

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

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COUNTY OF NELSON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2024

BOARD OF SUPERVISORS

J. David Parr – Chair, West District
Ernest Q. Reed – Vice Chair, Central District
Jessica Ligon –South District
Jesse N. Rutherford – East District
Thomas D. Harvey - North District

COUNTY SCHOOL BOARD

George Cheape – Chair
Margaret Clair – Vice Chair

Shannon Powell
Janet Turner-Giles

Ceaser Perkins

COUNTY SOCIAL SERVICES BOARD

Darlene Smith, Chair
Edith Napier-Wardlaw, Vice Chair

Diane Harvey
David Parr

Brad Johnson
Claudia Van Koba

OTHER OFFICIALS

Michael R. Doucette
Lisa D. Bryant
Daniel L. Rutherford
Kim Goff
Neely T. Hull
Mark Embrey
Amanda C. Hester
Brad Burdette
Candice W. McGarry

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



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Nelson, Virginia
Lovingston, 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, 2024, 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, 2024, 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 6 percent, 25 percent, and 2 percent, respectively, of the assets, fund balances, and revenues of the discretely presented component unit – school board as of June 30, 2024. 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 for Correction of an Error

As described in Note 26 to the financial statements, in 2024, the County restated beginning balances to reflect adjustments related to unearned revenue and construction-in-progress. Our opinions are 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 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 March 15, 2025, 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

March 15, 2025

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, 2024.

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 \$59,252,844. Of this amount, \$36,634,533 is unrestricted, and may be used to meet the government's ongoing obligations to creditors and citizens. Of the total net position, there is \$22,618,311 invested in capital assets net of related debt (an increase of \$4,075,847 from the previous year). The School Board's net position is \$11,151,142 of which the unrestricted net position was a deficit of \$14,338,153.

The total net position of the Primary Government increased by \$2,198,749, the Component Unit School Board's net position increased by \$5,084,786, and the Component Unit Economic Development Authority's net position decreased by \$36,278. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$30,206,488. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2023-24 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$35,737,928 of which \$30,206,488 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 Fund.

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 and OPEB 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 \$59,252,844 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, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 51,339,488	\$ 52,819,901	\$ 2,522,324	\$ 2,754,389	\$ 53,861,812	\$ 55,574,290
Capital assets	30,058,299	29,856,556	4,059,022	4,320,080	34,117,321	34,176,636
Total assets	<u>\$ 81,397,787</u>	<u>\$ 82,676,457</u>	<u>\$ 6,581,346</u>	<u>\$ 7,074,469</u>	<u>\$ 87,979,133</u>	<u>\$ 89,750,926</u>
Deferred Outflows of Resources	\$ 883,955	\$ 1,097,379	\$ -	\$ -	\$ 883,955	\$ 1,097,379
Long-term liabilities	\$ 11,748,881	\$ 16,711,434	\$ 228,349	\$ 238,743	\$ 11,977,230	\$ 16,950,177
Other liabilities	2,691,627	1,164,837	18,547	13,013	2,710,174	1,177,850
Total liabilities	<u>\$ 14,440,508</u>	<u>\$ 17,876,271</u>	<u>\$ 246,896</u>	<u>\$ 251,756</u>	<u>\$ 14,687,404</u>	<u>\$ 18,128,027</u>
Deferred Inflows of Resources	\$ 13,000,417	\$ 13,652,666	\$ 1,922,423	\$ 2,013,517	\$ 14,922,840	\$ 15,666,183
Net Position:						
Net investment in capital assets	\$ 18,792,902	\$ 14,461,127	\$ 3,825,409	\$ 4,081,337	\$ 22,618,311	\$ 18,542,464
Unrestricted	36,047,915	37,783,772	586,618	727,859	36,634,533	38,511,631
Total net position	<u>\$ 54,840,817</u>	<u>\$ 52,244,899</u>	<u>\$ 4,412,027</u>	<u>\$ 4,809,196</u>	<u>\$ 59,252,844</u>	<u>\$ 57,054,095</u>
	34.3%	27.7%	86.7%	84.9%	38.2%	32.5%

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 38.2 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, 2024. The remaining balance of unrestricted net position, which is \$36,634,533 or 61.8 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 \$18,792,902 in net position invested in capital assets, net of related debt and \$36,047,915 in unrestricted net position. The business-type activities reported positive balances of \$3,825,409 in net position invested in capital assets net of related debt and \$586,618 in unrestricted net position.

The government's total net position increased by \$2,198,749 during the current fiscal year compared to an increase of \$3,790,812 in FY 2023.

Governmental and Business-type Activities

Governmental activities increased the County's net position by \$2,595,918. Business-type activities decreased the County's net position by \$397,169. Key elements of these changes are as follows:

**County of Nelson's Changes in Net Position
For the Years Ended June 30, 2024 and June 30, 2023**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 853,748	\$ 855,192	\$ 277,130	\$ 326,018	\$ 1,130,878	\$ 1,181,210
Operating grants & contributions	6,521,675	5,878,669	-	-	6,521,675	5,878,669
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
General property taxes	27,071,915	26,862,656	-	-	27,071,915	26,862,656
Other local taxes	7,230,330	6,924,358	-	-	7,230,330	6,924,358
Use of money and property	1,319,976	779,656	71,287	50,684	1,391,263	830,340
Miscellaneous	199,800	163,637	-	-	199,800	163,637
Grants and contributions not restricted to specific programs	1,528,972	2,363,410	-	-	1,528,972	2,363,410
Transfers	300,000	(76,442)	(300,000)	76,442	-	-
Total revenues	<u>\$ 45,026,416</u>	<u>\$ 43,751,136</u>	<u>\$ 48,417</u>	<u>\$ 453,144</u>	<u>\$ 45,074,833</u>	<u>\$ 44,204,280</u>
Expenses:						
General government	\$ 3,119,406	\$ 2,958,355	\$ -	\$ -	\$ 3,119,406	\$ 2,958,355
Judicial administration	1,327,721	1,318,116	-	-	1,327,721	1,318,116
Public safety	8,078,445	6,754,529	-	-	8,078,445	6,754,529
Public works	2,647,169	2,652,732	445,586	497,190	3,092,755	3,149,922
Health and welfare	4,873,559	5,421,109	-	-	4,873,559	5,421,109
Education	20,015,024	18,291,689	-	-	20,015,024	18,291,689
Parks, recreation and cultural	989,742	958,260	-	-	989,742	958,260
Community development	977,774	1,113,555	-	-	977,774	1,113,555
Interest on long-term debt	401,658	447,933	-	-	401,658	447,933
Total expenses	<u>\$ 42,430,498</u>	<u>\$ 39,916,278</u>	<u>\$ 445,586</u>	<u>\$ 497,190</u>	<u>\$ 42,876,084</u>	<u>\$ 40,413,468</u>
Increase (decrease) in net position	\$ 2,595,918	\$ 3,834,858	\$ (397,169)	\$ (44,046)	\$ 2,198,749	\$ 3,790,812
Beginning net position, as restated	52,244,899	48,410,041	4,809,196	4,853,242	57,054,095	53,263,283
Ending net position	<u>\$ 54,840,817</u>	<u>\$ 52,244,899</u>	<u>\$ 4,412,027</u>	<u>\$ 4,809,196</u>	<u>\$ 59,252,844</u>	<u>\$ 57,054,095</u>

Government-wide Financial Analysis: (Continued)

