\$ -
Business-type activities:				
Piney River Water & Sewer	460,835	193,289	-	-
Nelson County Broadband Authority	36,355	132,729	-	-
Total primary government	\$ 40,413,468	\$ 1,181,210	\$ 5,878,669	\$ -
COMPONENT UNITS:				
School Board	\$ 32,816,289	\$ 148,740	\$ 16,679,890	\$ -
Nelson County Economic Development Authority	38,979	-	-	-
Total component units	\$ 32,855,268	\$ 148,740	\$ 16,679,890	\$ -

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

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ (2,655,985)	\$ -	\$ (2,655,985)		
Judicial administration	(399,478)	-	(399,478)		
Public safety	(4,903,423)	-	(4,903,423)		
Public works	(2,427,947)	-	(2,427,947)		
Health and welfare	(2,353,094)	-	(2,353,094)		
Education	(18,291,689)	-	(18,291,689)		
Parks, recreation, and cultural	(879,722)	-	(879,722)		
Community development	(823,146)	-	(823,146)		
Interest on long-term debt	(447,933)	-	(447,933)		
Total governmental activities	\$ (33,182,417)	\$ -	\$ (33,182,417)		
Business-type activities:					
Piney River Water & Sewer	-	(267,546)	(267,546)		
Nelson County Broadband Authority	-	96,374	96,374		
Total primary government	\$ (33,182,417)	\$ (171,172)	\$ (33,353,589)		
COMPONENT UNITS:					
School Board				\$ (15,987,659)	\$ -
Nelson County Economic Development Authority				-	(38,979)
Total component units				\$ (15,987,659)	\$ (38,979)
General revenues:					
General property taxes	\$ 26,862,656	\$ -	\$ 26,862,656	\$ -	\$ -
Local sales and use taxes	2,088,077	-	2,088,077	-	-
Consumers' utility taxes	495,454	-	495,454	-	-
Meals taxes	1,341,263	-	1,341,263	-	-
Transient occupancy tax	1,675,984	-	1,675,984	-	-
Motor vehicle licenses	747,074	-	747,074	-	-
Other local taxes	576,506	-	576,506	-	-
Payment from County of Nelson	-	-	-	18,160,181	78,100
Unrestricted revenues from use of money and property	779,656	50,684	830,340	111	376
Miscellaneous	163,637	-	163,637	814,879	-
Grants and contributions not restricted to specific programs	2,363,410	-	2,363,410	-	-
Transfers	(76,442)	76,442	-	-	-
Total general revenues and transfers	\$ 37,017,275	\$ 127,126	\$ 37,144,401	\$ 18,975,171	\$ 78,476
Change in net position	\$ 3,834,858	\$ (44,046)	\$ 3,790,812	\$ 2,987,512	\$ 39,497
Net position - beginning, as restated	45,515,064	4,853,242	50,368,306	(485,241)	225,718
Net position - ending	\$ 49,349,922	\$ 4,809,196	\$ 54,159,118	\$ 2,502,271	\$ 265,215

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

Fund Financial Statements

Balance Sheet
 Governmental Funds
 At June 30, 2023

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets					
Cash and cash equivalents	\$ 31,228,860	\$ 3,237,412	\$ 720,230	\$ 50	\$ 35,186,552
Receivables (net of allowance):					
Property taxes receivable, net	14,461,760	-	-	-	14,461,760
Accounts receivable	736,567	-	-	-	736,567
Notes receivable	372,563	-	-	-	372,563
Lease receivable	62,628	-	-	-	62,628
Due from component unit	129,982	-	-	-	129,982
Due from other governmental units	1,854,503	-	-	-	1,854,503
Prepaid items	15,346	-	-	-	15,346
Total assets	<u>\$ 48,862,209</u>	<u>\$ 3,237,412</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 52,819,901</u>
Liabilities					
Accounts payable	\$ 713,046	\$ -	\$ -	\$ -	\$ 713,046
Unearned revenue	2,894,977	-	-	-	2,894,977
Amounts held for others	303,271	-	-	-	303,271
Total liabilities	<u>\$ 3,911,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,911,294</u>
Deferred Inflows of Resources					
Unavailable revenue - prepaid taxes	\$ 479,423	\$ -	\$ -	\$ -	\$ 479,423
Unavailable revenue - taxes	13,990,753	-	-	-	13,990,753
Unavailable revenue - opioid settlement	129,615	-	-	-	129,615
Lease deferrals	61,027	-	-	-	61,027
Total deferred inflows of resources	<u>\$ 14,660,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,660,818</u>
Fund balances					
Nonspendable	\$ 389,510	\$ -	\$ -	\$ -	\$ 389,510
Restricted	8,093	-	-	-	8,093
Committed	813,563	3,237,412	720,230	50	4,771,255
Unassigned	29,078,931	-	-	-	29,078,931
Total fund balances	<u>\$ 30,290,097</u>	<u>\$ 3,237,412</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 34,247,789</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,862,209</u>	<u>\$ 3,237,412</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 52,819,901</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 At June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 34,247,789

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land and improvements	\$	3,254,550	
Construction in progress		513,788	
Buildings and improvements, net of depreciation		20,974,243	
Equipment, net of depreciation		2,382,832	
Lease equipment, net of amortization		9,743	
School Board capital assets, net of depreciation		<u>2,721,400</u>	29,856,556

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

Unavailable revenue - property taxes	\$	2,132,904	
Unavailable revenue - opioid settlement		129,615	
Deferred outflows related to measurement of net OPEB liability		(235,189)	
Deferred outflows related to measurement of net pension liability		<u>(1,019,178)</u>	1,008,152

Long-term liabilities and related interest are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest on debt	\$	(148,520)	
Bonds and notes payable		(13,711,000)	
Bond premiums		(350,361)	
Lease liabilities		(10,888)	
Deferred charge on refunding		54,732	
Net pension liability		(1,196,302)	
Net OPEB liability		(1,048,750)	
Compensated absences		<u>(394,133)</u>	(16,805,222)

Deferred outflows - OPEB deferrals 254,289

Deferred outflows - pension deferrals 788,358

Net position of governmental activities \$ 49,349,922

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 26,819,120	\$ -	\$ -	\$ -	26,819,120
Other local taxes	6,924,358	-	-	-	6,924,358
Permits, privilege fees, and regulatory licenses	366,434	-	-	-	366,434
Fines and forfeitures	202,375	-	-	-	202,375
Revenue from the use of money and property	779,656	-	-	-	779,656
Charges for services	286,383	-	-	-	286,383
Miscellaneous	200,132	-	-	-	200,132
Recovered costs	922,959	-	-	-	922,959
Intergovernmental:					
Revenue from the Commonwealth	7,127,588	-	-	-	7,127,588
Revenue from the Federal Government	1,114,491	-	-	-	1,114,491
Total revenues	\$ 44,743,496	\$ -	\$ -	\$ -	44,743,496
Expenditures					
Current:					
General government administration	\$ 2,195,999	\$ -	\$ -	\$ -	2,195,999
Judicial administration	1,277,690	-	-	-	1,277,690
Public safety	6,830,742	-	-	-	6,830,742
Public works	2,421,125	-	-	-	2,421,125
Health and welfare	5,584,969	-	-	-	5,584,969
Education	17,154,689	-	-	-	17,154,689
Parks, recreation, and cultural	641,101	-	-	-	641,101
Community development	1,119,088	-	-	-	1,119,088
Nondepartmental	669,700	-	-	-	669,700
Capital projects	4,304,436	-	-	-	4,304,436
Debt service:					
Principal retirement	-	2,847,000	-	-	2,847,000
Interest and other fiscal charges	85,260	478,283	-	-	563,543
Total expenditures	\$ 42,284,799	\$ 3,325,283	\$ -	\$ -	45,610,082
Excess (deficiency) of revenues over (under) expenditures	\$ 2,458,697	\$ (3,325,283)	\$ -	\$ -	(866,586)
Other financing sources (uses)					
Transfers in	\$ -	\$ 6,341,318	\$ -	\$ -	6,341,318
Transfers out	(6,417,760)	-	-	-	(6,417,760)
Issuance of long-term debt	2,600,000	-	-	-	2,600,000
Total other financing sources (uses)	\$ (3,817,760)	\$ 6,341,318	\$ -	\$ -	2,523,558
Net change in fund balances	\$ (1,359,063)	\$ 3,016,035	\$ -	\$ -	1,656,972
Fund balance, beginning of year	31,649,160	221,377	720,230	50	32,590,817
Fund balance, end of year	\$ 30,290,097	\$ 3,237,412	\$ 720,230	\$ 50	\$ 34,247,789

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

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, 2023

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

Net change in fund balances - total governmental funds - Exhibit 5 \$ 1,656,972

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/ amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the current period.

Capital asset additions	\$ 4,006,974	
Depreciation/amortization expense	<u>(1,658,094)</u>	2,348,880

Governmental funds do not report capital assets or the related accumulated depreciation; therefore, no loss is recognized when a net capital asset is retired. A loss on retirement is recorded in the statement of activities. (39,680)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board (1,007,600)

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

Unearned revenue - property taxes	\$ 43,536	
Unavailable revenue - opioid settlement	(36,495)	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	62,744	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	<u>1,489,572</u>	1,559,357

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.

Debt issued:		
Issuance of bond anticipation note	\$ (2,600,000)	
Repayments:		
Lease revenue refunding bonds	\$ 777,000	
Less: Amortization of deferred charge on refunding	(23,316)	
General obligation school bonds	1,055,000	
Plus: Amortization of issuance premium	8,127	
Lease revenue bonds	600,000	
Plus: Amortization of issuance premium	69,695	
Infrastructure revenue bonds	415,000	
Plus: Amortization of issuance premium	53,522	
Lease liabilities	<u>5,742</u>	
Net adjustment		360,770

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.

Compensated absences	\$ 95,009	
Decrease (increase) in net OPEB liability	(97,336)	
Decrease (increase) in net pension liability	(766,788)	
(Decrease) increase in deferred outflows related to pensions	36,255	
(Decrease) increase in deferred outflows related to OPEB	(318,563)	
Accrued interest payable	<u>7,582</u>	<u>(1,043,841)</u>

Change in net position of governmental activities \$ 3,834,858

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2023

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 283,632	\$ 349,342	\$ 632,974
Accounts receivable, net	28,835	3,188	32,023
Accrued interest receivable	-	22,047	22,047
Lease receivable, current portion	-	67,165	67,165
Total current assets	<u>\$ 312,467</u>	<u>\$ 441,742</u>	<u>\$ 754,209</u>
Noncurrent assets:			
Capital Assets:			
Land	\$ 40,000	\$ -	\$ 40,000
Other capital assets, net of accumulated depreciation	3,860,244	188,017	4,048,261
Lease land improvements, net of accumulated amortization	-	231,819	231,819
Total capital assets	<u>\$ 3,900,244</u>	<u>\$ 419,836</u>	<u>\$ 4,320,080</u>
Lease receivable, net of current portion	-	2,000,180	2,000,180
Total noncurrent assets	<u>\$ 3,900,244</u>	<u>\$ 2,420,016</u>	<u>\$ 6,320,260</u>
Total assets	<u>\$ 4,212,711</u>	<u>\$ 2,861,758</u>	<u>\$ 7,074,469</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 7,083	\$ 3,181	\$ 10,264
Accrued interest payable	-	2,749	2,749
Current portion of lease liability	-	5,144	5,144
Total current liabilities	<u>\$ 7,083</u>	<u>\$ 11,074</u>	<u>\$ 18,157</u>
Long-term liabilities			
Lease liability, net of current portion	\$ -	\$ 233,599	\$ 233,599
Total long-term liabilities	<u>\$ -</u>	<u>\$ 233,599</u>	<u>\$ 233,599</u>
Total liabilities	<u>\$ 7,083</u>	<u>\$ 244,673</u>	<u>\$ 251,756</u>
Deferred Inflows of Resources:			
Lease deferrals	\$ -	\$ 2,013,517	\$ 2,013,517
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 2,013,517</u>	<u>\$ 2,013,517</u>
Net Position:			
Net Investment in capital assets	\$ 3,900,244	\$ 181,093	\$ 4,081,337
Unrestricted	<u>305,384</u>	<u>422,475</u>	<u>727,859</u>
Total net position	<u>\$ 4,205,628</u>	<u>\$ 603,568</u>	<u>\$ 4,809,196</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Operating revenues:			
Charges for services, net	\$ 193,289	\$ 132,729	\$ 326,018
Total operating revenues	<u>\$ 193,289</u>	<u>\$ 132,729</u>	<u>\$ 326,018</u>
Operating expenses:			
Water & sewer service	\$ 35,346	\$ -	\$ 35,346
Maintenance & repairs	177,753	-	177,753
Other charges	21,102	11,958	33,060
Depreciation/amortization expense	226,634	24,397	251,031
Total operating expenses	<u>\$ 460,835</u>	<u>\$ 36,355</u>	<u>\$ 497,190</u>
Operating income (loss)	<u>\$ (267,546)</u>	<u>\$ 96,374</u>	<u>\$ (171,172)</u>
Nonoperating revenues (expenses):			
Interest revenue	\$ -	\$ 50,684	\$ 50,684
Contribution to industry	-	-	-
Net nonoperating expense	<u>\$ -</u>	<u>\$ 50,684</u>	<u>\$ 50,684</u>
Income(loss) before transfers	<u>\$ (267,546)</u>	<u>\$ 147,058</u>	<u>\$ (120,488)</u>
Transfers:			
Transfers in	\$ 76,442	\$ -	\$ 76,442
Total transfers	<u>\$ 76,442</u>	<u>\$ -</u>	<u>\$ 76,442</u>
Change in net position	<u>\$ (191,104)</u>	<u>\$ 147,058</u>	<u>\$ (44,046)</u>
Net position, beginning of year, as restated	<u>4,396,732</u>	<u>456,510</u>	<u>4,853,242</u>
Net position, end of year	<u>\$ 4,205,628</u>	<u>\$ 603,568</u>	<u>\$ 4,809,196</u>

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Cash flows from operating activities			
Receipts from customers	\$ 195,177	\$ 107,965	\$ 303,142
Payments to suppliers	(246,951)	(18,245)	(265,196)
Net cash provided by (used for) operating activities	\$ (51,774)	\$ 89,720	\$ 37,946
Cash flows from capital and related financing activities			
Purchases of capital assets	\$ (31,885)	\$ (10,558)	\$ (42,443)
Retirement of indebtedness	-	(5,028)	(5,028)
Net cash provided by (used for) capital and related financing activities	\$ (31,885)	\$ (15,586)	\$ (47,471)
Cash flows from noncapital financing activities			
Transfers from local government	\$ 76,442	-	\$ 76,442
Net cash provided by (used for) noncapital financing activities	\$ 76,442	-	\$ 76,442
Cash flows from investing activities			
Interest received	\$ -	\$ 51,288	\$ 51,288
Net increase (decrease) in cash and cash equivalents	\$ (7,217)	\$ 125,422	\$ 118,205
Cash and cash equivalents, beginning of year	290,849	223,920	514,769
Cash and cash equivalents, end of year	\$ 283,632	\$ 349,342	\$ 632,974
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (267,546)	\$ 96,374	\$ (171,172)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	226,634	24,397	251,031
Changes in assets and liabilities:			
Accounts receivable	1,888	12,531	14,419
Lease receivable		81,211	81,211
Prepaid expenses	-	2,219	2,219
Accounts payable	(12,750)	(8,448)	(21,198)
Accrued interest payable	-	(58)	(58)
Lease deferrals		(118,506)	(118,506)
Net cash provided by (used for) operating activities	\$ (51,774)	\$ 89,720	\$ 37,946

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

Statement of Fiduciary Net Position - Fiduciary Fund
 At June 30, 2023

	<u>Custodial Fund</u>
	<u>Special Welfare Fund</u>
Assets:	
Cash and cash equivalents	\$ <u>39,037</u>
Total assets	\$ <u><u>39,037</u></u>
Net Position:	
Restricted for:	
Social services clients	\$ <u>39,037</u>
Total net position	\$ <u><u>39,037</u></u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
 For the Year Ended June 30, 2023

	<u>Custodial Fund</u>	<u>Special Welfare Fund</u>
Additions:		
Private contributions	\$ 7,184	
Total additions	\$ 7,184	
Deductions:		
Recipient payments	\$ 12,289	
Total deductions	\$ 12,289	
Change in fiduciary net position	\$ (5,105)	
Net position - beginning	44,142	
Net position - ending	\$ 39,037	

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Nelson (the County), located in central Virginia and bordered by the counties of Augusta, Rockbridge, Amherst, Appomattox, Buckingham, and Albemarle, was founded in 1807. The County has a population of 14,790 and land area of 471 square miles.

The County is governed under the County Administrator – Board of Supervisors form of government. Nelson County engages in a comprehensive range of municipal services, including general government administration; public safety and administration of justice; education; health, welfare, and human service programs; planning and community development; and recreation and cultural activities.

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

A. Management's Discussion and Analysis

Financial statements must 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). This analysis is similar to the analysis the private sector provides in their annual reports.

B. Financial Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Blended Component Units – Nelson County Broadband Authority – The Nelson County Broadband Authority serves all the citizens of the government and is governed by a board comprised of the government's elected supervisors. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a fiscal year which ends June 30. The Authority is presented as an enterprise fund in the County's financial statements for the fiscal year ended June 30, 2023.

Discretely Presented Component Units – The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Nelson County School Board is responsible for elementary and secondary education within the County. The members of the governing board are elected by the County voters. The School Board is fiscally dependent upon the County because the County's Board of Supervisors approves the School Board budget, provides substantial funding for operations and must approve any debt issuance. The Nelson County School Board does not prepare separate financial statements.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Financial Reporting Entity: (Continued)

The Economic Development Authority of Nelson County, Virginia was created to issue industrial development revenue bonds for businesses located within the County. The Authority board members are appointed by the County Board of Supervisors. All debt issuances must be approved by the County Board of Supervisors and the County has incurred a moral obligation to provide funding for the payment of the Authority debt. The Authority is presented as a discretely presented component unit. The Economic Development Authority of Nelson County, Virginia does not prepare separate financial statements.

Related Organizations – The County’s officials are also responsible for appointing the members of boards of other organizations, but the County’s accountability for these organizations does not extend beyond making the Board appointment. The Nelson County Service Authority board members are appointed by the County Board of Supervisors. The County’s accountability for the Authority does not extend beyond making the appointments. The County appropriated \$156,000 to the Authority for operating grants for fire protection services in fiscal year 2023. The County also paid \$49,946 to the Authority for its share of the debt service of the Colleen water line. The Authority is not included in the reporting entity. A copy of the Authority’s financial statements can be obtained from the Authority administrative office located in Lovingston, Virginia.

Jointly Governed Organizations – The County appoints representative members of the governing bodies of the Jefferson-Madison Regional Library, the Region Ten Community Services Board, and the Thomas Jefferson Planning District Commission. The County does not retain ongoing financial interests in these organizations. During the year, the County contributed \$345,866 for operations to the Jefferson-Madison Regional Library, \$150,000 to the Region Ten Community Services Board, \$20,412 to the Thomas Jefferson Planning District Commission, \$1,175,278 to the Albemarle-Charlottesville Regional Jail Authority, and \$101,500 to the Jefferson Area Board for Aging.

In June 2008, the County entered into a Use Agreement with the Region 2000 Services Authority to make use of its facilities. The Region 2000 Services Authority was formed by five participating jurisdictions to operate solid waste disposal landfills. The operating and debt service costs of the Region 2000 Services Authority are funded through the charging of tipping fees. In 2023, the County paid the Region 2000 Services Authority \$337,468 in tipping fees. See Note 22 for further discussion of the Use Agreement.

C. Government-wide and fund financial statements

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.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and fund financial statements: (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

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

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

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.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. 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 are recorded only when payment is due.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

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 revenue 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 in the month 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.

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

The following is a brief description of the specific funds used by the County in fiscal year 2023.

1. Governmental Funds:

- a. General Fund: The General Fund is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in another fund. The General Fund is considered a major fund for financial reporting purposes.
- b. Debt Service Fund: The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The Debt Service Fund is considered a major fund for financial reporting purposes.
- c. 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 Housing Improvement Fund which is considered a nonmajor fund for financial reporting purposes.
- d. Capital Projects Fund: The Capital Projects Fund accounts for and reports all financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund for financial reporting purposes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon the determination of net income, financial position, and changes in financial position.

Proprietary funds operating revenue consist of charges for services and related revenues. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating revenues consist of contributions, grants, investment earnings, and other revenues not directly derived from the providing of services.

Proprietary Funds consist of the Piney River Water & Sewer Fund and the Nelson County Broadband Authority. The Piney River Water & Sewer Fund and the Nelson County Broadband Authority are Enterprise Funds. An Enterprise Fund is a proprietary fund that accounts for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services.

3. Fiduciary Funds (Trust and Custodial Funds):

Fiduciary Funds (Trust and Custodial Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds.

Custodial Funds are custodial in nature and do not present results of operations. Custodial Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in a custodial capacity. The Custodial Fund consists of the Special Welfare Fund.

The County has no Trust Funds.

4. Component Units:

a. Nelson County School Board: The Nelson County School Board has the following funds:

— Governmental Funds:

~ School Operating Fund – This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Nelson and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes. This fund also accounts for the operations of the School Board’s food service and textbook purchase programs.

~ School Activities Fund - This fund accounts for and reports the funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the schools involving personnel, students or property. The School Activities Fund is considered a major fund for financial reporting purposes.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

4. Component Units: (Continued)

- b. Economic Development Authority: The Economic Development Authority operates on a proprietary fund basis where revenues and expenditures are recognized on the accrual basis of accounting, where the measurement focus is on the determination of net income, financial position, and changes in financial position. The Economic Development Authority is an enterprise fund. Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services.

E. Cash and Cash Equivalents

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

F. Investments

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

G. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes. Personal property taxes are prorated based on the date property is located within the County. However, the value as of January 1 is used to compute the tax.

Real estate and personal property taxes are payable in semi-annual installments due June 5 and December 5.

H. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

H. Budgets and Budgetary Accounting: (Continued)

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

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

1. Prior to March 30, 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. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Housing Improvement Fund, the Piney River Water & Sewer Fund, the Capital Projects Fund, the Debt Service Fund, and the School Operating Fund.
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.
7. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2023, as adopted, appropriated and legally amended.

The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. If budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. Public hearings are required to amend the budget if amendments exceed 1% of the original adopted budget. There was no budget amendment during the year that exceeded the 1% limitation. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

I. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$223,061 at June 30, 2023. The allowance is comprised of property taxes, landfill fees, and sewer charges.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County, Component Unit School Board, and Component Unit Economic Development Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the County, Component Unit School Board, and Component Unit Economic Development Authority constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Furniture and other equipment	5 to 12 years
Lease equipment	2 to 5 years
Lease land improvements	36 years

K. Compensated Absences

The County and Component Unit School Board incur liabilities related to compensated absences (annual and sick leave benefits) when vested. Because the timing of the settlement of the liability related to compensated absences is not considered to be estimable, the entire amount of the liability has been classified as current in the government-wide financial statements.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or component unit activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported inclusive or 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.

N. Fund Equity

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to fund current expenditures with current revenues and the County's mission is to strive to maintain a diversified and stable revenue stream to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. The County's unassigned General Fund balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

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

Fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned fund balance – Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. **Fund Equity: (Continued)**

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The Board of Supervisors is authorized to assign amounts for specific purposes. The Board of Supervisors is also authorized to commit amounts for specific purposes. The following is detail of the County’s Fund Balances:

Category	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Primary Government	Component Unit School Board
Nonspendable:						
Prepaid items	\$ 15,346	\$ -	\$ -	\$ -	\$ 15,346	\$ 432,157
Net lease receivable	1,601	-	-	-	1,601	-
Notes receivable	372,563	-	-	-	372,563	-
Inventory	-	-	-	-	-	26,923
Total Nonspendable	\$ 389,510	\$ -	\$ -	\$ -	\$ 389,510	\$ 459,080
Restricted:						
Opioid Settlement	\$ 8,093	\$ -	\$ -	\$ -	\$ 8,093	\$ -
Total Restricted	\$ 8,093	\$ -	\$ -	\$ -	\$ 8,093	\$ -
Committed:						
Ryan School Reserve	\$ 39,455	\$ -	\$ -	\$ -	\$ 39,455	\$ -
Reassessment	85,223	-	-	-	85,223	-
Emergency Services	688,885	-	-	-	688,885	-
Debt Service	-	3,237,412	-	-	3,237,412	-
Community Development	-	-	-	50	50	-
School Activity	-	-	-	-	-	311,788
Textbooks	-	-	-	-	-	399,709
Cafeteria	-	-	-	-	-	243,184
Capital Projects	-	-	720,230	-	720,230	-
Total Committed	\$ 813,563	\$ 3,237,412	\$ 720,230	\$ 50	\$ 4,771,255	\$ 954,681
Unassigned	\$ 29,078,931	\$ -	\$ -	\$ -	\$ 29,078,931	\$ (432,157)
Total Fund Balance	\$ 30,290,097	\$ 3,237,412	\$ 720,230	\$ 50	\$ 34,247,789	\$ 981,604

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

O. Net Position

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

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

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund 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.

P. Inventory

Inventory is stated at the lesser of cost or fair market value. Cost is calculated on a first in, first out basis.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net assets. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items to pension and OPEB. For more detailed information on these items, reference the related notes.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. 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 multiple 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 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases and Opioid Settlements are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

S. 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 Plans 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.

T. Other Postemployment Benefits (OPEB)

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

U. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

U. Leases: (Continued)

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The County does not have a written investment policy but follows state guidelines.

Custodial Credit Risk (Investments)

The County’s investments at June 30, 2023 were held in the County’s name by the County’s custodial banks.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
Primary Government	
Rated Debt Investments	Fair Quality Ratings
AAAm	
Virginia Investment Pool	\$ 6,370,463
Local Government Investment Pool	11,973,531
Total	\$ 18,343,994
Component Unit -- Economic Development Authority	
Rated Debt Investments	Fair Quality Ratings
AAAm	
Local Government Investment Pool	\$ 9,823

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Investment maturities in years:

Investment Maturities (in years)			
Local Government			
Investment Type	Fair Value	Less than 1 Year	1 to 5 Years
Certificates of Deposit	\$ 2,804,794	\$ 734,180	\$ 2,070,614
Virginia Investment Pool	6,370,463	6,370,463	-
Local Government Investment Pool	11,983,354	11,983,354	-
Total	\$ 21,158,611	\$ 19,087,997	\$ 2,070,614

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pool:

The fair values of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3—RECEIVABLES:

Receivables at June 30, 2023 consist of the following:

	<u>Primary Government</u>			
	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>General Fund</u>	<u>Business-type Activities</u>	<u>School Board</u>	<u>Economic Development Authority</u>
Property taxes	\$ 14,643,776	\$ -	\$ -	\$ -
Penalties	36,032	-	-	-
Utility taxes	48,017	-	-	-
Recordation taxes and court fees	51,430	-	-	-
Lodging fees	139,460	-	-	-
Meals taxes	167,706	-	-	-
Landfill fees	21,183	-	-	-
EMS revenue recovery	119,832	-	-	-
Note receivable	372,563	-	-	-
Opioid settlement	137,708	-	-	-
Sewer charges	-	67,603	-	-
Broadband charges	-	92,400	-	-
Other	17,476	-	-	-
Total receivables	\$ 15,755,183	\$ 160,003	\$ -	\$ -
Allowance for uncollectibles	(184,293)	(38,768)	-	-
Net receivables	<u>\$ 15,570,890</u>	<u>\$ 121,235</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government			Component Unit
	Governmental Activities			School Board
	General Fund	Other Governmental Funds	Total	
Commonwealth of Virginia:				
Local sales taxes	\$ 329,209	\$ -	\$ 329,209	-
State sales taxes	-	-	-	367,479
Personal property tax relief act	734,930	-	734,930	-
Comprehensive Services Act	285,834	-	285,834	-
Public assistance	38,908	-	38,908	-
Communications tax	52,197	-	52,197	-
Game of skill tax	-	-	-	-
Rolling stock tax	102,959	-	102,959	-
Shared expenses and grants	141,642	-	141,642	-
Other	85,593	-	85,593	4,598
Federal government:				
Public assistance	62,950	-	62,950	-
Other	20,281	-	20,281	-
Federal pass-through school funds	-	-	-	504,626
Total	\$ 1,854,503	\$ -	\$ 1,854,503	\$ 876,703

NOTE 5—INTERFUND ACTIVITY:

Primary Government:

Transfers To/From Other Funds:

Transfer to the Debt Service Fund to pay principal and interest on long-term debt	\$ (6,341,318)
Transfer to the Piney River Water & Sewer fund	<u>(76,442)</u>
Net transfers to/from General Fund	<u>\$ (6,417,760)</u>
Transfer from the General Fund to pay principal and interest on long-term debt	<u>\$ 6,341,318</u>
Net transfers to Debt Service Fund	<u>\$ 6,341,318</u>
Transfer from the General Fund to support operations	<u>\$ 76,442</u>
Net transfers to the Piney River Water & Sewer Fund	<u>\$ 76,442</u>

The component unit School Board consists of only one fund.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 6—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

**Primary Government:
Governmental Activities:**

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 694,107	\$ 2,560,443	\$ -	\$ 3,254,550
Construction in progress	-	513,788		513,788
Total capital assets not being depreciated/amortized	<u>\$ 694,107</u>	<u>\$ 3,074,231</u>	<u>\$ -</u>	<u>\$ 3,768,338</u>
Other capital assets:				
Buildings and improvements	\$ 30,148,073	\$ 5,975	\$ 39,680	\$ 30,114,368
Furniture, equipment and vehicles	10,438,215	926,768	210,056	11,154,927
Lease equipment	23,275	-	-	23,275
School buildings, improvements and equipment *	<u>7,008,000</u>	<u>-</u>	<u>1,832,000</u>	<u>5,176,000</u>
Total other capital assets	<u>\$ 47,617,563</u>	<u>\$ 932,743</u>	<u>\$ 2,081,736</u>	<u>\$ 46,468,570</u>
Accumulated depreciation/amortization				
Buildings and improvements ^	\$ 8,327,687	\$ 812,438	\$ -	\$ 9,140,125
Furniture, equipment and vehicles ^	8,272,661	709,490	210,056	8,772,095
Lease equipment	6,766	6,766	-	13,532
School buildings, improvements and equipment *	<u>3,149,600</u>	<u>129,400</u>	<u>824,400</u>	<u>2,454,600</u>
Total accumulated depreciation/amortization	<u>\$ 19,756,714</u>	<u>\$ 1,658,094</u>	<u>\$ 1,034,456</u>	<u>\$ 20,380,352</u>
Other capital assets, net	<u>\$ 27,860,849</u>	<u>\$ (725,351)</u>	<u>\$ 1,047,280</u>	<u>\$ 26,088,218</u>
Net capital assets	<u>\$ 28,554,956</u>	<u>\$ 2,348,880</u>	<u>\$ 1,047,280</u>	<u>\$ 29,856,556</u>

^ Beginning balances have been restated for accumulated depreciation.

Depreciation/amortization expense was allocated as follows:

General government administration	\$ 511,531
Public safety	531,812
Public works	166,633
Health and welfare	14,735
Education	129,400
Parks, recreation and cultural	296,408
Community development	<u>7,575</u>
Total depreciation/amortization expense	<u>\$ 1,658,094</u>

* School Board capital assets are jointly owned by the County (primary government) and the Component Unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Primary Government:

Business-type Activities:

Piney River Water & Sewer

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 40,000	\$ -	\$ -	\$ 40,000
Total capital assets not being depreciated	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Other capital assets:				
Infrastructure	\$ 6,926,390	\$ 31,885	\$ -	\$ 6,958,275
Total other capital assets	<u>\$ 6,926,390</u>	<u>\$ 31,885</u>	<u>\$ -</u>	<u>\$ 6,958,275</u>
Accumulated depreciation				
Infrastructure ^	\$ 2,871,397	\$ 226,634	\$ -	\$ 3,098,031
Total accumulated depreciation	<u>\$ 2,871,397</u>	<u>\$ 226,634</u>	<u>\$ -</u>	<u>\$ 3,098,031</u>
Other capital assets, net	<u>\$ 4,054,993</u>	<u>\$ (194,749)</u>	<u>\$ -</u>	<u>\$ 3,860,244</u>
Net capital assets	<u>\$ 4,094,993</u>	<u>\$ (194,749)</u>	<u>\$ -</u>	<u>\$ 3,900,244</u>

^ Beginning balances have been restated for accumulated depreciation.

Nelson County Broadband Authority

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Other capital assets:				
Equipment	\$ 450,399	\$ 10,558	\$ -	\$ 460,957
Lease land improvements	251,549	-	-	251,549
Total other capital assets	<u>\$ 701,948</u>	<u>\$ 10,558</u>	<u>\$ -</u>	<u>\$ 712,506</u>
Accumulated depreciation/amortization				
Equipment	\$ 258,408	\$ 14,532	\$ -	\$ 272,940
Lease land improvements	9,865	9,865	-	19,730
Total accumulated depreciation/amortization	<u>\$ 268,273</u>	<u>\$ 24,397</u>	<u>\$ -</u>	<u>\$ 292,670</u>
Other capital assets, net	<u>\$ 433,675</u>	<u>\$ (13,839)</u>	<u>\$ -</u>	<u>\$ 419,836</u>
Net capital assets	<u>\$ 433,675</u>	<u>\$ (13,839)</u>	<u>\$ -</u>	<u>\$ 419,836</u>

Reconciliation of primary government (business type activities) net position-net investment in capital assets.

Net capital assets	\$ 4,320,080
Less: Long-term debt applicable to capital assets at June 30, 2023	<u>238,743</u>
Net position investment in capital assets	<u>\$ 4,081,337</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 851,210	\$ -	\$ -	\$ 851,210
Total capital assets not being depreciated/amortized	<u>\$ 851,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,210</u>
Other capital assets:				
Buildings and improvements	\$ 48,785,416	\$ 415,283	\$ -	\$ 49,200,699
Furniture, equipment and vehicles	6,327,029	458,474	346,514	6,438,989
Lease equipment	85,235	-	-	85,235
School buildings, improvements and equipment allocated to County *	<u>(7,008,000)</u>	<u>1,832,000</u>	<u>-</u>	<u>(5,176,000)</u>
Total other capital assets	<u>\$ 48,189,680</u>	<u>\$ 2,705,757</u>	<u>\$ 346,514</u>	<u>\$ 50,548,923</u>
Accumulated depreciation/amortization				
Buildings and improvements	\$ 28,365,469	\$ 1,303,503	\$ -	\$ 29,668,972
Furniture, equipment and vehicles	4,667,025	350,790	346,514	4,671,301
Lease equipment	28,412	28,412	-	56,824
School buildings, improvements and equipment allocated to County *	<u>(3,149,600)</u>	<u>(129,400)</u>	<u>(824,400)</u>	<u>(2,454,600)</u>
Total accumulated depreciation/amortization	<u>\$ 29,911,306</u>	<u>\$ 1,553,305</u>	<u>\$ (477,886)</u>	<u>\$ 31,942,497</u>
Other capital assets, net	<u>\$ 18,278,374</u>	<u>\$ 1,152,452</u>	<u>\$ 824,400</u>	<u>\$ 18,606,426</u>
Net capital assets	<u>\$ 19,129,584</u>	<u>\$ 1,152,452</u>	<u>\$ 824,400</u>	<u>\$ 19,457,636</u>
Depreciation/amortization expense allocated to education		<u>\$ 1,553,305</u>		

* School Board capital assets are jointly owned by the County (primary government) and the Component Unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

Reconciliation of primary government (governmental activities) net position-net investment in capital assets.

Net capital assets	\$ 29,856,556
Less: Long-term debt applicable to capital assets at June 30, 2023	<u>14,017,517</u>
Net position net investment in capital assets	<u>\$ 15,839,039</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt, and General Fund capital leases and compensated absences. School Fund revenues and appropriations from the General Fund are used to pay its compensated absences. Thus, all of the long-term debt obligations are reported as liabilities of the primary government.