Revenues

- Overall revenues increased by \$870,553. Revenues from Governmental Activities increased by \$1,275,280. Business-type activities revenues decreased when compared to the prior year by \$404,727, which is mainly attributed to a \$300,000 transfer to general county funds. Piney River water and sewer charges decreased \$60,845 and Broadband Authority revenues increased by \$11,957 as compared to the prior year.
- There was an increase in General property tax revenue of \$209,259.
- There was an overall increase in the Other Local Taxes category of revenue of \$305,972. The more predominant changes from FY23 to FY24 in this revenue category were:
 - Local sales and use taxes increased by \$71,573
 - Transient occupancy tax increased by \$81,335
- The revenues from charges for services decreased by \$50,332. The business-type activities sustained a net decrease of \$48,888 (\$60,845 decrease in Piney River water and sewer charges offset by an increase in Broadband Authority charges of \$11,957), while the governmental activities sustained a decrease of \$1,444. There were slight fluctuations in all categories within other charges for services.
- Revenue from the use of money and property increased by a substantial \$560,923 as the County enjoyed favorable interest rates and market increases on invested funds.
- There was an increase in the Miscellaneous category of revenue from FY23 to FY24 in the amount of \$36,163. This was mainly due to the recognition of deferred opioid settlement revenue of \$129,615 in FY23.
- There was an increase in Operating Grants and Contributions revenues of \$643,006, attributed mainly to the following changes in operating grants:
 - Increase in Compensation Board shared expense reimbursements for constitutional offices of \$224,407
 - Increase in American Rescue Plan Act grants of \$248,806
 - Increase in other categorial aid of \$160,761
 - Decrease in DHR Funding for Vietnam War Museum of \$50,000

Governmental and Business-type Activities: (Continued)

Expenses

- Expenses reflected an overall net increase of \$2,426,616. Of this amount, expenses from governmental activities increased by \$2,514,220 and business-type activities decreased by \$51,604.
- Several functional areas of expenses reflected increases: general government; judicial administration; public safety; education; and parks, recreation and cultural. The public works, health and welfare, and community development functions declined by a significant amount.
- The general government function had a net increase in expenditures of \$1,345,953. This is primarily attributed to an increase in education expenditures of \$1,784,935 and an increase in public safety expenditures of \$1,460,624 both of which were offset by a decrease in capital projects expenditures of \$1,375,320 from the prior year.
- 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:
 - \$877,892 increase in Sheriff's department
 - \$147,910 increase in Emergency Services department
 - \$85,796 increase in Paid EMS department
 - \$218,141 increase in Correction and Detention costs of the regional jail services
 - \$71,652 decrease in Animal Control
- The public works function had a decrease in expenses of \$57,161. Of this total decrease, there was a decrease of \$5,563 in Governmental Activities associated with public works and a decrease of \$51,604 in Business Activities associated with public works. The decrease in Business Activities is mainly due to the decrease of \$74,410 in maintenance and repairs expenses associated with the Piney River Water and Sewer Fund. The Broadband Authority sustained an increase in operating expenses of \$17,165 and the Piney River Water and Sewer Fund sustained a decrease in operating costs of \$68,769, due to decreased repairs and maintenance costs of \$74,410.
- The health and welfare function reported a decrease in expenses of \$547,550 from the prior year. This is mainly attributable to a decrease in the cost of the At-Risk Youth program expenses of \$781,220, offset by an increase in public assistance and administration of \$135,371 and an increase in tax relief of \$38,426 as compared to the prior year.
- The education function of the Primary Government sustained an increase in expenses of \$1,723,335. Contributions from the county to the school board for regular operations and the nursing program increased by \$1,784,530 from FY23 to FY24. 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 \$31,482 in expenses from FY23 to FY24. Departments in this function sustained normal operating fluctuations.
- The community development function sustained a decrease of \$135,781 in expenses when compared to the prior year. This was primarily driven by a decrease of \$33,100 of Contributions to the Nelson County Economic Development Authority and a decrease of \$109,551 of community development expenses from 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 \$35,737,928, a decrease of \$1,404,838 from the prior year. Approximately 84.5 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 \$670,552
- Restricted fund balance of \$14,729
- Committed fund balance of \$4,846,159

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, 2024, total fund balance of the general fund was \$31,620,320, of which \$30,206,488 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 69.2 percent of total general fund expenditures which includes transfers to the School Board component unit of \$18,937,111. The general fund total fund balance represents 72.5 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 \$1,564,754 during the current fiscal year. Key factors in this increase are as follows:

- Overall General Fund revenues increased by \$253,272 as compared to the prior year.
 - As discussed above in the Revenues section of the Government-Wide Financial Analysis:
 - There was an increase in ARPA revenue recognized of \$248,806.
 - As discussed previously, property tax revenues decreased by \$334,513 in FY24 as compared to FY23. There were also \$305,972 additional other local taxes reported this year, mainly in the categories of other sales and use taxes and transient lodging tax.
 - There was also a notable increase in revenue from the use of money and property as the County enjoyed an increase of \$560,923 in earnings on invested funds as compared to FY23.
 - 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 \$79,186, primarily attributable to building permit sales declines.
 - the recovered cost category reporting a decrease of \$76,999 from the prior year
- General Fund expenditures increased by \$1,345,953 as compared to the prior year. Most departments sustained fairly moderate changes from FY23 to FY24. Increases and decreases by function are:
 - an increase in General Government expenditures of \$227,071; of note is an increase in total board of elections costs of \$160,025. All other general government departments experienced moderate increases and decreases in expenditures compared to the previous year, for a combined increase of \$67,046,
 - an increase in Judicial Administration expenditures of \$34,379, which included an increase in Adult Drug Court costs of \$86,792, offset by a decrease in Commonwealth Attorney costs of \$55,468,
 - an increase in Public Safety expenditures of \$1,460,624, which includes moderate fluctuations in most departments, but is primarily comprised of a \$877,893 in Sheriff expenditures, \$147,910 increase in Paid EMS and an increase in Regional Jail services of \$218,141,
 - an increase in Public Works expenditures of \$98,257, which includes moderate fluctuations in most departments,
 - an decrease in Health and Welfare expenditures of \$536,520, primarily driven by a decrease in At-Risk Youth funding of \$781,220, offset by an increase in public assistance and administration of \$135,371 and an increase in tax relief of \$38,426 as compared to the prior year,
 - an increase in Education expenditures of \$1,784,935, mostly due to an increase in funding to the Nelson County public school system by \$1,784,530 from FY23 to FY24,
 - an increase in Parks, Recreation, and Cultural expenditures of \$57,367, mostly due to an increase in parks and recreation administration and program costs of \$43,483,
 - an decrease in Community Development expenditures of \$116,159, which was primarily driven by a decrease of \$33,100 of Contributions to the Nelson County Economic Development Authority and a decrease of \$109,551 of community development expenses from the prior year,
 - a decrease in Nondepartmental function expenditures of \$297,572, mostly due to a decrease in expenditures of \$50,000 for the DHR Vietnam War Museum and modest decreases in other Nondepartmental expenditure categories

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

- a decrease in capital projects expenditures of \$1,375,320 compared to the prior year, attributable to the following significant projects undertaken in the prior year:
 - \$2,484,667 purchase of land (Larkin property)
 - \$244,922 purchase of 4 Sheriff's vehicles with equipment
 - \$370,789 construction project costs for E911 microwave network upgrade
- the following significant capital projects were undertaken and recorded as construction in progress expenditures in FY24:
 - \$1,421,425 radio subscriber and install equipment
 - \$495,122 E911 microwave network upgrade
- Transfers out for debt service decrease by \$3,092,476 due to reserves for future capital improvements that were built up in the prior year. Transfers into the general fund from proprietary funds and component units were \$306,657 as compared to transfers out of \$76,442 in the prior year.

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 \$275,686. This is a decrease from the prior year of \$29,698.

Unrestricted net position of the Broadband Authority at the end of the fiscal year was \$310,932. This is a decrease from the prior year of \$111,543.

General Fund Budgetary Highlights

The final amended budgeted appropriations for the General Fund were \$49,655,013, \$2,842,963 more than the original budgeted expenditure appropriations, which is 6.1 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 \$219,158. This was comprised of moderate budget amendments in most departments, as well as an increase of \$102,394 in total board of elections appropriations.
- The judicial administration functional category budget increased by \$153,200. This was comprised of slight budget amendments in most departments, with a \$93,428 increase in the circuit court clerk budgeted expenditures.

General Fund Budgetary Highlights (Continued)

- The public safety functional category budget decreased by \$1,866,019, which was primarily driven by a decrease in ARPA expenditures of \$2,766,839. Refer to Note 26 for prior period restatements of deferred revenue related to ARPA expenditures. There were also offsetting budget increases of:
 - \$714,262 in sheriff,
 - \$84,846 in emergency services council, and
 - \$92,500 in public safety and emergency services expenditures.
- The public works functional category budget increased by \$173,025, which was primarily driven by a \$97,063 increase in motor pool expenditures and slight increases in most departments.
- The health and welfare functional category budget increased by \$290,938, primarily attributable to a \$267,638 increase in budgeted expenditures for the At-Risk Youth program.
- The education functional category budget increased by \$3,657,176 due to operational increases of the School Board due to salary and fringe benefit increases. This was largely due to SCAP (School Construction Assistance Program) grant funds in the amount of \$2,451,703 awarded to the Schools in October 2023. Also, additional state revenue from the Department of Education was received amounting to \$743,287 for the purposes of tutoring and combating absenteeism. Additionally, \$890,337 in FY23 EPA (Environmental Protection Agency) FY23 grant funds were reappropriated for the purchase of 2 electric school buses and charging stations.
- The parks, recreational, and cultural functional category budget increased by \$10,491 due slight increases in every department.
- The community development functional category budget increased by \$244,977, attributed mainly to increases in appropriations for the Nelson County Economic Development Authority and general community development programs.
- The non-departmental functional category budget decreased by \$577,002 as contingency reserves included in the original budget were transferred to other departments throughout the year.
- The Capital projects functional category budget increased by \$513,996 during FY24. The projects with amendments are:
 - \$401,982 E911 Microwave Network Upgrade
 - \$61,854 Sheriff Vehicles
 - \$23,022 Emergency Services Vehicles
 - Other projects incurred combined budget increases of \$27,138.

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, net of depreciation, for governmental activities as of June 30, 2024 is \$30,058,299 (representing an increase of \$201,743 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 3,254,550	\$ 3,254,550	\$ 40,000	\$ 40,000	\$ 3,294,550	\$ 3,294,550
Infrastructure	-	-	3,630,319	3,860,244	3,630,319	3,860,244
Buildings and improvements	21,905,532	23,695,643	-	-	21,905,532	23,695,643
Machinery and equipment	4,582,533	2,382,832	166,749	188,017	4,749,282	2,570,849
Construction in progress	302,067	513,788	-	-	302,067	513,788
Lease land improvements	-	-	221,954	231,819	221,954	231,819
Lease equipment	13,617	9,743	-	-	13,617	9,743
Total	<u>\$ 30,058,299</u>	<u>\$ 29,856,556</u>	<u>\$ 4,059,022</u>	<u>\$ 4,320,080</u>	<u>\$ 34,117,321</u>	<u>\$ 34,176,636</u>

Additional information on the County's capital assets can be found in note 6 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, 2024

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Lease Revenue Refunding	\$ 3,284,000	\$ 4,066,000	\$ -	\$ -	\$ 3,284,000	\$ 4,066,000
General Obligation Bonds	-	1,110,000	-	-	-	1,110,000
Revenue Bonds	3,125,000	3,555,000	-	-	3,125,000	3,555,000
Refunding Revenue Bonds	1,945,000	2,380,000	-	-	1,945,000	2,380,000
Bond Anticipation Notes	2,687,857	2,600,000	-	-	2,687,857	2,600,000
Lease liabilities	13,879	10,888	-	238,743	13,879	249,631
Total	<u>\$ 11,055,736</u>	<u>\$ 13,721,888</u>	<u>\$ -</u>	<u>\$ 238,743</u>	<u>\$ 11,055,736</u>	<u>\$ 13,960,631</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 7-14, 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 2024), which is unchanged from the rate of 2.8 percent a year ago (June 2023). The rate still compares favorably to the state's average unemployment rate of 2.7 percent (June 2024) and the national average rate of 4.1 percent (June 2024). These rates were obtained from the U.S. Bureau of Labor Statistics and Virginia Employment Commission websites.
- Due to current housing market conditions and rising interest rates during a large part of FY24, the County incurred a decrease in building permit fees of 23.5% for fiscal year 2023-2024. Conversely, the upturn in interest rates and the stock markets positively impacted the County's investment earnings.
- FY24 sustained additional real estate tax revenue based on natural growth in real estate values. The personal property tax rate remained the same in FY24; the County saw decreased personal property taxes in FY24 which resulted in a decrease in the personal property tax budget for FY25.
- Consumer spending remained relatively constant as local sales tax saw a minor increase of 3.4% over the prior year. Additionally, the County saw a moderate increase throughout the year in Transient Occupancy Tax, which was 4.9% higher revenue than in FY23 and Meals tax, which was 11.3% higher revenue than FY23. 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 into FY25.
- Capital projects planned for FY25 include: acquisition of 6 Sheriff's Office vehicles and one emergency services vehicle, radio communications improvements at Wintergreen, voting machine replacement and Department of Elections security compliance, the DSS Building Project, replacement of the Transfer Station Tipping Floor, and completion of the E-911 Microwave Network upgrade.

All of these factors were considered in preparing the County's budget for the 2024-2025 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, Lovingson, Virginia 22949.

Basic Financial Statements

Government-wide Financial Statements

COUNTY OF NELSON, VIRGINIA

Exhibit 1

Statement of Net Position

At June 30, 2024

				Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 32,454,220	\$ 439,931	32,894,151	\$ 2,366,036	\$ 15,274
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,590,383	-	14,590,383	-	-
Accounts receivable	762,371	30,909	793,280	5,678	-
Notes receivable	545,938	-	545,938	-	-
Interest receivable	-	43,634	43,634	-	-
Leases receivable	61,278	2,007,850	2,069,128	-	-
Due from component unit	1,366,204	-	1,366,204	-	-
Due from other governmental units	1,437,337	-	1,437,337	1,934,266	-
Inventories	-	-	-	19,320	-
Prepaid items	121,757	-	121,757	639,389	-
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	21,905,532	-	21,905,532	21,047,624	-
Infrastructure and equipment	-	3,797,068	3,797,068	-	-
Machinery and equipment	4,582,533	-	4,582,533	2,837,145	-
Lease land improvements	-	221,954	221,954	-	-
Lease equipment	13,617	-	13,617	-	-
Construction in progress	302,067	-	302,067	753,316	-
Total assets	<u>\$ 81,397,787</u>	<u>\$ 6,581,346</u>	<u>\$ 87,979,133</u>	<u>\$ 30,453,984</u>	<u>\$ 228,937</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	\$ 35,375	\$ -	\$ 35,375	\$ -	\$ -
OPEB related	219,208	-	219,208	437,472	-
Pension related	629,372	-	629,372	4,087,002	-
Total deferred outflows of resources	<u>\$ 883,955</u>	<u>\$ -</u>	<u>\$ 883,955</u>	<u>\$ 4,524,474</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u>\$ 82,281,742</u>	<u>\$ 6,581,346</u>	<u>\$ 88,863,088</u>	<u>\$ 34,978,458</u>	<u>\$ 228,937</u>
LIABILITIES					
Accounts payable	\$ 546,841	\$ 7,829	\$ 554,670	\$ 744,956	\$ -
Accrued liabilities	-	-	-	1,154,139	-
Amounts held for others	170,130	-	170,130	-	-
Accrued interest payable	133,627	5,454	139,081	-	-
Due to primary government	-	-	-	1,366,204	-
Unearned revenue	-	-	-	473,359	-
Long-term liabilities:					
Due within one year	1,841,029	5,264	1,846,293	49,802	-
Due in more than one year	11,748,881	228,349	11,977,230	17,429,681	-
Total liabilities	<u>\$ 14,440,508</u>	<u>\$ 246,896</u>	<u>\$ 14,687,404</u>	<u>\$ 21,218,141</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - taxes	\$ 11,994,698	\$ -	\$ 11,994,698	\$ -	\$ -
Lease deferrals	58,421	1,922,423	1,980,844	-	-
OPEB related	198,124	-	198,124	497,949	-
Pension related	749,174	-	749,174	2,111,226	-
Total deferred inflows of resources	<u>\$ 13,000,417</u>	<u>\$ 1,922,423</u>	<u>\$ 14,922,840</u>	<u>\$ 2,609,175</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 18,792,902	\$ 3,825,409	\$ 22,618,311	\$ 25,489,295	\$ -
Unrestricted (deficit)	36,047,915	586,618	36,634,533	(14,338,153)	228,937
Total net position	<u>\$ 54,840,817</u>	<u>\$ 4,412,027</u>	<u>\$ 59,252,844</u>	<u>\$ 11,151,142</u>	<u>\$ 228,937</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 82,281,742</u>	<u>\$ 6,581,346</u>	<u>\$ 88,863,088</u>	<u>\$ 34,978,458</u>	<u>\$ 228,937</u>