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2023

	<u>Balance July 1, 2022</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2023</u>
Primary Government:				
Direct Borrowing and Direct Placements				
Governmental activities:				
Direct Borrowing and Direct Placements				
Lease revenue refunding bonds	\$ 4,843,000	\$ -	\$ 777,000	\$ 4,066,000
General obligation bonds:				
School	2,165,000	-	1,055,000	1,110,000
Premium on issuance	10,881	-	8,127	2,754
Virginia Resource Authority:				
Infrastructure Revenue bonds:				
General	4,155,000	-	600,000	3,555,000
Premium on issuance	291,767	-	69,695	222,072
Refunding Revenue bonds:				
General	2,795,000	-	415,000	2,380,000
Premium on issuance	179,057	-	53,522	125,535
Bond anticipation note	-	2,600,000	-	2,600,000
Lease liabilities	16,630	-	5,742	10,888
Other long-term obligations				
Compensated absences	489,142	48,914	143,923	394,133
Net OPEB liability:				
Net Health Insurance OPEB liability	679,789	166,159	74,381	771,567
Net Group Life Insurance OPEB liability	271,625	161,671	156,113	277,183
Total Net OPEB liability	\$ 951,414	\$ 327,830	\$ 230,494	\$ 1,048,750
Net pension liability	429,514	2,072,412	1,305,624	1,196,302
Total	<u>\$ 16,326,405</u>	<u>\$ 5,049,156</u>	<u>\$ 4,664,127</u>	<u>\$ 16,711,434</u>

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 2,906,351
Long-term liabilities due in more than one year	<u>13,805,083</u>
Total	<u>\$ 16,711,434</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Annual requirements to amortize bonds, loans and related interest are as follows:

Year Ending June 30,	Governmental Activities			
	Direct Borrowing and Direct Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 2,757,000	\$ 408,368	\$ 4,612	\$ 108
2025	1,702,000	326,105	4,034	58
2026	1,767,000	271,911	2,242	15
2027	1,826,000	215,944	-	-
2028	4,479,000	116,584	-	-
2029-2033	1,180,000	52,781	-	-
Total	\$ 13,711,000	\$ 1,391,693	\$ 10,888	\$ 181

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Governmental activities:		
<u>General Obligation School Bonds:</u>		
\$14,280,000 School Bonds, 2003, issued November 2003, due in various installments of \$420,000 to \$1,110,000 through January 2024, interest rates from 3.1% to 5.35%.	\$ 1,110,000	\$ 1,110,000
Unamortized premium on issuance of 2003 School Bonds	2,754	2,754
Total general obligation school bonds	\$ 1,112,754	\$ 1,112,754
<u>Lease Revenue Refunding Bonds:</u>		
\$5,482,000 Lease Revenue Refunding Bonds Series 2021, issued April 2021, due in various semi-annual installments ranging from \$639,000 to \$839,000, through August 2027, interest rates at 1.43%.	\$ 4,066,000	\$ 782,000
Total lease revenue refunding bonds	\$ 4,066,000	\$ 782,000

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)Details of Long-term Indebtedness: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Governmental activities: (Continued)		
<u>VRA Refunding Revenue Bonds:</u>		
\$7,305,000 Refunding Revenue Bonds Series 2013A, issued June 5, 2013, payable in various annual installments through October 1, 2027; Interest payable semiannually at rates ranging from 2.017% to 4.13%.	\$ 2,380,000	\$ 435,000
Unamortized premium on issuance of 2013 VRA Bonds	<u>125,535</u>	<u>44,043</u>
Total VRA refunding revenue bonds	<u>\$ 2,505,535</u>	<u>\$ 479,043</u>
<u>Virginia Resource Authority Infrastructure Revenue Bonds:</u>		
\$3,590,000 issued November 18, 2015 due in various installments of principal and interest through October 2030, interest payable semi-annually ranging from 3.096% to 5.125%.	\$ 2,225,000	\$ 235,000
Unamortized premium	128,866	31,079
\$2,025,000 Revenue Bonds Series 2018C, issued October, 2018, payable in various annual installments through October 1, 2028; Interest payable semiannually at rates ranging from 2.06% to 5.125%.	1,330,000	195,000
Unamortized premium	<u>93,206</u>	<u>27,450</u>
Total Virginia Resource Authority Infrastructure Revenue Bonds	<u>\$ 3,777,072</u>	<u>\$ 488,529</u>
<u>Bond Anticipation Note:</u>		
\$2,600,000 Lease Revenue Bond Anticipation Note, Series 2022, issued October, 2022, payable in one lump sum of \$2,600,000 on June 30, 2028. Interest payable annually at 3.12%.	<u>\$ 2,600,000</u>	<u>\$ -</u>
	<u>\$ 14,061,361</u>	<u>\$ 2,862,326</u>
<u>Lease Liabilities:</u>		
Various leases for office equipment, payable in monthly payments ranging from \$103 to \$204 through April 2026. The discount rates used vary from 0.751% to 1.335%.	<u>\$ 10,888</u>	<u>\$ 4,612</u>
Compensated absences	<u>\$ 394,133</u>	<u>\$ 39,413</u>
Net OPEB liability	<u>\$ 1,048,750</u>	<u>\$ -</u>
Net pension liability	<u>\$ 1,196,302</u>	<u>\$ -</u>
Total governmental activities obligations	<u>\$ 16,711,434</u>	<u>\$ 2,906,351</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

The following is a summary of long-term obligations transactions of the Nelson County Broadband Authority for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements & Other Reductions</u>	<u>Balance June 30, 2023</u>
Nelson County Broadband Authority				
Lease liability	\$ 243,771	\$ -	\$ 5,028	\$ 238,743
Total	<u>\$ 243,771</u>	<u>\$ -</u>	<u>\$ 5,028</u>	<u>\$ 238,743</u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 5,144
Long-term liabilities due in more than one year				<u>233,599</u>
Total				<u>\$ 238,743</u>

Annual requirements to lease liabilities and related interest are as follows:

	<u>Year Ending June 30,</u>	<u>Lease Liability</u>	
		<u>Principal</u>	<u>Interest</u>
2024	\$ 5,144	\$ 5,530	
2025	5,263	5,411	
2026	5,385	5,289	
2027	6,791	5,164	
2028	6,948	5,007	
2029-2033	40,132	22,511	
2034-2038	52,861	17,299	
2039-2043	68,078	10,501	
2044-2048	48,141	2,245	
Total	<u>\$ 238,743</u>	<u>\$ 78,957</u>	

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Business-type Activities: Nelson County Broadband Authority		
<u>Lease Liabilities:</u>		
Lease agreement for a cell tower due in \$10,674 monthly payments. Starting on January 1, 2027, the monthly payments will increase by 12%, and they will continue increasing 12% every five years until the lease ends on December 31, 2046. Discount rate at 2.292%.	\$ 238,743	\$ 5,144
Total Nelson County Broadband Authority long-term obligations	<u>\$ 238,743</u>	<u>\$ 5,144</u>

Federal Arbitrage Regulations:

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

The following is a summary of long-term obligations transactions of the School Board for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements & Other Reductions</u>	<u>Balance June 30, 2023</u>
Component Unit - School Board				
Compensated absences	\$ 366,205	\$ 105,932	\$ 36,621	\$ 435,516
Energy improvement loan	1,034,128	-	165,234	868,894
Lease liability	57,060	-	28,387	28,673
Net Pension liability	10,089,698	10,143,630	7,860,885	12,372,443
Net OPEB liability:				
Net Health Insurance OPEB liability	1,121,280	119,986	103,980	1,137,286
Net Group Life Insurance OPEB liability	726,157	451,168	437,889	739,436
Net Health Insurance Credit OPEB liability	1,878,151	510,403	510,091	1,878,463
Total Net OPEB liability	<u>\$ 3,725,588</u>	<u>\$ 1,081,557</u>	<u>\$ 1,051,960</u>	<u>\$ 3,755,185</u>
Total	<u>\$ 15,272,679</u>	<u>\$ 11,331,119</u>	<u>\$ 9,143,087</u>	<u>\$ 17,460,711</u>

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 246,658
Long-term liabilities due in more than one year	<u>17,214,053</u>
Total	<u>\$ 17,460,711</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Federal Arbitrage Regulations: (Continued)

Annual requirements to amortize the energy improvements lease are as follows:

Year Ending June 30,	Energy Improvement Loan		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 174,433	\$ 17,749	\$ 28,673	\$ 156
2025	184,000	13,947	-	-
2026	193,948	9,938	-	-
2027	204,289	5,713	-	-
2028	112,224	1,206	-	-
Total	\$ <u>868,894</u>	\$ <u>48,553</u>	\$ <u>28,673</u>	\$ <u>156</u>

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Component Unit - School Board		
<u>Energy Improvement Loan:</u>		
\$2,162,010 equipment purchase agreement for energy improvements dated April 15, 2013. The lease is to be repaid in annual installments ranging from \$71,500 on October 15, 2013 to \$113,431 on October 15, 2027. Interest charged at a rate of 2.15%. Energy improvements of \$2,153,960 are included in buildings and improvements at year end.	\$ <u>868,894</u>	\$ <u>174,433</u>
<u>Lease Liabilities:</u>		
Lease agreement for ten copiers, payable in \$2,402 monthly payments through June 30, 2024. Discount rate at 1.003%.	\$ <u>28,673</u>	\$ <u>28,673</u>
Compensated absences	\$ <u>435,516</u>	\$ <u>43,552</u>
Net pension liability	\$ <u>12,372,443</u>	\$ <u>-</u>
Net OPEB liability	\$ <u>3,755,185</u>	\$ <u>-</u>
Total School Board long-term obligations	\$ <u>17,460,711</u>	\$ <u>246,658</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—COMPENSATED ABSENCES:

The County and its components units have accrued the liability arising from all outstanding compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions.

The County's policy is to pay accrued vacation and compensatory time upon termination. Vacation time earned is limited to a maximum of 24 to 48 days, depending on years of service. Compensatory leave credits lapse after twelve months following the performance of work. School Board employees are paid a Per Diem Rate for up to 36 days depending on account balance of accrued vacation upon termination and $\frac{1}{4}$ of daily rate of pay per day up to a maximum of \$5,000 of sick leave. Social Services employees are paid up to a maximum of 24 to 54 days of accrued vacation upon termination. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or \$2,500.

NOTE 9—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the County/of Nelson, Virginia 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, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2021 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	82	71
Inactive members:		
Vested inactive members	18	13
Non-vested inactive members	37	21
Long term disability	-	2
Inactive members active elsewhere in VRS	55	12
Total inactive members	110	48
Active members	100	60
Total covered employees	<u>292</u>	<u>179</u>

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 11.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$540,209 and \$561,120 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 7.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$113,741 and \$89,357 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, 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, 2022.

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		**Expected arithmetic nominal return	7.83%

* The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 22,845,764	\$ 22,416,250	\$ 429,514
Changes for the year:			
Service cost	\$ 504,982	\$ -	\$ 504,982
Interest	1,533,599	-	1,533,599
Changes of assumptions	-	-	-
Differences between expected and actual experience	(516,482)	-	(516,482)
Contributions - employer	-	559,220	(559,220)
Contributions - employee	-	229,407	(229,407)
Net investment income	-	(19,818)	19,818
Benefit payments, including refunds of employee contributions	(1,261,514)	(1,261,514)	-
Administrative expenses	-	(14,013)	14,013
Other changes	-	515	(515)
Net changes	\$ 260,585	\$ (506,203)	\$ 766,788
Balances at June 30, 2022	\$ 23,106,349	\$ 21,910,047	\$ 1,196,302

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset): (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 8,599,625	\$ 9,092,732	\$ (493,107)
Changes for the year:			
Service cost	\$ 105,380	\$ -	\$ 105,380
Interest	569,924	-	569,924
Changes of assumptions	-	-	-
Differences between expected and actual experience	77,380	-	77,380
Contributions - employer	-	89,357	(89,357)
Contributions - employee	-	65,449	(65,449)
Net investment income	-	(3,403)	3,403
Benefit payments, including refunds of employee contributions	(523,364)	(523,364)	-
Administrative expenses	-	(5,751)	5,751
Other changes	-	205	(205)
Net changes	\$ 229,320	\$ (377,507)	\$ 606,827
Balances at June 30, 2022	\$ 8,828,945	\$ 8,715,225	\$ 113,720

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 4,007,240	\$ 1,196,302	\$ (1,111,721)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,088,366	\$ 113,720	\$ (697,271)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$134,088 and \$29,118, respectively. At June 30, 2023, 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	\$ -	\$ 373,277	\$ 42,775	\$ -
Change in assumptions	248,149	-	43,933	-
Net difference between projected and actual earnings on pension plan investments	-	645,901	-	273,264
Employer contributions subsequent to the measurement date	540,209	-	113,741	-
Total	<u>\$ 788,358</u>	<u>\$ 1,019,178</u>	<u>\$ 200,449</u>	<u>\$ 273,264</u>

\$540,209 and \$113,741 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 ended June 30, 2024. 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)
2024	\$ (228,650)	\$ (24,527)
2025	(410,614)	(102,664)
2026	(435,065)	(180,273)
2027	303,300	120,908
2028	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding 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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Board were \$2,027,544 and \$1,912,870 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$12,258,723 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .12876% as compared to .12997% at June 30, 2021.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—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, 2023, the school division recognized pension expense of \$190,312. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 845,287
Change in assumptions	1,155,751	-
Net difference between projected and actual earnings on pension plan investments	-	1,598,281
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,162	989,761
Employer contributions subsequent to the measurement date	<u>2,027,544</u>	<u>-</u>
Total	<u>\$ 3,191,457</u>	<u>\$ 3,433,329</u>

\$2,027,544 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 ended June 30, 2024. 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

2024	\$	(800,666)
2025		(911,489)
2026		(1,252,806)
2027		695,545
2028		-

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	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, 2022, NPL amounts for the total statewide VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 21,895,017	\$ 12,258,723	\$ 4,412,660

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

<u>VRS Pension Plans:</u>	<u>Primary Government</u>			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
Primary Government				
Primary Government	\$ 788,358	\$ 1,019,178	\$ 1,196,302	\$ 134,088
Totals	<u>\$ 788,358</u>	<u>\$ 1,019,178</u>	<u>\$ 1,196,302</u>	<u>\$ 134,088</u>
Component Unit School Board				
School Board Nonprofessional	\$ 200,449	\$ 273,264	\$ 113,720	\$ 29,118
School Board Professional	3,191,457	3,433,329	12,258,723	190,312
Totals	<u>\$ 3,391,906</u>	<u>\$ 3,706,593</u>	<u>\$ 12,372,443</u>	<u>\$ 219,430</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE:

County:

Plan Description

The County offers health insurance benefits to qualified retirees under a single-employer plan (the County Plan). Health benefits are for medical coverage only.

Eligible retirees under the age of 65 may choose one of the following health insurance options: (a) Key Advantage Expanded Benefits – PPO, or (b) Key Advantage 250 – PPO. An eligible retiree under the age of 65 may elect coverage for himself, for one dependent and himself, or for a family.

Eligible retirees 65 years or older may only participate in the Key Advantage 65 – PPO. An eligible retiree 65 years or older may elect coverage for himself, or for one dependent and himself.

The authority to establish and amend the benefit provisions of the County Plan rests with the County Board of Supervisors. There is no publicly available financial report for the County Plan.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Health insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. For eligible retirees, 100% of the nominal premium is the responsibility of the retiree.

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	100
Total retirees and spouses with coverage	<u>25</u>
Total	<u><u>125</u></u>

Contributions

The contribution requirements of plan members and the County are established and may be amended by the County Board of Supervisors. The County has not adopted a funding policy for the implicitly subsidized costs of the County Plan. The County Plan has no assets and is financed on a pay-as-you-go basis.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, calculated based on the discount rate and actuarial assumptions, then projected forward to the measurement date.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

County: (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Medical Trend Rate	6.20% - 3.90% over 50 years
Salary Increases	5.35% - 3.50% over 20 years
Discount Rate	3.65%

Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2022	\$	679,789
Changes for the year:		
Service cost		52,996
Interest		25,113
Gains or losses		88,050
Changes in assumptions		(27,181)
Benefit payments		(47,200)
Net changes		<u>91,778</u>
Balances at June 30, 2023	\$	<u><u>771,567</u></u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

County: (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 844,413	\$ 771,567	\$ 707,846

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

The following presents the total OPEB liability of the County, 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 was calculated using healthcare cost trend rates that are one percentage point lower (5.20-2.90% over 50 years) or one percentage point higher (7.20-4.90% over 50 years) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.20-2.90% over 50 years)	Healthcare Cost Trend (6.20-3.90% over 50 years)	1% Increase (7.20-4.90% over 50 years)
\$ 714,520	\$ 771,567	\$ 839,964

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

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$67,969. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,101	\$ 61,622
Changes in assumptions	24,156	114,438
Total	\$ 181,257	\$ 176,060

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

County: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (10,140)
2025	(10,140)
2026	(10,136)
2027	11,602
2028	11,563
Thereafter	12,448

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.

School Board:

Plan Description

The School Board offers health insurance benefits to qualified retirees under a single-employer plan (the School Board Plan). Health benefits include medical and life coverage.

Eligible retirees under the age of 65 may choose one of the following health insurance options: (a) Key Advantage 250, (b) Key Advantage 500, or (c) TLC HDHP.

An eligible retiree under the age of 65 may elect coverage for himself, for one dependent and himself, or for a family.

Eligible retirees 65 years or older may only participate in the Advantage 65 – PPO. An eligible retiree 65 years or older may elect coverage for himself, or for one dependent and himself.

The authority to establish and amend the benefit provisions of the School Plan rests with the School Board. There is no publicly available financial report for the School Plan.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. For eligible retirees, 100% of the nominal premium is the responsibility of the retiree.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	290
Total retirees and spouses with coverage	<u>11</u>
Total	<u><u>301</u></u>

Contributions

The contribution requirements of plan members and the School Board are established and may be amended by the School Board. The School Board has not adopted a funding policy for the implicitly subsidized costs of the School Plan. The School Plan has no assets and is financed on a pay-as-you-go basis.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, calculated based on the discount rate and actuarial assumptions, then projected forward to the measurement date.