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

Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,119,406	\$ -	\$ 358,210	\$ -
Judicial administration	1,327,721	276,816	733,892	-
Public safety	8,078,445	298,693	1,990,043	-
Public works	2,647,169	241,203	261,838	-
Health and welfare	4,873,559	-	2,919,945	-
Education	20,015,024	-	-	-
Parks, recreation, and cultural	989,742	42,050	27,747	-
Community development	977,774	92	230,000	-
Interest on long-term debt	401,658	-	-	-
Total governmental activities	\$ 42,430,498	\$ 858,854	\$ 6,521,675	\$ -
Business-type activities:				
Piney River Water & Sewer	392,067	132,444	-	-
Nelson County Broadband Authority	53,519	144,686	-	-
Total primary government	\$ 42,876,084	\$ 1,135,984	\$ 6,521,675	\$ -
COMPONENT UNITS:				
School Board	\$ 31,654,859	\$ 155,438	\$ 15,962,022	\$ -
Nelson County Economic Development Authority	36,830	-	-	-
Total component units	\$ 31,691,689	\$ 155,438	\$ 15,962,022	\$ -

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

Statement of Activities
For the Year Ended June 30, 2024

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	\$ (2,761,196)	\$ -	\$ (2,761,196)		
Judicial administration	(317,013)	-	(317,013)		
Public safety	(5,789,709)	-	(5,789,709)		
Public works	(2,144,128)	-	(2,144,128)		
Health and welfare	(1,953,614)	-	(1,953,614)		
Education	(20,015,024)	-	(20,015,024)		
Parks, recreation, and cultural	(919,945)	-	(919,945)		
Community development	(747,682)	-	(747,682)		
Interest on long-term debt	(401,658)	-	(401,658)		
Total governmental activities	\$ (35,049,969)	\$ -	\$ (35,049,969)		
Business-type activities:					
Piney River Water & Sewer	-	(259,623)	(259,623)		
Nelson County Broadband Authority	-	91,167	91,167		
Total primary government	\$ (35,049,969)	\$ (168,456)	\$ (35,218,425)		
COMPONENT UNITS:					
School Board				\$ (15,537,399)	\$ -
Nelson County Economic Development Authority				-	(36,830)
Total component units				\$ (15,537,399)	\$ (36,830)
General revenues:					
General property taxes	\$ 27,071,915	\$ -	\$ 27,071,915	\$ -	\$ -
Local sales and use taxes	2,159,650	-	2,159,650	-	-
Consumers' utility taxes	517,084	-	517,084	-	-
Meals taxes	1,492,779	-	1,492,779	-	-
Transient occupancy tax	1,757,319	-	1,757,319	-	-
Motor vehicle licenses	731,649	-	731,649	-	-
Other local taxes	571,849	-	571,849	-	-
Payment from County of Nelson	-	-	-	19,930,411	-
Unrestricted revenues from use of money	1,314,870	71,287	1,386,157	54	552
Miscellaneous	199,800	-	199,800	691,720	-
Grants and contributions not restricted to specific programs	1,528,972	-	1,528,972	-	-
Transfers	300,000	(300,000)	-	-	-
Total general revenues and transfers	\$ 37,645,887	\$ (228,713)	\$ 37,417,174	\$ 20,622,185	\$ 552
Change in net position	\$ 2,595,918	\$ (397,169)	\$ 2,198,749	\$ 5,084,786	\$ (36,278)
Net position at July 1, as previously reported	49,349,922	4,809,196	54,159,118	2,502,271	265,215
Restatements	2,894,977	-	2,894,977	3,564,085	-
Net position at July 1, as restated	52,244,899	4,809,196	57,054,095	6,066,356	265,215
Net position - ending	\$ 54,840,817	\$ 4,412,027	\$ 59,252,844	\$ 11,151,142	\$ 228,937

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

Fund Financial Statements

Balance Sheet
Governmental Funds
At June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 28,336,612	\$ 3,397,328	\$ 720,230	\$ 50	\$ 32,454,220
Receivables (net of allowance):					
Property taxes receivable, net	14,590,383	-	-	-	14,590,383
Accounts receivable	762,371	-	-	-	762,371
Notes receivable	545,938	-	-	-	545,938
Lease receivable	61,278	-	-	-	61,278
Due from component unit	1,366,204	-	-	-	1,366,204
Due from other governmental units	1,437,337	-	-	-	1,437,337
Prepaid items	121,757	-	-	-	121,757
Total assets	<u>\$ 47,221,880</u>	<u>\$ 3,397,328</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 51,339,488</u>
Liabilities					
Accounts payable	\$ 546,841	\$ -	\$ -	\$ -	\$ 546,841
Amounts held for others	170,130	-	-	-	170,130
Total liabilities	<u>\$ 716,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 716,971</u>
Deferred Inflows of Resources					
Unavailable revenue - prepaid taxes	\$ 456,680	\$ -	\$ -	\$ -	\$ 456,680
Unavailable revenue - taxes	14,128,614	-	-	-	14,128,614
Unavailable revenue - opioid settlement	240,874	-	-	-	240,874
Lease deferrals	58,421	-	-	-	58,421
Total deferred inflows of resources	<u>\$ 14,884,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,884,589</u>
Fund balances					
Nonspendable	\$ 670,552	\$ -	\$ -	\$ -	\$ 670,552
Restricted	14,729	-	-	-	14,729
Committed	728,551	3,397,328	720,230	50	4,846,159
Unassigned	30,206,488	-	-	-	30,206,488
Total fund balances	<u>\$ 31,620,320</u>	<u>\$ 3,397,328</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 35,737,928</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,221,880</u>	<u>\$ 3,397,328</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 51,339,488</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, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	35,737,928
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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		302,067	
Buildings and improvements, net of depreciation		20,259,532	
Equipment, net of depreciation		4,582,533	
Lease equipment, net of amortization		13,617	
School Board capital assets, net of depreciation		<u>1,646,000</u>	30,058,299

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

Unavailable revenue - property taxes	\$	2,590,596	
Unavailable revenue - opioid settlement		240,874	
OPEB related items		(198,124)	
Pension related items		(749,174)	
OPEB deferrals		219,208	
Pension deferrals		<u>629,372</u>	2,732,752

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	\$	(133,627)	
Bonds and notes payable		(11,041,857)	
Bond premiums		(245,036)	
Lease liabilities		(13,879)	
Deferred charge on refunding		35,375	
Net pension liability		(758,591)	
Net OPEB liabilities		(1,045,676)	
Compensated absences		<u>(484,871)</u>	<u>(13,688,162)</u>