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Medical Trend Rate	6.20% - 3.90% over 50 years
Salary Increases	5.35% - 3.50% over 20 years
Discount Rate	3.65%

Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	\$	1,121,280
Service cost		63,505
Interest		40,682
Difference between expected and actual experience		(32,253)
Changes in assumptions		15,799
Benefit payments		(71,727)
Net changes		<u>16,006</u>
Balances at June 30, 2023	\$	<u><u>1,137,286</u></u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 1,210,438	\$ 1,137,286	\$ 1,067,412

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

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 was calculated using healthcare cost trend rates that are one percentage point lower (5.20% - 2.90% over 50 years) or one percentage point higher (7.20% - 4.90% over 50 years) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.20-2.90% over 50 years)	Healthcare Cost Trend (6.20-3.90% over 50 years)	1% Increase (7.20-4.90% over 50 years)
\$ 1,028,683	\$ 1,137,286	\$ 1,262,962

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$79,076. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,616	\$ 26,966
Changes in assumptions	22,677	76,306
Total	\$ 27,293	\$ 103,272

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2024	\$ (24,035)
2025	(19,730)
2026	(19,730)
2027	(9,515)
2028	(2,697)
Thereafter	(272)

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 NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$153,731 and \$144,381 for the years ended June 30, 2023 and June 30, 2022, respectively.

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB

At June 30, 2023, the school division reported a liability of \$1,599,154 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was .12803% as compared to .12922% at June 30, 2020.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$92,432. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 65,184
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,605
Change in assumptions	46,719	4,084
Change in proportionate share and differences between actual and expected contributions	2,732	145,008
Employer contributions subsequent to the measurement date	<u>153,731</u>	<u>-</u>
Total	<u>\$ 203,182</u>	<u>\$ 215,881</u>

\$153,731 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, 2024. 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:

Year Ended June 30

2024	\$	(40,250)
2025		(36,929)
2026		(32,859)
2027		(25,938)
2028		(20,759)
Thereafter		(9,695)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality Rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11–TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
	<u> </u>
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	<u>221,845</u>
Teacher Employee net HIC OPEB Liability (Asset)	<u><u>\$ 1,249,046</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		**Expected arithmetic nominal return	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,802,265	\$ 1,599,154	\$ 1,426,982

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$28,057 and \$27,035 for the years ended June 30, 2023 and June 30, 2022, respectively, for the County; \$8,822 and \$7,710 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (nonprofessional); and \$68,644 and \$64,434 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (professional).

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

At June 30, 2023, the entity reported a liability of \$277,183, \$78,989, and \$660,447 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.02300%, 0.00660%, and 0.05490% as compared to 0.02330%, 0.00700%, and 0.05540% at June 30, 2021 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$12,631, (\$2,290), and \$1,778 for the County, School Board Nonprofessional, and School Board Professional, respectively. 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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Primary Government		
Differences between expected and actual experience	\$ 21,949	\$ 11,120
Net difference between projected and actual earnings on GLI OPEB program investments	-	17,320
Change in assumptions	10,338	26,999
Changes in proportion	12,688	3,690
Employer contributions subsequent to the measurement date	28,057	-
Total Primary Government	<u>\$ 73,032</u>	<u>\$ 59,129</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 6,255	\$ 3,169
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,936
Change in assumptions	2,946	7,694
Changes in proportion	1	18,905
Employer contributions subsequent to the measurement date	8,822	-
Total Component Unit School Board (nonprofessional)	<u>\$ 18,024</u>	<u>\$ 34,704</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 52,299	\$ 26,496
Net difference between projected and actual earnings on GLI OPEB program investments	-	41,268
Change in assumptions	24,634	64,330
Changes in proportion	-	57,398
Employer contributions subsequent to the measurement date	68,644	-
Total Component Unit School Board (professional)	<u>\$ 145,577</u>	<u>\$ 189,492</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

\$28,057, \$8,822 and \$68,644 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’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, 2024. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2024	\$ (1,079)	\$ (6,197)	\$ (28,909)
2025	(947)	(6,160)	(26,978)
2026	(11,678)	(8,656)	(47,836)
2027	2,336	(2,835)	(2,745)
2028	(2,786)	(1,654)	(6,091)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability: (Continued)

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.

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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
	**Expected arithmetic nominal return		<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 403,334	\$ 277,183	\$ 175,236
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 114,938	\$ 78,989	\$ 49,937
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 961,028	\$ 660,447	\$ 417,537

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>34</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>34</u>
Active members	<u>60</u>
Total covered employees	<u><u>94</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The School Board Nonprofessional’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Board to the HIC Plan were \$19,442 and \$14,850 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The School Board Nonprofessional’s net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions,

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate: (Continued)

the HIC 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 HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 236,635	\$ 17,112	\$ 219,523
Changes for the year:			
Service cost	\$ 1,830	\$ -	\$ 1,830
Interest	15,663	-	15,663
Benefit changes	113,972	-	113,972
Differences between expected and actual experience	(61,113)		(61,113)
Assumption changes	13,880	-	13,880
Contributions - employer	-	24,702	(24,702)
Net investment income	-	(199)	199
Benefit payments	(12,828)	(12,828)	-
Administrative expenses	-	(55)	55
Other changes	-	(2)	2
Net changes	\$ 71,404	\$ 11,618	\$ 59,786
Balances at June 30, 2022	\$ 308,039	\$ 28,730	\$ 279,309

Sensitivity of the School Board Nonprofessional’s HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board Nonprofessional’s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board Nonprofessional’s net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board Nonprofessional Net HIC OPEB Liability	\$ 308,717	\$ 279,309	\$ 253,937

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2023, the School Board recognized HIC Plan OPEB expense of \$120,095. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board Nonprofessional’s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 46,244
Net difference between projected and actual earnings on HIC OPEB plan investments	441	-
Change in assumptions	14,063	-
Changes in proportionate share and differences between actual and expected contributions	-	-
Employer contributions subsequent to the measurement date	<u>19,442</u>	
Total	<u>\$ 33,946</u>	<u>\$ 46,244</u>

\$19,442 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (9,873)
2025	(9,873)
2026	(11,078)
2027	(916)
2028	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 14—SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net/Total OPEB Liability/ (Asset)</u>	<u>OPEB Expense</u>
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12):				
County	\$ 73,032	\$ 59,129	\$ 277,183	\$ 12,631
County Stand-Alone Plan (Note 10)	181,257	176,060	771,567	67,969
Totals	<u>\$ 254,289</u>	<u>\$ 235,189</u>	<u>\$ 1,048,750</u>	<u>\$ 80,600</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12):				
School Board Nonprofessional	\$ 18,024	\$ 34,704	\$ 78,989	\$ (2,290)
School Board Professional	145,577	189,492	660,447	1,778
Teacher Health Insurance Credit Plan (Note 11)	203,182	215,881	1,599,154	92,432
Nonprofessional Health Insurance Credit Plan (Note 13)	33,946	46,244	279,309	120,095
School Stand-Alone Plan (Note 10)	27,293	103,272	1,137,286	79,076
Totals	<u>\$ 428,022</u>	<u>\$ 589,593</u>	<u>\$ 3,755,185</u>	<u>\$ 291,091</u>

NOTE 15—EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There was no excess of expenditures over appropriations in any of the County or School Board funds for the year ended June 30, 2023.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 16--DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Deferred revenue/unavailable revenue represent 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.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred/Unavailable tax revenue:		
Uncollected property tax billings for which asset recognition criteria have not been met have been recorded as deferred revenue. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 2,132,904
Second half installment due after June 30th	11,857,849	11,857,849
Prepaid property taxes have been recorded as deferred revenue. Prepaid taxes collected are available for the funding of current expenditures.	<u>479,423</u>	<u>479,423</u>
Total deferred/unavailable property tax revenue:	\$ 12,337,272	\$ 14,470,176
Unavailable opioid settlement revenue	-	129,615
Lease deferrals	<u>61,027</u>	<u>61,027</u>
Total primary government	<u>\$ 12,398,299</u>	<u>\$ 14,660,818</u>

The Component Unit School Board had no unearned or unavailable revenue.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 17—LEASES RECEIVABLE:

The County leases tower space to Augusta County under a lease contract. \$2,500 will be received annually until November 15, 2026. The annual amount will then increase by 12% every five years, until the lease expires on November 15, 2046. In fiscal year 2023, the County recognized lease and interest revenue in the amount of \$1,319 and \$1,481 respectively. A description of the lease is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	
Cell Tower - Augusta County	7/1/2021	11/15/2046	305	Annually	2.292%	62,628
Total						<u>62,628</u>

Expected future payments at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,349	\$ 1,451	\$ 2,800
2025	1,381	1,419	2,800
2026	1,413	1,387	2,800
2027	1,781	1,355	3,136
2028	1,823	1,313	3,136
2029-2033	10,528	6,135	16,663
2034-2038	13,867	4,842	18,709
2039-2043	17,858	3,148	21,006
2044-2047	<u>12,628</u>	<u>975</u>	<u>13,603</u>
Total	<u>\$ 62,628</u>	<u>\$ 22,025</u>	<u>\$ 84,653</u>

The Nelson County Broadband Authority leases tower space, dark fiber, and co-location racks under various lease contracts. In fiscal year 2023, the Nelson County Broadband Authority recognized lease and interest revenue in the amount of \$81,211 and \$51,287 respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Co-location - MBCC	7/1/2021	7/31/2023	25	Monthly	0.751%	738
Dark Fiber - MBCC	7/1/2021	7/31/2043	265	Quarterly	2.822%	81,129
Cell Tower - Martins Store	7/1/2021	3/30/2039	213	Annually	2.602%	460,273
Cell Tower - Verizon Wireless	7/1/2021	12/12/2043	270	Annually	2.292%	570,230
Cell Tower - New Cingular Wireless	7/1/2021	12/26/2046	306	Annually	2.292%	954,975
Total						<u>2,067,345</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 17—LEASES RECEIVABLE: (CONTINUED)

Expected future payments at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 67,165	\$ 49,710	\$ 116,875
2025	68,063	48,074	116,137
2026	69,739	46,398	116,137
2027	76,580	44,680	121,260
2028	78,459	42,801	121,260
2029-2033	452,968	193,754	646,722
2034-2038	564,107	135,799	699,906
2039-2043	497,695	70,125	567,820
2044-2047	192,569	15,923	208,492
Total	\$ <u>2,067,345</u>	\$ <u>647,264</u>	\$ <u>2,714,609</u>

NOTE 18—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

Federal programs in which the County and School Board participate were audited in accordance with the provisions of U. S. Office of Management and Budget (OMB) and the *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 disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 19—LITIGATION:

At June 30, 2023, there were no matters of litigation involving the County or its component units that would have an adverse material effect on the financial position of the reporting entity should there be unfavorable rulings affecting the entities.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 20–SURETY BONDS:

	<u>Amount</u>
Virginia Department of Risk Management - Surety	
Lisa Bryant, Clerk of the Circuit Court	\$ 450,000
Angela F. Hicks, Treasurer	400,000
Pamela C. Campbell, Commissioner of the Revenue	3,000
David W. Hill, Sheriff	30,000
Above constitutional officers' employee - blanket bond	50,000
Virginia Association of Counties	
Group Self-Insurance Risk Pool - Crime coverage	
School Board employees	
Employee dishonesty - limit of liability	250,000
Fidelity and Deposit Company - Crime coverage	
Nelson County Department of Social Services employees	
Employee theft - per employee per occurrence	100,000
National Grange Mutual Insurance Company - Surety	
J. David Parr, Supervisor	1,000
Stephen A. Carter, County Administrator	2,000
Thomas D. Harvey, Supervisor	1,000
Ernie Q. Reed, Supervisor	1,000
Jesse N. Rutherford, Supervisor	1,000
Robert G. Barton, Jr., Supervisor	1,000

NOTE 21–RISK MANAGEMENT:

The primary government 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; workers compensation claims and natural disasters.

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool 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 property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for \$4,000,000.

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values. General liability coverage is \$10,000,000 and wrongful acts liability coverage is \$4,000,000.

Unemployment Insurance:

The County and School Board are responsible for any unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 21–RISK MANAGEMENT: (CONTINUED)

Employee Health Insurance:

The County and School Board have contracted with a private carrier for health insurance coverages.

Other:

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years, other than the payment of deductibles which are immaterial.

NOTE 22–ACCRUED LANDFILL REMEDIATION COST:

The County closed its landfill operation on October 8, 1993 and contracted with private contractors to dispose of its solid waste. The landfill closure commenced in July, 1994, and, in accordance with federal and state laws and regulations, the County is required to monitor the landfill for 10 years or until released by the Department of Environmental Quality. The original postclosure care liability of \$387,865 was determined by engineers. On August 16, 2020, DEQ released the County from the requirements for operation and maintenance, well as the requirement to demonstrate financial assurance for the closed landfill.

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

As discussed in Note 1, the County entered into a Use Agreement with the Region 2000 Services Authority to use its solid waste disposal landfills. Under the terms of the agreement, the County is responsible for its pro rata share, as defined, of costs budgeted for closure, post-closure and corrective action, to the extent that tipping fees paid are not adequate to cover such costs.

NOTE 23–RELATED PARTY TRANSACTIONS:

The County had certain transactions with the Nelson County Service Authority during fiscal year 2022. In addition to purchasing water from the Authority at its normal rates, the County appropriated \$156,000 to the Authority for fire protection services. The County also paid \$49,946 to the Authority for debt service requirements for the Colleen water line.

In October 2007, the County entered into an agreement with the Nelson County Service Authority (NCSA) to operate and maintain the Piney River III Water and Sewer system (Piney River III). NCSA also bills Piney River III customers, and remits collections to the County on a monthly basis. The County pays NCSA \$3.62 per 1,000 gallons of water delivered to Piney River III customers and \$2.94 per 1,000 gallons of sewerage delivered to NCSA by Piney River III customers.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 24—DEFERRED COMPENSATION PLAN:

The County offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. Permanent, part-time and full-time County employees are eligible to participate and may defer 25% of their gross income up to a maximum of \$19,500 for 2023. Eligible employees age 50 and over may defer up to \$26,000 for 2023. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

The assets of the plan vest solely with the employee and are not available to the County general creditors.

NOTE 25—FAIR VALUE MEASUREMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or Liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2023:

Investment	6/30/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 2,804,794	\$ 2,804,794	\$ -	\$ -
	\$ 2,804,794	\$ 2,804,794	\$ -	\$ -
Investments measured at NAV:				
Virginia Investment Pool	\$ 6,370,463			
Total Investments measured at NAV	\$ 6,370,463			
Total Investments measured at Fair Value	\$ 9,175,257			

As of June 30, 2023 there were no withdrawal limitations associated with investments held by the Virginia Investment Pool.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 26—RESTATEMENT OF NET POSITION:

Net position as of June 30, 2023 was restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Piney River Water & Sewer Fund</u>
Net Position as previously reported	\$ 44,498,168	\$ 4,736,109	\$ 4,279,599
Adjustment to Accumulated Depreciation	<u>1,016,896</u>	<u>117,133</u>	<u>117,133</u>
Net Position as restated	<u>\$ 45,515,064</u>	<u>\$ 4,853,242</u>	<u>\$ 4,396,732</u>

NOTE 27—UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023*.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023*.

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 28--COVID-19 PANDEMIC SUBSEQUENT EVENT:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 25, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,894,977 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Required Supplementary Information

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 26,210,558	\$ 26,210,558	\$ 26,819,120	\$ 608,562
Other local taxes	6,310,869	6,310,869	6,924,358	613,489
Permits, privilege fees, and regulatory licenses	323,885	323,885	366,434	42,549
Fines and forfeitures	124,750	124,750	202,375	77,625
Revenue from the use of money and property	66,014	66,014	779,656	713,642
Charges for services	293,732	293,732	286,383	(7,349)
Miscellaneous	160,520	219,539	200,132	(19,407)
Recovered costs	891,730	891,730	922,959	31,229
Intergovernmental:				
Commonwealth	6,004,593	7,526,850	7,127,588	(399,262)
Federal	1,196,844	1,363,901	1,114,491	(249,410)
Total revenues	\$ 41,583,495	\$ 43,331,828	\$ 44,743,496	\$ 1,411,668
EXPENDITURES				
Current:				
General government administration	\$ 2,139,490	\$ 2,249,287	\$ 2,195,999	\$ 53,288
Judicial administration	1,064,086	1,371,259	1,277,690	93,569
Public safety	9,907,175	10,348,964	6,830,742	3,518,222
Public works	2,342,839	2,534,979	2,421,125	113,854
Health and welfare	4,583,405	5,715,889	5,584,969	130,920
Education	17,303,730	17,568,132	17,154,689	413,443
Parks, recreation, and cultural	684,775	795,271	641,101	154,170
Community development	817,382	1,149,151	1,119,088	30,063
Nondepartmental	1,813,450	991,928	669,700	322,228
Capital projects	4,664,335	4,923,100	4,304,436	618,664
Total expenditures	\$ 45,320,667	\$ 47,733,220	\$ 42,284,799	\$ 5,448,421
Excess (deficiency) of revenues over (under) expenditures	\$ (3,737,172)	\$ (4,401,392)	\$ 2,458,697	\$ 6,860,089
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (6,341,318)	\$ (6,417,760)	\$ (6,417,760)	\$ -
Issuance of long-term debt	2,600,000	2,600,000	2,600,000	-
Total other financing sources (uses)	\$ (3,741,318)	\$ (3,817,760)	\$ (3,817,760)	\$ -
Net change in fund balances	\$ (7,478,490)	\$ (8,219,152)	\$ (1,359,063)	\$ 6,860,089
Fund balances - beginning	7,478,490	8,219,152	31,649,160	23,430,008
Fund balances - ending	\$ -	\$ -	\$ 30,290,097	\$ 30,290,097