Net position of governmental activities	\$	<u><u>54,840,817</u></u>
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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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Revenues					
General property taxes	\$ 26,484,607	\$ -	\$ -	\$ -	\$ 26,484,607
Other local taxes	7,230,330	-	-	-	7,230,330
Permits, privilege fees, and regulatory licenses	287,248	-	-	-	287,248
Fines and forfeitures	262,187	-	-	-	262,187
Revenue from the use of money and property	1,319,976	-	-	-	1,319,976
Charges for services	304,313	-	-	-	304,313
Miscellaneous	218,157	-	-	-	218,157
Recovered costs	845,960	-	-	-	845,960
Intergovernmental:					
Revenue from Component Unit EDA	6,657	-	-	-	6,657
Revenue from the Commonwealth	6,434,081	-	-	-	6,434,081
Revenue from the Federal Government	1,609,909	-	-	-	1,609,909
Total revenues	\$ 45,003,425	\$ -	\$ -	\$ -	\$ 45,003,425
Expenditures					
Current:					
General government administration	\$ 2,423,070	\$ -	\$ -	\$ -	\$ 2,423,070
Judicial administration	1,312,069	-	-	-	1,312,069
Public safety	8,291,366	-	-	-	8,291,366
Public works	2,519,382	-	-	-	2,519,382
Health and welfare	5,048,449	-	-	-	5,048,449
Education	18,939,624	-	-	-	18,939,624
Parks, recreation, and cultural	698,468	-	-	-	698,468
Community development	1,002,929	-	-	-	1,002,929
Nondepartmental	372,128	-	-	-	372,128
Capital projects	2,929,116	-	-	-	2,929,116
Debt service:					
Principal retirement	-	2,757,000	-	-	2,757,000
Interest and other fiscal charges	94,151	408,368	-	-	502,519
Total expenditures	\$ 43,630,752	\$ 3,165,368	\$ -	\$ -	\$ 46,796,120
Excess (deficiency) of revenues over (under) expenditures	\$ 1,372,673	\$ (3,165,368)	\$ -	\$ -	\$ (1,792,695)
Other financing sources (uses)					
Transfers in	\$ 300,000	\$ 3,325,284	\$ -	\$ -	\$ 3,625,284
Transfers out	(3,325,284)	-	-	-	(3,325,284)
Issuance of long-term debt	87,857	-	-	-	87,857
Total other financing sources (uses)	\$ (2,937,427)	\$ 3,325,284	\$ -	\$ -	\$ 387,857
Net change in fund balances	\$ (1,564,754)	\$ 159,916	\$ -	\$ -	\$ (1,404,838)
Fund balance at July 1, as previously reported	30,290,097	3,237,412	720,230	50	34,247,789
Restatements	2,894,977	-	-	-	2,894,977
Fund balance at July 1, as restated	33,185,074	3,237,412	720,230	50	37,142,766
Fund balance, end of year	\$ 31,620,320	\$ 3,397,328	\$ 720,230	\$ 50	\$ 35,737,928

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, 2024

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

Net change in fund balances - total governmental funds - Exhibit 5 \$ (1,404,838)

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 capital outlays exceeded depreciation/amortization in the current period.

Capital asset additions	\$ 2,847,025	
Depreciation/amortization expense	<u>(1,551,749)</u>	1,295,276

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. (100,233)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board (993,300)

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	\$ 587,308	
Unavailable revenue - opioid settlement	<u>(18,357)</u>	568,951

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	\$ (87,857)	
Issuance of lease	(10,521)	
Repayments:		
Lease revenue refunding bonds	\$ 782,000	
Less: Amortization of deferred charge on refunding	(19,357)	
General obligation school bonds	1,110,000	
Plus: Amortization of issuance premium	2,754	
Lease revenue bonds	430,000	
Plus: Amortization of issuance premium	58,529	
Infrastructure revenue bonds	435,000	
Plus: Amortization of issuance premium	44,042	
Lease liabilities	<u>7,530</u>	
Net adjustment		2,752,120

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	\$ (90,738)	
Decrease (increase) in net OPEB liabilities	3,074	
Decrease (increase) in net pension liability	437,711	
Decrease (increase) in deferred inflows related to OPEB	37,065	
Decrease (increase) in deferred inflows related to pension	270,004	
(Decrease) increase in deferred outflows related to pensions	(158,986)	
(Decrease) increase in deferred outflows related to OPEB	(35,081)	
Accrued interest payable	<u>14,893</u>	477,942

Change in net position of governmental activities \$ 2,595,918

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

Statement of Net Position
Proprietary Funds
At June 30, 2024

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 251,786	\$ 188,145	\$ 439,931
Accounts receivable, net	30,451	458	30,909
Accrued interest receivable	-	43,634	43,634
Lease receivable, current portion	-	69,890	69,890
Total current assets	<u>\$ 282,237</u>	<u>\$ 302,127</u>	<u>\$ 584,364</u>
Noncurrent assets:			
Lease receivable, net of current portion	\$ -	\$ 1,937,960	\$ 1,937,960
Capital Assets:			
Land	40,000	-	40,000
Other capital assets, net of accumulated depreciation	3,630,319	166,749	3,797,068
Lease land improvements, net of accumulated amortization	-	221,954	221,954
Total capital assets	<u>\$ 3,670,319</u>	<u>\$ 388,703</u>	<u>\$ 4,059,022</u>
Total noncurrent assets	<u>\$ 3,670,319</u>	<u>\$ 2,326,663</u>	<u>\$ 5,996,982</u>
Total assets	<u>\$ 3,952,556</u>	<u>\$ 2,628,790</u>	<u>\$ 6,581,346</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 6,551	\$ 1,278	\$ 7,829
Accrued interest payable	-	5,454	5,454
Current portion of lease liability	-	5,264	5,264
Total current liabilities	<u>\$ 6,551</u>	<u>\$ 11,996</u>	<u>\$ 18,547</u>
Long-term liabilities			
Lease liability, net of current portion	\$ -	\$ 228,349	\$ 228,349
Total long-term liabilities	<u>\$ -</u>	<u>\$ 228,349</u>	<u>\$ 228,349</u>
Total liabilities	<u>\$ 6,551</u>	<u>\$ 240,345</u>	<u>\$ 246,896</u>
Deferred Inflows of Resources:			
Lease deferrals	\$ -	\$ 1,922,423	\$ 1,922,423
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 1,922,423</u>	<u>\$ 1,922,423</u>
Net Position:			
Net Investment in capital assets	\$ 3,670,319	\$ 155,090	\$ 3,825,409
Unrestricted	<u>275,686</u>	<u>310,932</u>	<u>586,618</u>
Total net position	<u>\$ 3,946,005</u>	<u>\$ 466,022</u>	<u>\$ 4,412,027</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, 2024

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Operating revenues:			
Charges for services, net	\$ 132,444	\$ 144,686	\$ 277,130
Total operating revenues	\$ 132,444	\$ 144,686	\$ 277,130
Operating expenses:			
Water & sewer service	\$ 15,622	\$ -	\$ 15,622
Maintenance & repairs	103,343	-	103,343
Other charges	43,177	22,386	65,563
Depreciation/amortization expense	229,925	31,133	261,058
Total operating expenses	\$ 392,067	\$ 53,519	\$ 445,586
Operating income (loss)	\$ (259,623)	\$ 91,167	\$ (168,456)
Nonoperating revenues (expenses):			
Interest revenue	\$ -	\$ 71,287	\$ 71,287
Net nonoperating expense	\$ -	\$ 71,287	\$ 71,287
Income(loss) before transfers	\$ (259,623)	\$ 162,454	\$ (97,169)
Transfers:			
Transfers in	\$ -	\$ -	\$ -
Transfers out	-	(300,000)	(300,000)
Net transfers	\$ -	\$ (300,000)	\$ (300,000)
Change in net position	\$ (259,623)	\$ (137,546)	\$ (397,169)
Net position, beginning of year	4,205,628	603,568	4,809,196
Net position, end of year	\$ 3,946,005	\$ 466,022	\$ 4,412,027

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, 2024

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Cash flows from operating activities			
Receipts from customers	\$ 130,828	\$ 115,817	\$ 246,645
Payments to suppliers	(162,674)	(21,584)	(184,258)
Net cash provided by (used for) operating activities	\$ (31,846)	\$ 94,233	\$ 62,387
Cash flows from capital and related financing activities			
Retirement of indebtedness	\$ -	\$ (5,130)	\$ (5,130)
Net cash provided by (used for) capital and related financing activities	\$ -	\$ (5,130)	\$ (5,130)
Cash flows from noncapital financing activities			
Transfers to local government	\$ -	\$ (300,000)	\$ (300,000)
Net cash provided by (used for) noncapital financing activities	\$ -	\$ (300,000)	\$ (300,000)
Cash flows from investing activities			
Interest received	\$ -	\$ 49,700	\$ 49,700
Net increase (decrease) in cash and cash equivalents	\$ (31,846)	\$ (161,197)	\$ (193,043)
Cash and cash equivalents, beginning of year	283,632	349,342	632,974
Cash and cash equivalents, end of year	\$ 251,786	\$ 188,145	\$ 439,931
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (259,623)	\$ 91,167	\$ (168,456)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	229,925	31,133	261,058
Changes in assets and liabilities:			
Accounts receivable	(1,616)	2,730	1,114
Lease receivable	-	59,495	59,495
Accounts payable	(532)	(1,903)	(2,435)
Accrued interest payable	-	2,705	2,705
Lease deferrals	-	(91,094)	(91,094)
Net cash provided by (used for) operating activities	\$ (31,846)	\$ 94,233	\$ 62,387

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

Statement of Fiduciary Net Position - Fiduciary Fund
At June 30, 2024

	<u>Custodial Fund</u>
	<u>Special Welfare Fund</u>
Assets:	
Cash and cash equivalents	\$ <u>62,693</u>
Total assets	\$ <u><u>62,693</u></u>
Net Position:	
Restricted for:	
Social services clients	\$ <u>62,693</u>
Total net position	\$ <u><u>62,693</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, 2024

	<u>Custodial Fund</u>
	<u>Special Welfare Fund</u>
Additions:	
Private contributions	\$ 24,597
Total additions	\$ 24,597
Deductions:	
Recipient payments	\$ 941
Total deductions	\$ 941
Change in fiduciary net position	\$ 23,656
Net position - beginning	39,037
Net position - ending	\$ 62,693

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, 2024

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, 2024.

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, 2024 (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 2024. The County also paid \$50,000 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 \$359,750 for operations to the Jefferson-Madison Regional Library, \$150,000 to the Region Ten Community Services Board, \$25,182 to the Thomas Jefferson Planning District Commission, \$1,393,419 to the Albemarle-Charlottesville Regional Jail Authority, and \$106,575 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 2024, the County paid the Region 2000 Services Authority \$346,467 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, including lease liabilities as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recorded only when payment is due. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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 2024.

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.

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, demand deposits and 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, 2024, 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. 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 \$257,121 at June 30, 2024. The allowance is comprised of property taxes, landfill fees, and sewer charges.

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 construct or acquire 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 units, 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 to be estimable, 10% of the liability has been classified as current in the government-wide financial statements with the remaining balance classified as noncurrent 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 business-type 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. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

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, 2024 (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	\$ 121,757	\$ -	\$ -	\$ -	\$ 121,757	\$ 639,389
Net lease receivable	2,857	-	-	-	2,857	-
Notes receivable	545,938	-	-	-	545,938	-
Inventory	-	-	-	-	-	19,320
Total Nonspendable	<u>\$ 670,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,552</u>	<u>\$ 658,709</u>
Restricted:						
Opioid Settlement	\$ 14,729	\$ -	\$ -	\$ -	\$ 14,729	\$ -
Total Restricted	<u>\$ 14,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,729</u>	<u>\$ -</u>
Committed:						
Ryan School Reserve	\$ 39,515	\$ -	\$ -	\$ -	\$ 39,515	\$ -
Reassessment	170,634	-	-	-	170,634	-
Emergency Services	518,402	-	-	-	518,402	-
Debt Service	-	3,397,328	-	-	3,397,328	-
Community Development	-	-	-	50	50	-
School Activity	-	-	-	-	-	303,814
Textbooks	-	-	-	-	-	507,680
Cafeteria	-	-	-	-	-	397,862
Capital Projects	-	-	720,230	-	720,230	-
Total Committed	<u>\$ 728,551</u>	<u>\$ 3,397,328</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 4,846,159</u>	<u>\$ 1,209,356</u>
Unassigned (deficit)	<u>\$ 30,206,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,206,488</u>	<u>\$ (642,034)</u>
Total Fund Balance	<u>\$ 31,620,320</u>	<u>\$ 3,397,328</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 35,737,928</u>	<u>\$ 1,226,031</u>

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 represent 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 position. 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)

Q. 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 represent an acquisition of net assets 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, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

R. 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.

S. 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)

T. 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, 2024 (Continued)

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

T. 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, 2024 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, 2024 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2024 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	\$ 6,729,841
Local Government Investment Pool	7,583,515
Total	\$ 14,313,356
Component Unit - Economic Development Authority	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 10,375

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)			
Primary Government			
Investment Type	Fair Value	Less than 1 Year	1 to 5 Years
Money Market Mutual Funds	\$ 4,115	\$ 4,115	\$ -
Certificates of Deposit	3,389,580	2,169,490	1,220,090
Virginia Investment Pool	6,729,841	6,729,841	-
Local Government Investment Pool	7,583,515	7,583,515	-
Total	\$ 17,707,051	\$ 16,486,961	\$ 1,220,090
Component Unit - Economic Development Authority			
Investment Type	Fair Value	Less than 1 Year	1 to 5 Years
Local Government Investment Pool	\$ 10,375	\$ 10,375	\$ -

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2024 consist of the following:

	Primary Government		Component Units	
	Governmental Activities	Business- type Activities	School Board	Economic Development Authority
	General Fund			
Property taxes	\$ 14,839,823	\$ -	\$ -	\$ -
Penalties	34,744	-	-	-
Utility taxes	55,752	-	-	-
Recordation taxes and court fees	47,854	-	-	-
Lodging fees	153,936	-	-	-
Meals taxes	152,868	-	-	-
Landfill fees	24,554	-	-	-
EMS revenue recovery	45,520	-	-	-
Note receivable	545,938	-	-	-
Opioid settlement	240,874	-	-	-
Sewer charges	-	35,855	-	-
Other	8,546	458	5,678	-
Total receivables	\$ 16,150,409	\$ 36,313	\$ 5,678	\$ -
Allowance for uncollectibles	(251,717)	(5,404)	-	-
Net receivables	\$ 15,898,692	\$ 30,909	\$ 5,678	\$ -

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government			Component Unit
	Governmental Activities			
	General Fund	Other Governmental Funds	Total	School Board
Commonwealth of Virginia:				
Local sales taxes	\$ 347,857	\$ -	\$ 347,857	\$ -
State sales taxes	-	-	-	390,503
Comprehensive Services Act	439,020	-	439,020	-
Public assistance	46,054	-	46,054	-
Communications tax	48,592	-	48,592	-
Rolling stock tax	113,525	-	113,525	-
Shared expenses and grants	172,979	-	172,979	-
Other	77,063	-	77,063	759,665
Federal government:				
Public assistance	73,651	-	73,651	-
Other	118,596	-	118,596	-
Federal pass-through school funds	-	-	-	784,098
Total	\$ 1,437,337	\$ -	\$ 1,437,337	\$ 1,934,266

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	\$ (3,325,284)
Transfer from the Broadband fund	300,000
Net transfers to/from General Fund	\$ (3,025,284)
Transfer from the General Fund to pay principal and interest on long-term debt	\$ 3,325,284
Net transfers to Debt Service Fund	\$ 3,325,284
Transfer from the Broadband fund	\$ (300,000)
Net transfers from the Broadband Fund	\$ (300,000)

The component unit School Board consists of the Operating Fund and the School Activity Fund, which had no interfund liability.