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 446,356	\$ 454,133	\$ 464,883	\$ 462,147
Interest	1,144,445	1,198,069	1,237,687	1,222,935
Differences between expected and actual experience	-	20,264	(577,384)	221,808
Changes in assumptions	-	-	-	(72,395)
Benefit payments, including refunds of employee contributions	(806,440)	(843,042)	(1,369,946)	(1,301,909)
Net change in total pension liability	\$ 784,361	\$ 829,424	\$ (244,760)	\$ 532,586
Total pension liability - beginning	16,752,433	17,536,794	18,366,218	18,121,458
Total pension liability - ending (a)	<u>\$ 17,536,794</u>	<u>\$ 18,366,218</u>	<u>\$ 18,121,458</u>	<u>\$ 18,654,044</u>
Plan fiduciary net position				
Contributions - employer	\$ 492,143	\$ 461,417	\$ 471,492	\$ 369,631
Contributions - employee	186,897	186,660	193,264	192,487
Net investment income	2,150,653	713,434	260,208	1,869,534
Benefit payments, including refunds of employee contributions	(806,440)	(843,042)	(1,369,946)	(1,301,909)
Administrative expense	(11,582)	(9,817)	(10,372)	(11,274)
Other	113	(150)	(116)	(1,647)
Net change in plan fiduciary net position	\$ 2,011,784	\$ 508,502	\$ (455,470)	\$ 1,116,822
Plan fiduciary net position - beginning	13,670,265	15,682,049	16,190,551	15,735,081
Plan fiduciary net position - ending (b)	<u>\$ 15,682,049</u>	<u>\$ 16,190,551</u>	<u>\$ 15,735,081</u>	<u>\$ 16,851,903</u>
County's net pension liability - ending (a) - (b)	\$ 1,854,745	\$ 2,175,667	\$ 2,386,377	\$ 1,802,141
Plan fiduciary net position as a percentage of the total pension liability	89.42%	88.15%	86.83%	90.34%
Covered payroll	\$ 3,738,547	\$ 3,774,065	\$ 3,868,886	\$ 3,978,899
County's net pension liability as a percentage of covered payroll	49.61%	57.65%	61.68%	45.29%

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

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total pension liability					
Service cost	\$ 451,702	\$ 447,108	\$ 522,553	\$ 536,745	\$ 504,982
Interest	1,266,683	1,285,306	1,350,472	1,408,569	1,533,599
Differences between expected and actual experience	(338,544)	518,742	168,722	(119,043)	(516,482)
Changes in assumptions	-	542,873	-	739,533	-
Benefit payments, including refunds of employee contributions	(1,117,138)	(1,110,453)	(1,186,654)	(1,175,456)	(1,261,514)
Net change in total pension liability	\$ 262,703	\$ 1,683,576	\$ 855,093	\$ 1,390,348	\$ 260,585
Total pension liability - beginning	18,654,044	18,916,747	20,600,323	21,455,416	22,845,764
Total pension liability - ending (a)	<u>\$ 18,916,747</u>	<u>\$ 20,600,323</u>	<u>\$ 21,455,416</u>	<u>\$ 22,845,764</u>	<u>\$ 23,106,349</u>
Plan fiduciary net position					
Contributions - employer	\$ 372,060	\$ 397,658	\$ 423,896	\$ 541,424	\$ 559,220
Contributions - employee	195,521	205,346	220,161	222,692	229,407
Net investment income	1,236,033	1,154,400	344,273	4,889,183	(19,818)
Benefit payments, including refunds of employee contributions	(1,117,138)	(1,110,453)	(1,186,654)	(1,175,456)	(1,261,514)
Administrative expense	(10,926)	(11,696)	(11,979)	(12,240)	(14,013)
Other	(1,088)	(725)	(405)	460	515
Net change in plan fiduciary net position	\$ 674,462	\$ 634,530	\$ (210,708)	\$ 4,466,063	\$ (506,203)
Plan fiduciary net position - beginning	16,851,903	17,526,365	18,160,895	17,950,187	22,416,250
Plan fiduciary net position - ending (b)	<u>\$ 17,526,365</u>	<u>\$ 18,160,895</u>	<u>\$ 17,950,187</u>	<u>\$ 22,416,250</u>	<u>\$ 21,910,047</u>
County's net pension liability - ending (a) - (b)	\$ 1,390,382	\$ 2,439,428	\$ 3,505,229	\$ 429,514	\$ 1,196,302
Plan fiduciary net position as a percentage of the total pension liability	92.65%	88.16%	83.66%	98.12%	94.82%
Covered payroll	\$ 4,105,970	\$ 4,380,765	\$ 4,745,753	\$ 4,814,187	\$ 5,000,436
County's net pension liability as a percentage of covered payroll	33.86%	55.68%	73.86%	8.92%	23.92%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 154,252	\$ 154,759	\$ 143,640	\$ 137,401
Interest	424,255	445,743	469,771	490,822
Differences between expected and actual experience	-	45,500	35,814	(60,927)
Changes in assumptions	-	-	-	(23,759)
Benefit payments, including refunds of employee contributions	(270,446)	(272,613)	(332,889)	(364,109)
Net change in total pension liability	<u>\$ 308,061</u>	<u>\$ 373,389</u>	<u>\$ 316,336</u>	<u>\$ 179,428</u>
Total pension liability - beginning	<u>6,196,006</u>	<u>6,504,067</u>	<u>6,877,456</u>	<u>7,193,792</u>
Total pension liability - ending (a)	<u><u>\$ 6,504,067</u></u>	<u><u>\$ 6,877,456</u></u>	<u><u>\$ 7,193,792</u></u>	<u><u>\$ 7,373,220</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 146,724	\$ 128,397	\$ 129,605	\$ 111,202
Contributions - employee	79,650	76,055	76,172	76,116
Net investment income	844,221	281,345	109,678	765,481
Benefit payments, including refunds of employee contributions	(270,446)	(272,613)	(332,889)	(364,109)
Administrative expense	(4,543)	(3,869)	(3,984)	(4,502)
Other	45	(60)	(47)	(677)
Net change in plan fiduciary net position	<u>\$ 795,651</u>	<u>\$ 209,255</u>	<u>\$ (21,465)</u>	<u>\$ 583,511</u>
Plan fiduciary net position - beginning	<u>5,362,477</u>	<u>6,158,128</u>	<u>6,367,383</u>	<u>6,345,918</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 6,158,128</u></u>	<u><u>\$ 6,367,383</u></u>	<u><u>\$ 6,345,918</u></u>	<u><u>\$ 6,929,429</u></u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ 345,939	\$ 510,073	\$ 847,874	\$ 443,791
Plan fiduciary net position as a percentage of the total pension liability	94.68%	92.58%	88.21%	93.98%
Covered payroll	\$ 1,594,791	\$ 1,535,050	\$ 1,567,154	\$ 1,587,580
School Division's net pension liability as a percentage of covered payroll	21.69%	33.23%	54.10%	27.95%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total pension liability					
Service cost	\$ 138,026	\$ 135,657	\$ 138,337	\$ 128,255	\$ 105,380
Interest	503,765	522,207	523,809	535,506	569,924
Differences between expected and actual experience	5,440	(145,141)	(38,672)	4,850	77,380
Changes in assumptions	-	203,110	-	239,189	-
Benefit payments, including refunds of employee contributions	(353,149)	(414,416)	(417,178)	(483,190)	(523,364)
Net change in total pension liability	<u>\$ 294,082</u>	<u>\$ 301,417</u>	<u>\$ 206,296</u>	<u>\$ 424,610</u>	<u>\$ 229,320</u>
Total pension liability - beginning	<u>7,373,220</u>	<u>7,667,302</u>	<u>7,968,719</u>	<u>8,175,015</u>	<u>8,599,625</u>
Total pension liability - ending (a)	<u><u>\$ 7,667,302</u></u>	<u><u>\$ 7,968,719</u></u>	<u><u>\$ 8,175,015</u></u>	<u><u>\$ 8,599,625</u></u>	<u><u>\$ 8,828,945</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 112,566	\$ 113,509	\$ 107,677	\$ 91,170	\$ 89,357
Contributions - employee	77,269	78,290	74,959	67,070	65,449
Net investment income	509,323	479,923	143,585	1,996,068	(3,403)
Benefit payments, including refunds of employee contributions	(353,149)	(414,416)	(417,178)	(483,190)	(523,364)
Administrative expense	(4,451)	(4,875)	(4,961)	(5,145)	(5,751)
Other	(451)	(300)	(167)	187	205
Net change in plan fiduciary net position	<u>\$ 341,107</u>	<u>\$ 252,131</u>	<u>\$ (96,085)</u>	<u>\$ 1,666,160</u>	<u>\$ (377,507)</u>
Plan fiduciary net position - beginning	<u>6,929,429</u>	<u>7,270,526</u>	<u>7,522,657</u>	<u>7,426,572</u>	<u>9,092,732</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 7,270,536</u></u>	<u><u>\$ 7,522,657</u></u>	<u><u>\$ 7,426,572</u></u>	<u><u>\$ 9,092,732</u></u>	<u><u>\$ 8,715,225</u></u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ 396,766	\$ 446,062	\$ 748,443	\$ (493,107)	\$ 113,720
Plan fiduciary net position as a percentage of the total pension liability	94.83%	94.40%	90.84%	105.73%	98.71%
Covered payroll	\$ 1,626,878	\$ 1,654,302	\$ 1,607,994	\$ 1,449,074	\$ 1,427,842
School Division's net pension liability as a percentage of covered payroll	24.39%	26.96%	46.55%	-34.03%	7.96%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15347%	0.14912%	0.14800%	0.14426%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,547,000	\$ 18,769,000	\$ 20,741,000	\$ 17,741,000
Employer's Covered Payroll	11,212,976	11,080,965	12,016,024	11,255,580
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165%	169%	173%	158%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%	68.28%	72.92%

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.

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14485%	0.14170%	0.13480%	0.12997%	0.12876%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,034,000	\$ 18,648,526	\$ 19,616,940	\$ 10,089,698	\$ 12,258,723
Employer's Covered Payroll	11,687,998	11,855,025	11,772,414	11,428,252	11,932,280
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146%	157%	167%	88%	103%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	73.51%	71.47%	85.46%	82.61%

Schedule of Employer Contributions - Pension Plans
 For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 540,209	\$ 540,209	\$ -	\$ 5,121,748	10.55%
2022	561,120	561,120	-	5,000,436	11.22%
2021	542,024	542,024	-	4,814,187	11.26%
2020	424,827	424,827	-	4,745,753	8.95%
2019	397,623	397,623	-	4,380,765	9.08%
2018	372,305	372,305	-	4,105,970	9.07%
2017	344,144	344,144	-	3,978,899	8.65%
2016	476,260	476,260	-	3,868,886	12.31%
2015	464,083	464,083	-	3,774,065	12.30%
2014	491,619	491,619	-	3,738,547	13.15%
Component Unit School Board (nonprofessional)					
2023	\$ 113,741	\$ 113,741	\$ -	\$ 1,633,790	6.96%
2022	89,357	89,357	-	1,427,842	6.26%
2021	91,177	91,177	-	1,449,074	6.29%
2020	107,681	107,681	-	1,607,994	6.70%
2019	113,508	113,508	-	1,654,302	6.86%
2018	112,557	112,557	-	1,626,878	6.92%
2017	112,018	112,018	-	1,587,580	7.06%
2016	131,798	131,798	-	1,567,154	8.41%
2015	129,098	129,098	-	1,535,050	8.41%
2014	146,880	146,880	-	1,594,791	9.21%
Component Unit School Board (professional)					
2023	\$ 2,027,544	\$ 2,027,544	\$ -	\$ 12,705,032	15.96%
2022	1,912,870	1,912,870	-	11,932,280	16.03%
2021	1,838,757	1,838,757	-	11,428,252	16.09%
2020	1,791,194	1,791,194	-	11,772,414	15.22%
2019	1,815,913	1,815,913	-	11,855,025	15.32%
2018	1,889,150	1,889,150	-	11,687,998	16.16%
2017	1,650,068	1,650,068	-	11,255,580	14.66%
2016	1,689,453	1,689,453	-	12,016,024	14.06%
2015	1,606,740	1,606,740	-	11,080,965	14.50%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid Plan.

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

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates ending June 30, 2018 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 52,996	\$ 74,349	\$ 45,169	\$ 36,050	\$ 39,916	\$ 41,058
Interest	25,113	14,284	13,400	18,126	21,801	25,387
Changes in assumptions	(27,181)	(86,428)	2,553	53,340	(73,605)	(24,463)
Differences between expected and actual experience	88,050	110,609	-	-	(164,327)	-
Benefit payments	<u>(47,200)</u>	<u>(39,677)</u>	<u>(31,068)</u>	<u>(25,302)</u>	<u>(33,924)</u>	<u>(43,143)</u>
Net change in total OPEB liability	\$ 91,778	\$ 73,137	\$ 30,054	\$ 82,214	\$ (210,139)	\$ (1,161)
Total OPEB liability - beginning	<u>679,789</u>	<u>606,652</u>	<u>576,598</u>	<u>494,384</u>	<u>704,523</u>	<u>705,684</u>
Total OPEB liability - ending	<u>\$ 771,567</u>	<u>\$ 679,789</u>	<u>\$ 606,652</u>	<u>\$ 576,598</u>	<u>\$ 494,384</u>	<u>\$ 704,523</u>
 Covered-employee payroll	 \$ 5,237,828	 \$ 4,802,332	 \$ 4,190,874	 \$ 4,190,874	 \$ 4,190,874	 \$ 3,930,700
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 14.73%	 14.16%	 14.48%	 13.76%	 11.80%	 17.92%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates ending June 30, 2018 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 63,505	\$ 78,974	\$ 67,288	\$ 66,949	\$ 63,928	\$ 65,600
Interest	40,682	27,043	26,761	42,727	45,337	41,602
Changes in assumptions	15,799	(113,894)	17,823	(27,554)	31,227	(30,397)
Differences between expected and actual experience	(32,253)	-	8,146	1,725	-	-
Benefit payments	(71,727)	(87,218)	(94,060)	(93,711)	(94,685)	(89,947)
Net change in total OPEB liability	\$ 16,006	\$ (95,095)	\$ 25,958	\$ (9,864)	\$ 45,807	\$ (13,142)
Total OPEB liability - beginning	1,121,280	1,216,375	1,190,417	1,200,281	1,154,474	1,167,616
Total OPEB liability - ending	<u>\$ 1,137,286</u>	<u>\$ 1,121,280</u>	<u>\$ 1,216,375</u>	<u>\$ 1,190,417</u>	<u>\$ 1,200,281</u>	<u>\$ 1,154,474</u>
Covered-employee payroll	\$ 14,332,700	\$ 12,949,453	\$ 12,949,453	\$ 13,588,619	\$ 13,116,400	\$ 13,116,400
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	7.93%	8.66%	9.39%	8.76%	9.15%	8.80%

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

Notes to Required Supplementary Information - County and Component Unit School Board OPEB
For the Year Ended June 30, 2023

County:

Valuation Date: 1/1/2023
Measurement Date: 6/30/2023

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 level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	6.20% - 3.90% over 50 years
Salary Increase Rates	3.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

Component Unit School Board

Valuation Date: 1/1/2023
Measurement Date: 6/30/2023

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 level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	6.20% - 3.90% over 50 years
Salary Increase Rates	3.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.12803%	\$ 1,599,154	\$ 11,932,280	13.40%	15.08%
2021	0.12922%	1,658,628	11,428,252	14.51%	13.15%
2020	0.13428%	1,751,705	11,772,414	14.88%	9.95%
2019	0.14134%	1,850,278	11,855,025	15.61%	8.97%
2018	0.14450%	1,835,000	11,687,998	15.70%	8.08%
2017	0.14388%	1,826,000	11,355,061	16.08%	7.04%

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2017 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2023	\$ 153,731	\$ 153,731	\$ -	\$ 12,705,032	1.21%
2022	144,381	144,381	-	11,932,280	1.21%
2021	138,282	138,282	-	11,428,252	1.21%
2020	141,269	141,269	-	11,772,414	1.20%
2019	142,260	142,260	-	11,855,025	1.20%
2018	143,762	143,762	-	11,687,998	1.23%
2017	126,041	126,041	-	11,355,061	1.11%

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.