Fund	Due from Component Unit	Due to Primary Government
General	\$ 1,366,204	\$ -
School	-	1,366,204
Total	\$ 1,366,204	\$ 1,366,204

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 6--CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2024:

Primary Government:

Governmental Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 3,254,550	\$ -	\$ -	\$ 3,254,550
Construction in progress	513,788	1,735,592	1,947,313	302,067
Total capital assets not being depreciated/amortized	\$ 3,768,338	\$ 1,735,592	\$ 1,947,313	\$ 3,556,617
Other capital assets:				
Buildings and improvements	\$ 30,114,368	\$ 17,110	\$ -	\$ 30,131,478
Furniture, equipment and vehicles	11,154,927	3,032,655	1,395,692	12,791,890
Lease equipment	23,275	8,981	3,614	28,642
School buildings, improvements and equipment *	5,176,000	-	1,892,000	3,284,000
Total other capital assets	\$ 46,468,570	\$ 3,058,746	\$ 3,291,306	\$ 46,236,010
Accumulated depreciation/amortization				
Buildings and improvements	\$ 9,140,125	\$ 731,821	\$ -	\$ 9,871,946
Furniture, equipment and vehicles	8,772,095	732,721	1,295,459	8,209,357
Lease equipment	13,532	5,107	3,614	15,025
School buildings, improvements and equipment *	2,454,600	82,100	898,700	1,638,000
Total accumulated depreciation/amortization	\$ 20,380,352	\$ 1,551,749	\$ 2,197,773	\$ 19,734,328
Other capital assets, net	\$ 26,088,218	\$ 1,506,997	\$ 1,093,533	\$ 26,501,682
Net capital assets	\$ 29,856,556	\$ 3,242,589	\$ 3,040,846	\$ 30,058,299

Depreciation/amortization expense was allocated as follows:

General government administration	\$ 510,019
Public safety	527,018
Public works	129,124
Health and welfare	8,168
Education	82,100
Parks, recreation and cultural	290,651
Community development	4,669
Total depreciation/amortization expense	\$ 1,551,749

* 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, 2024 (Continued)

NOTE 6--CAPITAL ASSETS: (CONTINUED)

Primary Government:

Business-type Activities:

Piney River Water & Sewer

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land and land improvements	\$ 40,000	\$ -	\$ -	\$ 40,000
Total capital assets not being depreciated	\$ 40,000	\$ -	\$ -	\$ 40,000
Other capital assets:				
Infrastructure	\$ 6,958,275	\$ -	\$ -	\$ 6,958,275
Total other capital assets	\$ 6,958,275	\$ -	\$ -	\$ 6,958,275
Accumulated depreciation				
Infrastructure	\$ 3,098,031	\$ 229,925	\$ -	\$ 3,327,956
Total accumulated depreciation	\$ 3,098,031	\$ 229,925	\$ -	\$ 3,327,956
Other capital assets, net	\$ 3,860,244	\$ (229,925)	\$ -	\$ 3,630,319
Net capital assets	\$ 3,900,244	\$ (229,925)	\$ -	\$ 3,670,319

Nelson County Broadband Authority

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Other capital assets:				
Equipment	\$ 460,957	\$ -	\$ -	\$ 460,957
Lease land improvements	251,549	-	-	251,549
Total other capital assets	\$ 712,506	\$ -	\$ -	\$ 712,506
Accumulated depreciation/amortization				
Equipment	\$ 272,940	\$ 21,268	\$ -	\$ 294,208
Lease land improvements	19,730	9,865	-	29,595
Total accumulated depreciation/amortization	\$ 292,670	\$ 31,133	\$ -	\$ 323,803
Other capital assets, net	\$ 419,836	\$ (31,133)	\$ -	\$ 388,703
Net capital assets	\$ 419,836	\$ (31,133)	\$ -	\$ 388,703

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

Net capital assets	\$ 4,059,022
Less: Long-term debt applicable to capital assets at June 30, 2024	233,613
Net investment in capital assets	\$ 3,825,409

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 6--CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 851,210	\$ -	\$ -	\$ 851,210
Construction in progress [^]	3,564,085	1,698,670	4,509,439	753,316
Total capital assets not being depreciated/amortized	\$ 4,415,295	\$ 1,698,670	\$ 4,509,439	\$ 1,604,526
Other capital assets:				
Buildings and improvements	\$ 49,200,699	\$ 4,609,841	\$ -	\$ 53,810,540
Furniture, equipment and vehicles	6,438,989	1,546,665	309,487	7,676,167
Lease equipment	85,235	-	85,235	-
School buildings, improvements and equipment allocated to County *	(5,176,000)	1,892,000	-	(3,284,000)
Total other capital assets	\$ 50,548,923	\$ 8,048,506	\$ 394,722	\$ 58,202,707
Accumulated depreciation/amortization				
Buildings and improvements	\$ 29,668,972	\$ 1,447,944	\$ -	\$ 31,116,916
Furniture, equipment and vehicles	4,671,301	477,208	309,487	4,839,022
Lease equipment	56,824	28,411	85,235	-
School buildings, improvements and equipment allocated to County *	(2,454,600)	(82,100)	(898,700)	(1,638,000)
Total accumulated depreciation/amortization	\$ 31,942,497	\$ 1,871,463	\$ (503,978)	\$ 34,317,938
Other capital assets, net	\$ 18,606,426	\$ 6,177,043	\$ 898,700	\$ 23,884,769
Net capital assets	\$ 23,021,721	\$ 7,875,713	\$ 5,408,139	\$ 25,489,295
Depreciation/amortization expense allocated to education		\$ 1,871,463		

[^] Beginning balances have been restated for construction in progress

* 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	\$ 30,058,299
Less: Long-term debt applicable to capital assets at June 30, 2024	11,265,397
Net investment in capital assets	\$ 18,792,902

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt, and General Fund leases and compensated absences. School Fund revenues and appropriations from the General Fund are used to pay its long-term general obligation debt. 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, 2024:

	Balance July 1, 2023	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2024
Primary Government:				
Governmental activities:				
Direct Borrowing and Direct Placements				
Lease revenue refunding bonds	\$ 4,066,000	\$ -	\$ 782,000	\$ 3,284,000
General obligation bonds:				
School	1,110,000	-	1,110,000	-
Premium on issuance	2,754	-	2,754	-
Virginia Resource Authority:				
Infrastructure Revenue bonds:				
General	3,555,000	-	430,000	3,125,000
Premium on issuance	222,072	-	58,529	163,543
Refunding Revenue bonds:				
General	2,380,000	-	435,000	1,945,000
Premium on issuance	125,535	-	44,042	81,493
Bond anticipation note	2,600,000	87,857	-	2,687,857
Lease liabilities	10,888	10,521	7,530	13,879
Other long-term obligations				
Compensated absences	394,133	130,151	39,413	484,871
Net OPEB liabilities:				
Total Health Insurance OPEB liability	771,567	75,422	65,882	781,107
Net Group Life Insurance OPEB liability	277,183	113,062	125,676	264,569
Total Net OPEB liabilities	\$ 1,048,750	\$ 188,484	\$ 191,558	\$ 1,045,676
Net pension liability	1,196,302	2,133,761	2,571,472	758,591
Total	\$ 16,711,434	\$ 2,550,774	\$ 5,672,298	\$ 13,589,910

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 1,841,029
Long-term liabilities due in more than one year	11,748,881
Total	\$ 13,589,910