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of County and School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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					
2022	0.02300% \$	277,183 \$	5,006,462	5.54%	67.21%
2021	0.02330%	271,625	4,817,015	5.64%	67.45%
2020	0.02310%	384,833	4,745,753	8.11%	52.64%
2019	0.02235%	363,694	4,380,765	8.30%	52.00%
2018	0.02159%	328,000	4,105,970	7.99%	51.22%
2017	0.02157%	325,000	3,978,899	8.17%	48.86%
Component Unit School Board (nonprofessional)					
2022	0.00660% \$	78,989 \$	1,427,842	5.53%	67.21%
2021	0.00700%	81,732	1,449,074	5.64%	67.45%
2020	0.00780%	130,670	1,610,873	8.11%	52.64%
2019	0.00844%	137,341	1,654,302	8.30%	52.00%
2018	0.00856%	130,000	1,626,878	7.99%	51.22%
2017	0.00861%	129,000	1,587,580	8.13%	48.86%
Component Unit School Board (professional)					
2022	0.05490% \$	660,447 \$	11,932,280	5.53%	67.21%
2021	0.05540%	644,425	11,428,252	5.64%	67.45%
2020	0.05720%	954,575	11,772,414	8.11%	52.64%
2019	0.06047%	984,008	12,140,385	8.11%	52.00%
2018	0.06147%	934,000	11,687,998	7.99%	51.22%
2017	0.06156%	926,000	11,355,061	8.15%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 28,057	\$ 28,057	\$ -	\$ 5,195,763	0.54%
2022	27,035	27,035	-	5,006,462	0.54%
2021	26,012	26,012	-	4,817,015	0.54%
2020	24,678	24,678	-	4,745,753	0.52%
2019	22,780	22,780	-	4,380,765	0.52%
2018	21,351	21,351	-	4,105,970	0.52%
2017	20,690	20,690	-	3,978,899	0.52%
Component Unit School Board (nonprofessional)					
2023	\$ 8,822	\$ 8,822	\$ -	\$ 1,633,790	0.54%
2022	7,710	7,710	-	1,427,842	0.54%
2021	7,825	7,825	-	1,449,074	0.54%
2020	8,377	8,377	-	1,610,873	0.52%
2019	8,602	8,602	-	1,654,302	0.52%
2018	8,460	8,460	-	1,626,878	0.52%
2017	8,255	8,255	-	1,587,580	0.52%
Component Unit School Board (professional)					
2023	\$ 68,644	\$ 68,644	\$ -	\$ 12,711,910	0.54%
2022	64,434	64,434	-	11,932,280	0.54%
2021	61,713	61,713	-	11,428,252	0.54%
2020	61,217	61,217	-	11,772,414	0.52%
2019	63,130	63,130	-	12,140,385	0.52%
2018	60,778	60,778	-	11,687,998	0.52%
2017	59,046	59,046	-	11,355,061	0.52%

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

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Changes in the School Board Nonprofessional's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability			
Service cost	\$ 1,830	\$ 2,386	\$ -
Interest	15,663	14,386	-
Changes in benefit terms	113,972	-	213,125
Differences between expected and actual experience	(61,113)	-	-
Changes of assumptions	13,880	6,738	-
Benefit payments	(12,828)	-	-
Net change in total HIC OPEB liability	<u>\$ 71,404</u>	<u>\$ 23,510</u>	<u>\$ 213,125</u>
Total HIC OPEB Liability - beginning	<u>236,635</u>	<u>213,125</u>	<u>-</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 308,039</u></u>	<u><u>\$ 236,635</u></u>	<u><u>\$ 213,125</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 24,702	\$ 15,070	\$ -
Net investment income	(199)	2,109	-
Benefit payments	(12,828)	-	-
Administrator charges	(55)	(67)	-
Other	(2)	-	-
Net change in plan fiduciary net position	<u>\$ 11,618</u>	<u>\$ 17,112</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>17,112</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 28,730</u></u>	<u><u>\$ 17,112</u></u>	<u><u>\$ -</u></u>
School Board Nonprofessional's net HIC OPEB liability - ending (a) - (b)	\$ 279,309	\$ 219,523	\$ 213,125
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.33%	7.23%	0.00%
Covered payroll	\$ 1,427,842	\$ 1,449,074	\$ 1,610,873
School Board Nonprofessional's net HIC OPEB liability as a percentage of covered payroll	19.56%	15.15%	13.23%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2021 through June 30, 2023

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)
2023	\$ 19,442	\$ 19,442	\$ -	\$ 1,633,790	1.19%
2022	14,850	14,850	-	1,427,842	1.04%
2021	15,070	15,070	-	1,449,074	1.04%

Schedule is intended to show information for 10 years. *Information prior to 2021 is not available.*

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

Combining Individual Fund Financial Statements and Schedules

Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,847,000	\$ 2,847,000	\$ 2,847,000	\$ -
Interest and other fiscal charges	<u>3,494,318</u>	<u>3,494,318</u>	<u>478,283</u>	<u>3,016,035</u>
Total expenditures	<u>\$ 6,341,318</u>	<u>\$ 6,341,318</u>	<u>\$ 3,325,283</u>	<u>\$ 3,016,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,341,318)</u>	<u>\$ (6,341,318)</u>	<u>\$ (3,325,283)</u>	<u>\$ 3,016,035</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 6,341,318</u>	<u>\$ 6,341,318</u>	<u>\$ 6,341,318</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ 6,341,318</u>	<u>\$ 6,341,318</u>	<u>\$ 6,341,318</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 3,016,035	\$ 3,016,035
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>221,377</u>	<u>221,377</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,237,412</u>	<u>\$ 3,237,412</u>

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital projects	\$ 705,251	\$ 705,251	\$ -	\$ 705,251
Total expenditures	\$ 705,251	\$ 705,251	\$ -	\$ 705,251
Excess (deficiency) of revenues over (under) expenditures	\$ (705,251)	\$ (705,251)	\$ -	\$ 705,251
Net change in fund balances	\$ (705,251)	\$ (705,251)	\$ -	\$ 705,251
Fund balances - beginning	705,251	705,251	720,230	14,979
Fund balances - ending	\$ -	\$ -	\$ 720,230	\$ 720,230

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2023

	Housing Improvement Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	50	50
Fund balances - ending	\$ -	\$ -	\$ 50	\$ 50

Discretely Presented Component Unit School Board
 Balance Sheet
 At June 30, 2023

	<u>School Operating Fund</u>	<u>School Activity Fund</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 1,749,546	\$ 311,788	\$ 2,061,334
Due from other governments	876,703	-	876,703
Inventories	26,923	-	26,923
Prepaid items	432,157	-	432,157
	<u>3,085,329</u>	<u>311,788</u>	<u>3,397,117</u>
Total assets	<u>\$ 3,085,329</u>	<u>\$ 311,788</u>	<u>\$ 3,397,117</u>
Liabilities			
Accounts payable	\$ 330,554	\$ -	\$ 330,554
Deferred revenue	854,407	-	854,407
Accrued liabilities	1,100,570	-	1,100,570
Due to primary government	129,982	-	129,982
	<u>2,415,513</u>	<u>-</u>	<u>2,415,513</u>
Total liabilities	<u>\$ 2,415,513</u>	<u>\$ -</u>	<u>\$ 2,415,513</u>
Fund balances			
Nonspendable	\$ 459,080	\$ -	\$ 459,080
Committed	642,893	311,788	954,681
Unassigned	(432,157)	-	(432,157)
	<u>669,816</u>	<u>311,788</u>	<u>981,604</u>
Total fund balances	<u>\$ 669,816</u>	<u>\$ 311,788</u>	<u>\$ 981,604</u>
Total liabilities and fund balances	<u>\$ 3,085,329</u>	<u>\$ 311,788</u>	<u>\$ 3,397,117</u>

Discretely Presented Component Unit School Board
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 At June 30, 2023

Total fund balance for governmental fund (Exhibit 31) \$ 981,604

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. Those assets consist of:

Land and improvements	\$	851,210	
Buildings and improvements, net of depreciation		19,531,727	
Equipment, net of depreciation		1,767,688	
Lease equipment, net of amortization		28,411	
School Board capital assets in primary government, net of depreciation		<u>(2,721,400)</u>	19,457,636

Items related to measurement of net pension and OPEB liability not available to pay for current-period expenditures

Deferred inflows related to pensions		(3,706,593)	
Deferred inflows related to OPEB		(589,593)	

Deferred outflows related to pensions		3,391,906	
Deferred outflows related to OPEB		428,022	

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Compensated absences	\$	(435,516)	
Energy improvement loan		(868,894)	
Lease liability		(28,673)	
Net pension liability		(12,372,443)	
Net OPEB liability		<u>(3,755,185)</u>	<u>(17,460,711)</u>

Total net position of governmental activities (Exhibit 1) \$ 2,502,271

Discretely Presented Component Unit School Board
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Fund
 For the Year Ended June 30, 2023

	<u>School Operating Fund</u>	<u>School Activities Fund</u>	<u>Totals</u>
Revenues			
Revenue from the use of money and property	\$ 111	\$ -	\$ 111
Charges for services	148,740	-	148,740
Miscellaneous	134,232	680,647	814,879
Recovered costs	10,319	-	10,319
Intergovernmental:			
Appropriations from primary government	17,152,581	-	17,152,581
Commonwealth	10,612,197	-	10,612,197
Federal	5,498,096	-	5,498,096
 Total revenues	 <u>\$ 33,556,276</u>	 <u>\$ 680,647</u>	 <u>\$ 34,236,923</u>
Expenditures			
Current:			
Education			
Instruction	\$ 18,893,167	\$ 608,941	\$ 19,502,108
Administration, attendance and health	1,555,142	-	1,555,142
Transportation	3,212,249	-	3,212,249
Facilities operations	3,241,739	-	3,241,739
School food services	1,433,450	-	1,433,450
Facilities	3,875,483	-	3,875,483
Technology	1,261,671	-	1,261,671
Debt service:			
Principal retirement	165,234	-	165,234
Interest and other fiscal charges	21,350	-	21,350
 Total expenditures	 <u>\$ 33,659,485</u>	 <u>\$ 608,941</u>	 <u>\$ 34,268,426</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (103,209)</u>	 <u>\$ 71,706</u>	 <u>\$ (31,503)</u>
Net change in fund balances			
 Fund balance, beginning of year	 <u>773,025</u>	 <u>240,082</u>	 <u>1,013,107</u>
Fund balance, end of year	<u>\$ 669,816</u>	<u>\$ 311,788</u>	<u>\$ 981,604</u>

Discretely Presented Component Unit School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended June 30, 2023

Net change in fund balance - total governmental fund (Exhibit 33) \$ (31,503)

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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 873,757	
Depreciation/amortization expense	<u>(1,553,305)</u>	(679,548)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 1,007,600

(Increase) decrease in deferred inflows related to the measurement of the net pension liability/asset 5,812,134

(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability/asset 103,290

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:

Principal retired on lease liability		28,387
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Compensated absences	\$ (69,311)	
Energy improvement loan	165,234	
Decrease (increase) in net pension liability	(2,775,852)	
Decrease (increase) in deferred outflows related to pensions	(544,830)	
Decrease (increase) in deferred outflows related to OPEB	1,508	
Net OPEB liability	<u>(29,597)</u>	<u>(3,252,848)</u>

Change in net position of governmental activities (Exhibit 2) \$ 2,987,512

Discretely Presented Component Unit School Board
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 22	\$ 22	\$ 111	\$ 89
Charges for services	-	-	148,740	148,740
Miscellaneous	392,528	392,528	134,232	(258,296)
Recovered costs	31,482	31,482	10,319	(21,163)
Intergovernmental:				
Local government	17,301,622	17,566,024	17,152,581	(413,443)
Commonwealth	10,546,150	10,796,150	10,612,197	(183,953)
Federal	8,671,706	9,461,706	5,498,096	(3,963,610)
Total revenues	<u>\$ 36,943,510</u>	<u>\$ 38,247,912</u>	<u>\$ 33,556,276</u>	<u>\$ (4,691,636)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ 22,362,713	\$ 22,362,713	\$ 18,893,167	\$ 3,469,546
Administration, attendance and health	1,717,814	1,717,814	1,555,142	162,672
Transportation	3,370,157	4,362,059	3,212,249	1,149,810
Facilities operations	3,042,324	3,354,824	3,241,739	113,085
School food services	1,505,468	1,505,468	1,433,450	72,018
Facilities	3,273,620	3,273,620	3,875,483	(601,863)
Technology	2,042,795	2,042,795	1,261,671	781,124
Debt service:				
Principal retirement	-	-	165,234	(165,234)
Interest and other fiscal charges	379,065	379,065	21,350	357,715
Total expenditures	<u>\$ 37,693,956</u>	<u>\$ 38,998,358</u>	<u>\$ 33,659,485</u>	<u>\$ 5,338,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (750,446)</u>	<u>\$ (750,446)</u>	<u>\$ (103,209)</u>	<u>\$ 647,237</u>
Net change in fund balances	(750,446)	(750,446)	(103,209)	647,237
Fund balances - beginning	<u>297,686</u>	<u>297,686</u>	<u>773,025</u>	<u>475,339</u>
Fund balances - ending	<u><u>\$ (452,760)</u></u>	<u><u>\$ (452,760)</u></u>	<u><u>\$ 669,816</u></u>	<u><u>\$ 1,122,576</u></u>

Discretely Presented Component Unit - Nelson County EDA
 Statement of Net Position
 At June 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ <u>51,552</u>
Total current assets	\$ <u>51,552</u>

Noncurrent assets:

Land held for resale	\$ <u>213,663</u>
Total assets	\$ <u><u>265,215</u></u>

Net Position

Unrestricted	\$ <u>265,215</u>
Total net position	\$ <u><u>265,215</u></u>

Discretely Presented Component Unit - Nelson County EDA
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended June 30, 2023

Operating expenses

Economic development grants	\$ 37,500
Director fees	825
Insurance	391
Office supplies	24
Travel	<u>239</u>

Total operating expenses	\$ <u>38,979</u>
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Operating income (loss)	\$ <u>(38,979)</u>
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Nonoperating revenues

Contribution from Nelson County	\$ 78,100
Interest revenue	<u>376</u>

Total nonoperating revenues	\$ <u>78,476</u>
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Change in net position	\$ 39,497
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Net position, beginning of year	<u>225,718</u>
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Net position, end of year	<u><u>\$ 265,215</u></u>
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Discretely Presented Component Unit - Nelson County EDA
 Statement of Cash Flows
 For the Year Ended June 30, 2023

Cash flows from operating activities	
Payments to suppliers	\$ (37,763)
Payments to directors	<u>(825)</u>
Net cash provided by (used for) by operating activities	\$ <u>(38,588)</u>
Cash flows from noncapital financing activities	
Contribution from Nelson County	\$ <u>78,100</u>
Cash flows from investing activities	
Interest revenue	\$ <u>376</u>
Net increase (decrease) in cash and cash equivalents	\$ 39,888
Cash and cash equivalents, beginning of year	<u>11,664</u>
Cash and cash equivalents, end of year	\$ <u><u>51,552</u></u>
Reconciliation of operating income (loss) to net cash	
Operating income (loss)	\$ (38,979)
Change in assets and liabilities:	
Prepaid expenses	<u>391</u>
Net cash provided by (used for) operating activities	\$ <u><u>(38,588)</u></u>

Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 20,224,832	\$ 20,224,832	\$ 20,516,345	\$ 291,513
Real and personal public service corporation taxes	1,097,465	1,097,465	1,107,299	9,834
Personal property taxes	4,496,072	4,496,072	4,697,188	201,116
Mobile home taxes	-	-	33,616	33,616
Machinery and tools taxes	72,189	72,189	90,897	18,708
Penalties	180,000	180,000	223,148	43,148
Interest	140,000	140,000	150,627	10,627
Total general property taxes	<u>\$ 26,210,558</u>	<u>\$ 26,210,558</u>	<u>\$ 26,819,120</u>	<u>\$ 608,562</u>
Other local taxes:				
Local sales and use taxes	\$ 2,043,337	\$ 2,043,337	\$ 2,088,077	\$ 44,740
Consumers' utility taxes	485,000	485,000	495,454	10,454
Business license taxes	45,000	45,000	53,140	8,140
Utility franchise taxes	100,000	100,000	71,793	(28,207)
Motor vehicle licenses	746,200	746,200	747,074	874
Bank franchise tax	109,728	109,728	110,913	1,185
Taxes on recordation and wills	461,080	461,080	340,660	(120,420)
Transient occupancy tax	1,150,131	1,150,131	1,675,984	525,853
Meals tax	1,170,393	1,170,393	1,341,263	170,870
Total other local taxes	<u>\$ 6,310,869</u>	<u>\$ 6,310,869</u>	<u>\$ 6,924,358</u>	<u>\$ 613,489</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,185	\$ 13,185	\$ 13,633	\$ 448
Dog pound fees	1,800	1,800	1,543	(257)
Land use application fees & Short Term Rental Registration	21,500	21,500	11,351	(10,149)
Transfer fees	1,000	1,000	1,024	24
Zoning & Subdivision fees	28,400	28,400	15,770	(12,630)
Building permits	225,000	225,000	291,035	66,035
Building inspection fees	16,000	16,000	23,538	7,538
Well & Septic fees	7,000	7,000	-	(7,000)
Land disturbing fees	7,500	7,500	8,440	940
Tourism collections	2,500	2,500	100	(2,400)
Total permits, privilege fees, and regulatory licenses	<u>\$ 323,885</u>	<u>\$ 323,885</u>	<u>\$ 366,434</u>	<u>\$ 42,549</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 124,750	\$ 124,750	\$ 202,375	\$ 77,625
Total fines and forfeitures	<u>\$ 124,750</u>	<u>\$ 124,750</u>	<u>\$ 202,375</u>	<u>\$ 77,625</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 25,000	\$ 25,000	\$ 755,604	\$ 730,604
Revenue from use of property	2,500	2,500	5,417	2,917
Real estate tax sale proceeds	38,514	38,514	18,635	(19,879)
Total revenue from use of money and property	<u>\$ 66,014</u>	<u>\$ 66,014</u>	<u>\$ 779,656</u>	<u>\$ 713,642</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 12,500	\$ 12,500	\$ 13,576	\$ 1,076
Law library fees	2,500	2,500	2,116	(384)
Courthouse maintenance fees	6,000	6,000	5,390	(610)
Document reproduction fees	3,500	3,500	3,478	(22)
Excess fees paid to Circuit Court	30	30	-	(30)
Court appointed attorney fees	1,800	1,800	1,488	(312)
Fingerprint/Report fees	250	250	234	(16)
Cost of postage - Circuit Court	250	250	156	(94)
Charges for Commonwealth's Attorney	2,200	2,200	1,863	(337)
Charges for sanitation and waste removal	216,000	216,000	214,819	(1,181)
Charges for parks and recreation	48,500	48,500	42,854	(5,646)
Sale of literature	202	202	409	207
Total charges for services	<u>\$ 293,732</u>	<u>\$ 293,732</u>	<u>\$ 286,383</u>	<u>\$ (7,349)</u>
Miscellaneous:				
Expenditure refunds	\$ 110,955	\$ 110,955	\$ 107,186	\$ (3,769)
Other miscellaneous	49,565	108,584	92,946	(15,638)
Total miscellaneous	<u>\$ 160,520</u>	<u>\$ 219,539</u>	<u>\$ 200,132</u>	<u>\$ (19,407)</u>
Recovered costs:				
DSS Reimbursement	\$ 65,000	\$ 65,000	\$ 72,872	\$ 7,872
School Resource officer and other costs	25,000	25,000	481	(24,519)
DMV stop fees	36,000	36,000	34,233	(1,767)
EMS revenue recovery	736,230	736,230	786,746	50,516
Forest Service Coop. agreement	4,400	4,400	2,775	(1,625)
Shared network maintenance fee	8,000	8,000	-	(8,000)
Recycling	14,000	14,000	17,503	3,503
Other recovered costs	3,100	3,100	8,349	5,249
Total recovered costs	<u>\$ 891,730</u>	<u>\$ 891,730</u>	<u>\$ 922,959</u>	<u>\$ 31,229</u>
Total revenue from local sources	<u>\$ 34,382,058</u>	<u>\$ 34,441,077</u>	<u>\$ 36,501,417</u>	<u>\$ 2,060,340</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 98,000	\$ 98,000	\$ 197,996	\$ 99,996
Mobile home titling tax	25,000	25,000	48,651	23,651
Moped/ATV State Sales Tax	120	120	489	369
Communication sales & use tax	391,200	391,200	328,732	(62,468)
Personal property tax relief funds	1,708,030	1,708,030	1,708,178	148
Total noncategorical aid	<u>\$ 2,222,350</u>	<u>\$ 2,222,350</u>	<u>\$ 2,284,046</u>	<u>\$ 61,696</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 367,584	\$ 367,584	\$ 379,265	\$ 11,681
Sheriff	927,258	927,258	991,227	63,969
Commissioner of revenue	95,310	95,310	114,039	18,729
Treasurer	120,770	120,770	122,247	1,477
Registrar/electoral board	83,364	83,364	66,084	(17,280)
Clerk of the Circuit Court	232,961	232,961	254,334	21,373
Total shared expenses	<u>\$ 1,827,247</u>	<u>\$ 1,827,247</u>	<u>\$ 1,927,196</u>	<u>\$ 99,949</u>
Welfare:				
Public assistance and welfare administration	\$ 721,462	\$ 721,462	\$ 527,367	\$ (194,095)
Other categorical aid:				
E911 wireless grant	\$ 58,500	\$ 58,500	\$ 65,259	\$ 6,759
DMV animal friendly plates	-	405	427	22
Fire programs	-	59,279	59,279	-
Four for life	-	19,030	19,030	-
Litter control grant	-	9,966	9,966	-
Victim-witness grant	17,500	17,500	13,428	(4,072)
VJCCA Dept - Juvenile Justice	10,364	10,364	10,364	-
Comprehensive services act	1,136,070	1,913,860	1,653,251	(260,609)
Sheriff's department grant	-	105,747	76,379	(29,368)
Asset forfeiture proceeds	-	55,928	38,097	(17,831)
Virginia Tourism Corp grant	-	50,000	40,000	(10,000)
Performance arts grant	4,500	4,500	4,500	-
DHR Funding- Vietnam War Museum	-	250,000	250,000	-
Library grant	-	31,184	31,184	-
Other categorical	6,600	169,528	117,815	(51,713)
Total other categorical aid	<u>\$ 1,233,534</u>	<u>\$ 2,755,791</u>	<u>\$ 2,388,979</u>	<u>\$ (366,812)</u>
Total categorical aid	<u>\$ 3,782,243</u>	<u>\$ 5,304,500</u>	<u>\$ 4,843,542</u>	<u>\$ (460,958)</u>
Total revenue from the Commonwealth	<u>\$ 6,004,593</u>	<u>\$ 7,526,850</u>	<u>\$ 7,127,588</u>	<u>\$ (399,262)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 62,150	\$ 62,150	\$ 79,364	\$ 17,214
Categorical aid:				
Public assistance and welfare administration	\$ 1,082,194	\$ 1,082,194	\$ 887,397	\$ (194,797)
Coronavirus relief fund	-	-	3,214	3,214
Victim witness program	52,500	52,500	54,511	2,011
Sheriff's grants	-	27,380	15,617	(11,763)
SCAAP (federal prisoners)	-	7,677	7,677	-
Other federal categorical	-	132,000	66,711	(65,289)
Total categorical aid	<u>\$ 1,134,694</u>	<u>\$ 1,301,751</u>	<u>\$ 1,035,127</u>	<u>\$ (266,624)</u>
Total revenue from the federal government	<u>\$ 1,196,844</u>	<u>\$ 1,363,901</u>	<u>\$ 1,114,491</u>	<u>\$ (249,410)</u>
Total General Fund	<u>\$ 41,583,495</u>	<u>\$ 43,331,828</u>	<u>\$ 44,743,496</u>	<u>\$ 1,411,668</u>
Total Primary Government	<u>\$ 41,583,495</u>	<u>\$ 43,331,828</u>	<u>\$ 44,743,496</u>	<u>\$ 1,411,668</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 22	\$ 22	\$ 46	\$ 24
Revenue from the use of property	-	-	65	65
Total revenue from use of money and property	<u>22</u>	<u>22</u>	<u>111</u>	<u>89</u>
Charges for services:				
Charges for cafeteria	\$ -	\$ -	\$ 148,740	\$ 148,740
Total charges for services	<u>-</u>	<u>-</u>	<u>148,740</u>	<u>148,740</u>
Miscellaneous:				
Other miscellaneous	\$ 392,528	\$ 392,528	\$ 134,232	\$ (258,296)
Total miscellaneous	<u>392,528</u>	<u>392,528</u>	<u>134,232</u>	<u>(258,296)</u>
Recovered costs:				
Other recovered costs	\$ 31,482	\$ 31,482	\$ 10,319	\$ (21,163)
Total recovered costs	<u>31,482</u>	<u>31,482</u>	<u>10,319</u>	<u>(21,163)</u>
Total revenue from local sources	<u>\$ 424,032</u>	<u>\$ 424,032</u>	<u>\$ 293,402</u>	<u>\$ (130,630)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nelson, Virginia	\$ 17,301,622	\$ 17,566,024	\$ 17,152,581	\$ (413,443)
Total revenues from local governments	<u>\$ 17,301,622</u>	<u>\$ 17,566,024</u>	<u>\$ 17,152,581</u>	<u>\$ (413,443)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,475,529	\$ 2,475,529	\$ 2,592,793	\$ 117,264
Basic school aid	3,419,564	3,419,564	3,121,438	(298,126)
Remedial education	171,879	171,879	181,609	9,730
Special education	357,535	357,535	348,085	(9,450)
Vocational standards of quality payments	182,953	182,953	178,117	(4,836)
Fringe benefits	702,514	702,514	683,947	(18,567)
VPSA technology	154,000	154,000	35,098	(118,902)
At risk payments	392,435	392,435	382,172	(10,263)
Primary class size	126,102	126,102	140,140	14,038
Other state funds	2,563,639	2,813,639	2,948,798	135,159
Total categorical aid	<u>\$ 10,546,150</u>	<u>\$ 10,796,150</u>	<u>\$ 10,612,197</u>	<u>\$ (183,953)</u>
Total revenue from the Commonwealth	<u>\$ 10,546,150</u>	<u>\$ 10,796,150</u>	<u>\$ 10,612,197</u>	<u>\$ (183,953)</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 3,864	\$ 3,864	\$ 2,959	\$ (905)
CARES Act Funding ESSER/GEER	6,165,498	6,955,498	3,214,693	(3,740,805)
Title 1/A grants to LEAs	545,914	545,914	560,794	14,880
IDEA 611 flow-through (Title VI-B)	473,852	473,852	496,281	22,429
Title 1 - Carl Perkins vocational	-	-	43,853	43,853
Preschool grants/special ed	13,820	13,820	17,712	3,892
Title III language acquisition	11,170	11,170	797	(10,373)
Title II part A	73,348	73,348	75,634	2,286
Title II - Carl Perkins tech prep	38,678	38,678	-	(38,678)
Title IV	37,374	37,374	31,193	(6,181)
Title VI-B	63,021	63,021	-	(63,021)
School food	1,245,167	1,245,167	963,640	(281,527)
School food commodities	-	-	90,540	90,540
Total revenue from the federal government	<u>\$ 8,671,706</u>	<u>\$ 9,461,706</u>	<u>\$ 5,498,096</u>	<u>\$ (3,963,610)</u>
Total School Operating Fund	<u>\$ 36,943,510</u>	<u>\$ 38,247,912</u>	<u>\$ 33,556,276</u>	<u>\$ (4,691,636)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 129,419	\$ 147,783	\$ 142,915	\$ 4,868
General and financial administration:				
County administrator	\$ 373,100	\$ 396,501	\$ 395,316	\$ 1,185
County attorney	80,000	95,010	93,916	1,094
Commissioner of revenue	277,856	288,554	289,151	(597)
Treasurer	368,356	385,856	385,111	745
Finance and accounting	347,552	332,234	337,619	(5,385)
Technology	312,134	318,450	287,315	31,135
Land use panel	5,300	5,300	874	4,426
Total general and financial administration	\$ 1,764,298	\$ 1,821,905	\$ 1,789,302	\$ 32,603
Board of elections:				
Board of elections	\$ 55,778	\$ 89,404	\$ 87,597	\$ 1,807
Registrar	189,995	190,195	176,185	14,010
Total board of elections	\$ 245,773	\$ 279,599	\$ 263,782	\$ 15,817
Total general government administration	\$ 2,139,490	\$ 2,249,287	\$ 2,195,999	\$ 53,288
Judicial administration:				
Courts:				
Circuit court	\$ 82,701	\$ 85,376	\$ 77,405	\$ 7,971
General district court	6,659	6,659	3,613	3,046
VJCCA	25,566	135,566	117,253	18,313
Juvenile and domestic relations court	4,766	4,766	4,295	471
Adult Drug Court	-	-	8,946	(8,946)
Magistrate	325	325	-	325
Clerk of the circuit court	364,164	434,578	422,794	11,784
Total courts	\$ 484,181	\$ 667,270	\$ 634,306	\$ 32,964
Commonwealth's attorney:				
Commonwealth's attorney	\$ 579,905	\$ 703,989	\$ 643,384	\$ 60,605
Total commonwealth's attorney	\$ 579,905	\$ 703,989	\$ 643,384	\$ 60,605
Total judicial administration	\$ 1,064,086	\$ 1,371,259	\$ 1,277,690	\$ 93,569
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,159,074	\$ 2,420,006	\$ 1,984,429	\$ 435,577
E-911	576,720	581,671	538,199	43,472
Emergency services council	551,895	655,204	653,387	1,817
Emergency services	568,589	600,256	580,797	19,459
T.J. EMS Council	10,000	10,000	10,000	-
Fire protection	156,000	156,000	156,000	-
Paid EMS	1,205,359	1,205,359	1,134,417	70,942
Forestry service	20,986	20,986	20,986	-

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Law enforcement and traffic control: (Continued)				
Regional jail services	\$ 1,173,649	\$ 1,181,326	\$ 1,175,278	\$ 6,048
Building inspector	319,353	338,507	299,285	39,222
Animal control	262,284	272,537	265,809	6,728
American Rescue Plan Act	2,894,977	2,894,977	-	2,894,977
OAR/Jefferson Area Community Corrections	8,129	11,975	11,975	-
Medical examiner	160	160	180	(20)
Total law enforcement and traffic control	<u>\$ 9,907,175</u>	<u>\$ 10,348,964</u>	<u>\$ 6,830,742</u>	<u>\$ 3,518,222</u>
Total public safety	<u>\$ 9,907,175</u>	<u>\$ 10,348,964</u>	<u>\$ 6,830,742</u>	<u>\$ 3,518,222</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Automotive/motor pool	\$ 170,000	\$ 249,517	\$ 258,129	\$ (8,612)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 170,000</u>	<u>\$ 249,517</u>	<u>\$ 258,129</u>	<u>\$ (8,612)</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,339,529	\$ 1,425,379	\$ 1,304,143	\$ 121,236
Total sanitation and waste removal	<u>\$ 1,339,529</u>	<u>\$ 1,425,379</u>	<u>\$ 1,304,143</u>	<u>\$ 121,236</u>
Maintenance of general buildings and grounds:				
General properties	\$ 833,310	\$ 860,083	\$ 858,853	\$ 1,230
Total maintenance of general buildings and grounds	<u>\$ 833,310</u>	<u>\$ 860,083</u>	<u>\$ 858,853</u>	<u>\$ 1,230</u>
Total public works	<u>\$ 2,342,839</u>	<u>\$ 2,534,979</u>	<u>\$ 2,421,125</u>	<u>\$ 113,854</u>
Health and welfare:				
Health:				
Health department	\$ 313,591	\$ 313,591	\$ 313,591	\$ -
Total health	<u>\$ 313,591</u>	<u>\$ 313,591</u>	<u>\$ 313,591</u>	<u>\$ -</u>
Mental health and mental retardation:				
Region Ten community services board	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total mental health and mental retardation	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and administration	\$ 2,234,515	\$ 2,234,515	\$ 1,590,126	\$ 644,389
MACAA	31,410	31,410	31,410	-
Senior center meals	9,000	9,000	9,000	-
At risk youth program	1,663,713	2,796,197	3,021,457	(225,260)
Shelter for help	8,500	8,500	8,500	-
JAUNT	67,176	67,176	67,176	-
JABA	101,500	101,500	101,500	-
Foothills Child Advocacy Center	4,000	4,000	4,000	-
Tax relief for the elderly & E911	-	-	288,209	(288,209)
Total welfare	<u>\$ 4,119,814</u>	<u>\$ 5,252,298</u>	<u>\$ 5,121,378</u>	<u>\$ 130,920</u>
Total health and welfare	<u>\$ 4,583,405</u>	<u>\$ 5,715,889</u>	<u>\$ 5,584,969</u>	<u>\$ 130,920</u>
Education:				
Other instructional costs:				
Community College	\$ 2,108	\$ 2,108	\$ 2,108	\$ -
Appropriation to public school system	<u>17,301,622</u>	<u>17,566,024</u>	<u>17,152,581</u>	<u>413,443</u>
Total education	<u>\$ 17,303,730</u>	<u>\$ 17,568,132</u>	<u>\$ 17,154,689</u>	<u>\$ 413,443</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	<u>\$ 329,789</u>	<u>\$ 440,285</u>	<u>\$ 286,235</u>	<u>\$ 154,050</u>
Total parks and recreation	<u>\$ 329,789</u>	<u>\$ 440,285</u>	<u>\$ 286,235</u>	<u>\$ 154,050</u>
Cultural enrichment:				
Wintergreen Performing Arts	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
Total cultural enrichment	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
Library:				
Regional library	<u>\$ 345,986</u>	<u>\$ 345,986</u>	<u>\$ 345,866</u>	<u>\$ 120</u>
Total library	<u>\$ 345,986</u>	<u>\$ 345,986</u>	<u>\$ 345,866</u>	<u>\$ 120</u>
Total parks, recreation, and cultural	<u>\$ 684,775</u>	<u>\$ 795,271</u>	<u>\$ 641,101</u>	<u>\$ 154,170</u>
Community development:				
Planning and community development:				
Planning	\$ 192,455	\$ 199,682	\$ 196,311	\$ 3,371
Community development	373,742	630,512	640,901	(10,389)
Thomas Jefferson Planning District Commission	17,537	20,412	20,412	-
Virginia Institute of Government	1,000	1,000	1,000	-
Colleen water/sewer subsidy	50,000	50,000	49,946	54
Community Investment Collaborative	4,000	4,000	4,000	-
Anti-litter program	8,312	9,966	-	9,966
Nelson County Economic Development Authority	3,100	63,100	40,600	22,500
Central Virginia Partnership for Economic Development	10,000	10,000	10,000	-
Nelson County Community Development Foundation	69,661	69,661	69,661	-
Total planning and community development	<u>\$ 729,807</u>	<u>\$ 1,058,333</u>	<u>\$ 1,032,831</u>	<u>\$ 25,502</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water district	\$ 34,067	\$ 34,067	\$ 34,067	\$ -
Total environmental management	\$ 34,067	\$ 34,067	\$ 34,067	\$ -
Cooperative extension program:				
Extension office	\$ 53,508	\$ 56,751	\$ 52,190	\$ 4,561
Total cooperative extension program	\$ 53,508	\$ 56,751	\$ 52,190	\$ 4,561
Total community development	\$ 817,382	\$ 1,149,151	\$ 1,119,088	\$ 30,063
Nondepartmental:				
Refunds	\$ 70,314	\$ 70,314	\$ 56,183	\$ 14,131
Reserve for contingency	1,388,000	260,900	24,023	236,877
Other nondepartmental	355,136	660,714	589,494	71,220
Total nondepartmental	\$ 1,813,450	\$ 991,928	\$ 669,700	\$ 322,228
Capital projects:				
Property Acquisition (Larkin)	\$ 2,600,000	\$ 2,514,739	\$ 2,484,667	\$ 30,072
Emergency services vehicles	295,000	295,000	215,335	79,665
Other capital projects	1,769,335	2,113,361	1,604,434	508,927
Total capital projects	\$ 4,664,335	\$ 4,923,100	\$ 4,304,436	\$ 618,664
Debt service:				
Principal retirement				-
Interest and other fiscal charges	\$ -	\$ 85,260	\$ 85,260	\$ -
Total debt service	\$ -	\$ 85,260	\$ 85,260	\$ -
Total General Fund	\$ 45,320,667	\$ 47,733,220	\$ 42,284,799	\$ 5,448,421
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,847,000	\$ 2,847,000	\$ 2,847,000	\$ -
Interest and other fiscal charges	3,494,318	3,494,318	478,283	3,016,035
Total Debt Service Fund	\$ 6,341,318	\$ 6,341,318	\$ 3,325,283	\$ 3,016,035
Capital Projects Fund:				
Capital projects:				
Contingencies	\$ 705,251	\$ 705,251	\$ -	\$ 705,251
Total capital projects	\$ 705,251	\$ 705,251	\$ -	\$ 705,251
Total Capital Projects Fund	\$ 705,251	\$ 705,251	\$ -	\$ 705,251
Total Primary Government	\$ 52,367,236	\$ 54,779,789	\$ 45,610,082	\$ 9,169,707

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 22,362,713	\$ 22,362,713	\$ 18,893,167	\$ 3,469,546
Total instruction costs	<u>\$ 22,362,713</u>	<u>\$ 22,362,713</u>	<u>\$ 18,893,167</u>	<u>\$ 3,469,546</u>
Operating costs:				
Administration, attendance and health services	\$ 1,717,814	\$ 1,717,814	\$ 1,555,142	\$ 162,672
Pupil transportation	3,370,157	4,362,059	3,212,249	1,149,810
Operation and maintenance of school plant	3,042,324	3,354,824	3,241,739	113,085
School food	1,505,468	1,505,468	1,433,450	72,018
Facilities	3,273,620	3,273,620	3,875,483	(601,863)
Technology	<u>2,042,795</u>	<u>2,042,795</u>	<u>1,261,671</u>	<u>781,124</u>
Total operating costs	<u>\$ 14,952,178</u>	<u>\$ 16,256,580</u>	<u>\$ 14,579,734</u>	<u>\$ 1,676,846</u>
Total education	<u>\$ 37,314,891</u>	<u>\$ 38,619,293</u>	<u>\$ 33,472,901</u>	<u>\$ 5,146,392</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 165,234	\$ (165,234)
Interest and other fiscal charges	<u>379,065</u>	<u>379,065</u>	<u>21,350</u>	<u>357,715</u>
Total debt service	<u>\$ 379,065</u>	<u>\$ 379,065</u>	<u>\$ 186,584</u>	<u>\$ 192,481</u>
Total School Operating Fund	<u><u>\$ 37,693,956</u></u>	<u><u>\$ 38,998,358</u></u>	<u><u>\$ 33,659,485</u></u>	<u><u>\$ 5,338,873</u></u>

Other Statistical Information

Table 1

COUNTY OF NELSON, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

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	Public Safety	Public Works								
2013	\$ 2,218,102	\$ 725,905	\$ 4,204,470	\$ 2,068,094	\$ 2,418,330	\$ 14,983,417	\$ 534,768	\$ 1,411,994	\$ 1,373,603	\$ 29,938,683		
2014	2,024,078	760,170	5,037,123	2,121,760	2,506,489	16,169,175	565,861	928,029	968,301	31,080,986		
2015	1,931,016	709,914	5,130,442	2,051,142	2,366,870	15,784,538	568,093	773,915	866,705	30,182,635		
2016	1,949,333	717,437	5,158,634	1,982,740	2,684,740	16,010,197	574,628	762,775	964,793	30,805,277		
2017	2,195,124	759,914	5,427,281	2,131,248	2,961,759	17,177,335	587,648	818,106	804,949	32,863,364		
2018	2,380,593	952,178	5,547,471	1,860,789	3,520,080	17,422,795	613,334	765,642	704,490	33,767,372		
2019	2,285,005	770,841	6,050,356	1,326,860	3,536,192	16,385,204	674,601	823,167	661,937	32,514,163		
2020	3,117,491	996,430	6,411,572	2,212,255	3,956,898	16,108,123	569,528	801,084	618,473	34,791,854		
2021	2,813,274	1,088,257	8,819,205	2,292,566	4,143,436	16,182,973	660,283	735,980	609,126	37,345,100		
2022	2,958,355	1,318,116	6,754,529	2,652,732	5,421,109	18,291,689	958,260	1,113,555	447,933	39,916,278		

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 2

Government-Wide Revenues by Source

Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2013	\$ 680,137	\$ 2,721,650	\$ 655,166	\$ 21,421,597	\$ 3,912,469	\$ 110,011	\$ 120,335	\$ 2,526,847	\$ 32,148,212	
2014	883,247	2,924,866	431,654	21,779,423	4,022,028	125,442	80,201	2,458,708	32,705,569	
2015	934,970	2,868,264	753,001	22,191,371	4,256,941	59,213	71,605	2,412,973	33,548,338	
2016	744,739	3,080,455	201,490	22,900,404	4,167,376	166,633	131,388	2,398,629	33,791,114	
2017	745,516	3,464,684	19,985	22,941,866	4,432,849	170,882	90,549	2,406,195	34,272,526	
2018	667,084	3,733,082	-	23,087,057	4,827,998	294,101	118,390	2,285,266	35,012,978	
2019	584,651	4,270,101	2,135,054	23,273,910	4,723,968	426,877	132,489	2,344,744	37,891,794	
2020	580,106	4,316,931	2,439,506	21,452,989	4,680,575	528,397	314,843	2,336,964	36,650,311	
2021	759,324	7,601,859	290,845	23,958,585	5,841,886	57,295	173,874	2,296,344	40,980,012	
2022	855,192	5,878,669	-	26,862,656	6,924,358	779,656	163,637	2,363,410	43,827,578	

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 3

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services			Recovered Costs	Inter-governmental	Total
						Miscellaneous					
2013	\$ 21,529,646	\$ 3,912,469	\$ 176,921	\$ 278,688	\$ 110,098	\$ 675,143	\$ 471,690	\$ 774,339	\$ 15,399,851	\$ 43,328,845	
2014	21,894,598	4,022,028	188,116	436,296	125,478	683,538	321,102	1,078,722	15,322,742	44,072,620	
2015	22,462,776	4,256,941	289,183	367,860	59,237	709,735	361,098	979,519	16,099,840	45,586,189	
2016	22,605,217	4,167,376	220,105	269,649	166,667	698,989	421,705	834,401	16,102,394	45,486,503	
2017	22,965,908	4,432,849	225,659	247,923	170,928	703,956	378,337	953,802	16,115,152	46,194,514	
2018	23,016,862	4,827,998	216,790	181,025	2,021,353 (2)	666,479	372,240	931,700	16,126,930	48,361,377	
2019	23,048,894	4,723,968	200,533	104,541	426,979	664,440	309,036	964,718	19,572,037	50,015,146	
2020	21,596,875	4,680,575	225,841	88,571	528,485	595,260	493,537	793,944	19,842,979	48,846,067	
2021	23,740,313	5,841,886	377,629	106,860	57,417	280,238	455,668	992,164	21,573,440	53,425,615	
2022	26,819,120	6,924,358	366,434	202,375	779,767	435,123	1,015,011	933,278	24,352,372	61,827,838	

(1) Includes General, Special Revenue and Capital Projects Funds, and Component Unit School Board.

(2) In FY 2018, the County sold a property for \$1,727,200.

COUNTY OF NELSON, VIRGINIA

Table 4

General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare		Education (2)	Recreation and Cultural	Community Development	Nondepartmental	Capital Projects	Debt Service	Total
2013	\$ 1,885,620	\$ 733,316	\$ 4,452,145	\$ 1,766,078	\$ 2,446,824	\$ 23,920,947	\$ 465,924	\$ 1,502,758	\$ 87,166	\$ 1,463,724	\$ 3,429,231	\$ 42,153,733	
2014	1,721,530	757,806	4,838,651	2,057,624	2,517,465	25,079,440	459,772	789,983	65,419	2,593,285	3,309,774	44,190,749	
2015	1,633,671	731,991	4,715,943	1,835,938	2,502,319	25,064,722	468,588	771,534	84,208	2,368,313	3,407,600	43,584,827	
2016	1,669,590	749,324	4,956,762	1,809,476	2,780,209	25,579,745	474,866	818,236	69,951	3,700,404	3,563,805	46,172,368	
2017	1,844,773	766,410	5,002,511	1,901,844	3,060,817	26,661,744	492,716	839,124	66,313	3,175,469	3,732,658	47,544,379	
2018	1,983,869	773,494	5,051,737	2,016,664	3,604,945	26,831,217	523,582	775,489	71,278	1,123,135	3,376,685	46,132,095	
2019	1,938,766	795,823	5,298,773	2,034,512	3,655,624	26,718,978	515,938	829,821	92,690	3,920,663	3,365,701	49,167,289	
2020	1,875,480	947,585	5,601,536	2,022,659	3,979,752	25,857,090	512,077	728,944	1,134,105	5,112,880	3,350,370	51,122,478	
2021	2,168,581	1,016,286	7,989,343	2,178,189	4,125,957	26,445,759	531,203	657,756	719,944	1,221,294	8,832,977	55,887,289	
2022	2,195,999	1,277,690	6,830,742	2,421,125	5,584,969	33,475,009	641,101	1,119,088	669,700	4,304,436	3,597,127	62,116,986	

(1) Includes General, Special Revenue and Capital Projects Funds, and Component Unit School Board.

(2) Does not include appropriation from primary government to School Board.

COUNTY OF NELSON, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) (2)		Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)		Percent of Delinquent Taxes to Tax Levy	
	Tax Levy									Total Tax Collections	to Tax Levy	Delinquent Taxes (1)	
2013	\$	22,371,562	21,912,219	97.95%	\$	960,970	22,873,189	102.24%	\$	2,520,749	11.27%		
2014		22,955,321	22,349,770	97.36%		878,931	23,228,701	101.19%		2,603,797	11.34%		
2015		23,464,205	22,919,925	97.68%		889,526	23,809,451	101.47%		2,350,671	10.02%		
2016		23,434,201	23,040,817	98.32%		916,054	23,956,871	102.23%		2,254,765	9.62%		
2017		23,774,405	23,375,376	98.32%		944,757	24,320,133	102.30%		2,452,150	10.31%		
2018		23,957,389	23,373,470	97.56%		990,656	24,364,126	101.70%		2,438,968	10.18%		
2019		24,201,337	23,506,336	97.13%		941,922	24,448,258	101.02%		2,577,549	10.65%		
2020	(3)	22,580,929	21,939,361	97.16%		1,046,092	22,985,453	101.79%		2,408,348	10.67%		
2021		24,914,698	24,246,438	97.32%		859,591	25,106,029	100.77%		2,408,348	9.67%		
2022		26,530,587	25,901,497	97.63%		2,252,026	28,153,523	106.12%		2,849,553	10.74%		

(1) Exclusive of penalties and interest.

(2) Real estate taxes are collected in installments. The due date of the first half installment is June 5. The tax levy includes the second half of the prior year and first half of the current year real estate tax levies.

(3) In fiscal year 2020, the first half of the 2020 personal property taxes and machinery and tools taxes were forgiven in the amount of \$2,051,542.

COUNTY OF NELSON, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Public Utility	Total
2013	\$ 2,936,646,420	\$ 140,682,862	\$ 5,252,401	\$ 674,898	\$ 103,528,974	\$ 3,186,785,555
2014	2,698,994,105	147,214,790	4,769,312	901,110	102,178,904	2,954,058,221
2015	2,439,972,005	149,988,448	4,460,160	1,021,923	104,274,278	2,699,716,814
2016	2,454,837,405	150,643,025	4,552,937	1,841,760	80,041,583	2,691,916,710
2017	2,471,704,199	152,783,120	4,515,700	3,778,757	109,287,296	2,742,069,072
2018	2,465,471,934	157,853,731	4,573,430	5,628,496	112,550,419	2,746,078,010
2019	2,462,132,877	162,744,378	4,631,543	7,015,142	122,074,091	2,758,598,031
2020	2,480,933,184	166,691,512	4,634,964	7,001,602	125,563,949	2,784,825,211
2021	2,504,933,598	174,837,503	4,680,524	6,976,714	135,752,340	2,827,180,679
2022	2,829,412,382	208,235,243	4,828,014	7,233,067	145,138,806	3,194,847,512

Note:

Includes only the assessed values, as adjusted for supplements and abatements as of the tax year indicated.

COUNTY OF NELSON, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2013	0.60	2.95	0.60	1.25
2014	0.60/0.72	2.95/3.45	0.60/0.72	1.25
2015	0.72	3.45	0.72	1.25
2016	0.72	3.45	0.72	1.25
2017	0.72	3.45	0.72	1.25
2018	0.72	3.45	0.72	1.25
2019	0.72	3.45	0.72	1.25
2020	0.72	3.45	0.72	1.25
2021	0.72	3.45	0.72	1.25
2022	0.72/0.65	3.45	0.72/0.65	1.25

(1) Per \$100 of assessed value

COUNTY OF NELSON, VIRGINIA

Table 8

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
				Debt Service Monies Available			Debt to Assessed Value	Bonded Debt per Capita	
2013	15,161	\$ 3,186,785,555	\$ 30,656,196	-	\$ -	30,656,196	0.96%	\$ 2,022	
2014	14,789	2,954,058,221	28,677,466	-	-	28,677,466	0.97%	1,939	
2015	14,789	2,699,716,814	26,270,402	-	-	26,270,402	0.97%	1,776	
2016	14,789	2,691,916,710	27,839,133	-	-	27,839,133	1.03%	1,882	
2017	14,789	2,742,069,072	25,064,070	-	-	25,064,070	0.91%	1,695	
2018	14,789	2,746,078,010	22,554,995	-	-	22,554,995	0.82%	1,525	
2019	14,943	2,758,598,031	22,329,658	-	-	22,329,658	0.81%	1,494	
2020	14,930	2,784,825,211	19,748,849	-	-	19,748,849	0.71%	1,323	
2021	14,775	2,827,180,679	17,205,364	-	-	17,205,364	0.61%	1,164	
2022	14,790	3,194,847,512	14,439,705	-	-	14,439,705	0.45%	976	

(1) U.S. Bureau of the Census

(2) From Table 6

(3) Includes long-term general obligation bonded debt, Literary Fund loans, lease revenue bonds, bond anticipation loans and retirement incentive obligations of the primary government and Component Unit School Board. Excludes leases, compensated absences, accrued landfill costs and debt on the Piney River Water & Sewer Enterprise fund.

COUNTY OF NELSON, VIRGINIA

Table 9

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures

Last Ten Fiscal Years

Fiscal Year	(2) Principal		(2) Interest		Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2013	\$	2,037,867	\$	1,391,364	\$ 3,429,231	42,153,733	8.14%
2014		2,190,739		1,119,035	3,309,774	44,190,749	7.49%
2015		2,199,184		1,061,125	3,260,309	43,584,827	7.48%
2016		2,387,989		1,175,816	3,563,805	46,172,368	7.72%
2017		2,663,874		1,068,784	3,732,658	47,544,379	7.85%
2018		2,425,311		951,374	3,376,685	46,132,095	7.32%
2019		2,461,868		903,833	3,365,701	49,167,289	6.85%
2020		2,494,718		855,652	3,350,370	51,122,478	6.55%
2021		7,992,888		840,089	8,832,977	55,887,289	15.80%
2022		3,012,234		584,893	3,597,127	62,116,986	5.79%

(1) Includes General, Special Revenue and Capital Projects Funds, and Component Unit School Board.

(2) Includes lease revenue bonds, general obligation debt, and Literary Fund loans, exclusive of fiscal charges, does not include capital leases, early retirement incentive obligation, repayment of bond anticipation loans, or debt on the Enterprise Fund.

Compliance

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

**To the Honorable Members of the Board of Supervisors
County of Nelson, 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nelson, Virginia, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the County of Nelson, Virginia's basic financial statements, and have issued our report thereon April 4, 2024. Our report includes a reference to other auditors who audited the financial statements of the School Activities Fund of the discretely presented component unit - school board, as described in our report on the County of Nelson, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

April 4, 2024



**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 Nelson, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Nelson, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Nelson, Virginia's major federal programs for the year ended June 30, 2023. County of Nelson, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Nelson, Virginia's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Nelson, Virginia's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Nelson, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Nelson, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Nelson, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Nelson, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Nelson, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Nelson, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 County of Nelson, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance: (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

April 4, 2024

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Education:				
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Available	\$ -	\$ 24,799
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400109/0400110	\$ -	\$ 122,831
Title IV-E Prevention Program	93.472	1140122	-	1,893
Guardianship Assistance	93.090	1110121/1110122	-	46
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	\$ -	\$ 5,485
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500109/0500110	-	597
Low Income Home Energy Assistance	93.568	0600409/0600410	-	25,730
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	\$ -	\$ 28,922
Total CCDF Cluster			\$ -	\$ 28,922
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	-	194
Foster Care - Title IV-E	93.658	1100109/1100110	-	88,725
Adoption Assistance	93.659	1120109/1120110	-	149,921
Social Services Block Grant	93.667	1000109/1000110	-	154,390
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150108/9150109/9150110	\$ -	1,565
COVID-19-Elder Abuse Prevention Interventions Program	93.747	8000221	-	3,505
Children's Health Insurance Program	93.767	0540109/0540110	-	960
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	102,958
Total Department of Health and Human Services			\$ -	\$ 712,521
Department of Agriculture:				
Pass Through Payments:				
Department of Education:				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	201818N109941	\$ -	\$ 13,287
School Breakfast Program (Child Nutrition Cluster)	10.553	201717N109941/201818N109941	\$ -	\$ 231,314
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ -	\$ 665,400
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	-	90,540
Total 10.555			\$ -	\$ 755,940
Total Child Nutrition Cluster			\$ -	\$ 1,000,541

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2023

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Department of Agriculture: (Continued)				
Schools and Roads - Grants to States (Forest Service Schools and Roads Cluster)	10.665	10.665	\$ -	\$ 2,959
COVID-19-Pandemic EBT Administrative Costs	10.649	202121S900941	\$ -	3,135
Child and Adult Care Food Program	10.558	202323N11994	\$ -	17,190
Child Nutrition Discretionary Grants Limited Availability	10.579	202323N11994	\$ -	33,314
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110/0040109/0040110	-	199,175
Total Department of Agriculture			\$ -	\$ 1,256,314
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victims Assistance	16.575	17VAGX0018/18VAGX0011/18V2GX0011	\$ -	\$ 54,511
State Criminal Alien Assistance Program	16.606	Not Available	-	7,677
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	-	9,211
Total Department of Justice - pass-through			\$ -	\$ 71,399
Total Department of Justice			\$ -	\$ 71,399
Department of Treasury:				
Direct Payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	\$ -	\$ 50,000
Pass Through Payments:				
Virginia Department of Social Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	-	500
Virginia Department of Accounts:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	-	3,214
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	-	282,385
Total 21.027			\$ -	\$ 336,099
Total Department of Treasury			\$ -	\$ 336,099
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	BPT202353143	\$ -	\$ 5,353
Alcohol Open Container Requirements	20.607	154AL20202252033	-	10,264
Total Department of Transportation			\$ -	\$ 15,617

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2023

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
Department of Homeland Security:				
Pass-through payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	EMP-2022-EP-00006	\$ -	\$ 7,500
Total Department of Homeland Security			\$ -	\$ 7,500
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ -	\$ 560,794
Special Education -- Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	-	496,281
Special Education -- Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	-	17,712
Total Special Education Cluster			\$ -	\$ 513,993
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	-	43,853
Rural Education	84.358	Not Available	-	797
Supporting Effective Instruction State Grants	84.367	S367A120044/S367A130044	-	75,634
Student Support and Academic Enrichment Program	84.424	Not Available	-	31,193
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008		2,907,509
Total Department of Education			\$ -	\$ 4,133,773
Total Expenditures of Federal Awards			\$ -	\$ 6,533,223

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF NELSON, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Nelson, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Nelson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Nelson, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures 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.

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

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 \$ 1,114,491

Total primary government \$ 1,114,491

Component Unit School Board:

School Operating Fund \$ 5,498,096

Total component unit school board \$ 5,498,096

Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards \$ (79,364)

Total federal expenditures per basic financial statements \$ 6,533,223

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 6,533,223

COUNTY OF NELSON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weaknesses identified? No

 Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabalization Fund
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

COUNTY OF NELSON, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

There were no findings reported for the year ended June 30, 2022.