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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
2025	\$ 1,702,000	\$ 326,105	\$ 6,076	\$ 287
2026	1,854,857	271,911	4,355	173
2027	1,826,000	215,944	2,186	84
2028	4,479,000	116,584	1,262	18
2029	545,000	32,859	-	-
2030	635,000	19,922	-	-
Total	\$ 11,041,857	\$ 983,325	\$ 13,879	\$ 562

Details of Long-term Indebtedness:

	Amount Outstanding	Amount Due in One Year
Governmental activities:		
<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%.	\$ 3,284,000	\$ 797,000
Total lease revenue refunding bonds	\$ 3,284,000	\$ 797,000
<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%.	\$ 1,945,000	\$ 455,000
Unamortized premium on issuance of 2013 VRA Bonds	81,493	34,732
Total VRA refunding revenue bonds	\$ 2,026,493	\$ 489,732

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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>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%.	\$ 1,990,000	\$ 245,000
Unamortized premium	97,787	26,738
\$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%.	1,135,000	205,000
Unamortized premium	65,756	22,996
Total Virginia Resource Authority Infrastructure Revenue Bonds	\$ 3,288,543	\$ 499,734
<u>Bond Anticipation Notes:</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%.	\$ 2,600,000	\$ -
\$2,500,000 Lease Revenue Bond Anticipation Note Series 2024A, issued April 2024, payable in on lump sum on May 1, 2026. Interest payable semi-annually at 4.70%.	43,928	-
\$1,700,000 Lease Revenue Bond Anticipation Note Series 2024B, issued April 2024, payable in on lump sum on May 1, 2026. Interest payable semi-annually at 4.70%.	43,929	-
Total Bond Anticipation Notes	\$ 2,687,857	\$ -
	\$ 11,286,893	\$ 1,786,466
<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%.	\$ 13,879	\$ 6,076
Compensated absences	\$ 484,871	\$ 48,487
Net OPEB liabilities	\$ 1,045,676	\$ -
Net pension liability	\$ 758,591	\$ -
Total governmental activities obligations	\$ 13,589,910	\$ 1,841,029

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2024:

	Balance July 1, 2023	Additions	Retirements & Other Reductions	Balance June 30, 2024
Nelson County Broadband Authority				
Lease liability	\$ 238,743	\$ -	\$ 5,130	\$ 233,613
Total	<u>\$ 238,743</u>	<u>\$ -</u>	<u>\$ 5,130</u>	<u>\$ 233,613</u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 5,264
Long-term liabilities due in more than one year				<u>228,349</u>
Total				<u>\$ 233,613</u>

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

Year Ending June 30,	Lease Liability	
	Principal	Interest
2025	\$ 5,264	\$ 5,410
2026	5,386	5,288
2027	6,792	5,163
2028	6,949	5,006
2029	7,110	4,845
2030-2034	42,500	21,577
2035-2039	55,696	16,071
2040-2044	71,457	8,922
2045-2047	<u>32,459</u>	<u>1,132</u>
Total	<u>\$ 233,613</u>	<u>\$ 73,414</u>

Details of Long-term Indebtedness:

	Amount Outstanding	Amount Due in One Year
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%.	\$ 233,613	\$ 5,264
Total Nelson County Broadband Authority long-term obligations	<u>\$ 233,613</u>	<u>\$ 5,264</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

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, 2024:

	Balance July 1, 2023	Additions	Retirements & Other Reductions	Balance June 30, 2024
Component Unit - School Board				
Compensated absences	\$ 435,516	\$ 106,053	\$ 43,551	\$ 498,018
Energy improvement loan	868,894	-	868,894	-
Lease liability	28,673	-	28,673	-
Net Pension liabilities	12,372,443	7,043,819	6,082,215	13,334,047
Net OPEB liabilities:				
Total Health Insurance OPEB liability	1,137,286	99,301	94,864	1,141,723
Net Group Life Insurance OPEB liability	739,436	326,191	335,245	730,382
Net Health Insurance Credit OPEB liability	1,878,463	395,857	499,007	1,775,313
Total Net OPEB liabilities	<u>\$ 3,755,185</u>	<u>\$ 821,349</u>	<u>\$ 929,116</u>	<u>\$ 3,647,418</u>
Total	<u>\$ 17,460,711</u>	<u>\$ 7,971,221</u>	<u>\$ 7,952,449</u>	<u>\$ 17,479,483</u>

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 49,802
Long-term liabilities due in more than one year	<u>17,429,681</u>
Total	<u>\$ 17,479,483</u>

Details of Long-term Indebtedness:

	Amount Outstanding	Amount Due in One Year
Component Unit - School Board		
Compensated absences	\$ 498,018	\$ 49,802
Net pension liabilities	\$ 13,334,047	\$ -
Net OPEB liabilities	\$ 3,647,418	\$ -
Total School Board long-term obligations	<u>\$ 17,479,483</u>	<u>\$ 49,802</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 8—COMPENSATED ABSENCES:

The County and its Component Unit School Board 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.

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, 2024 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)***Employees Covered by Benefit Terms***

As of the June 30, 2022 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	25	14
Non-vested inactive members	40	24
Long term disability	-	2
Inactive members active elsewhere in VRS	58	13
Total inactive members	123	53
Active members	101	62
Total covered employees	306	186

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, 2024 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 \$626,915 and \$540,209 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 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 \$114,952 and \$113,741 for the years ended June 30, 2024 and June 30, 2023, respectively.

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, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

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, 2022, 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, 2023.

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

NOTE 9--PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2022 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, 2021. 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, 2022, 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, 2023.

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, 2024 (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, 2022 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, 2021. 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, 2024 (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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		**Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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, 2024 (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, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, 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 112% of the actuarially determined contribution rate. From July 1, 2023 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, 2022	\$ 23,106,349	\$ 21,910,047	\$ 1,196,302
Changes for the year:			
Service cost	\$ 570,731	\$ -	\$ 570,731
Interest	1,548,773	-	1,548,773
Differences between expected and actual experience	(398,143)	-	(398,143)
Contributions - employer	-	540,182	(540,182)
Contributions - employee	-	234,645	(234,645)
Net investment income	-	1,397,942	(1,397,942)
Benefit payments, including refunds of employee contributions	(1,464,578)	(1,464,578)	-
Administrative expenses	-	(14,257)	14,257
Other changes	-	560	(560)
Net changes	\$ 256,783	\$ 694,494	\$ (437,711)
Balances at June 30, 2023	\$ 23,363,132	\$ 22,604,541	\$ 758,591

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2022	\$ 8,828,945	\$ 8,715,225	\$ 113,720
Changes for the year:			
Service cost	\$ 127,707	\$ -	\$ 127,707
Interest	586,000	-	586,000
Differences between expected and actual experience	257,644	-	257,644
Contributions - employer	-	113,807	(113,807)
Contributions - employee	-	73,720	(73,720)
Net investment income	-	550,647	(550,647)
Benefit payments, including refunds of employee contributions	(550,339)	(550,339)	-
Administrative expenses	-	(5,677)	5,677
Other changes	-	221	(221)
Net changes	\$ 421,012	\$ 182,379	\$ 238,633
Balances at June 30, 2023	\$ 9,249,957	\$ 8,897,604	\$ 352,353

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)	\$ 3,734,114	\$ 758,591	\$ (1,689,213)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,351,773	\$ 352,353	\$ (526,885)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$78,159 and \$173,382, respectively. At June 30, 2024, 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	\$ -	\$ 400,712	\$ 140,759	\$ -
Change in assumptions	2,457	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	348,462	-	148,257
Employer contributions subsequent to the measurement date	626,915	-	114,952	-
Total	<u>\$ 629,372</u>	<u>\$ 749,174</u>	<u>\$ 255,711</u>	<u>\$ 148,257</u>

\$626,915 and \$114,952 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, 2025. 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)
2025	\$ (547,174)	\$ 25,651
2026	(525,741)	(164,139)
2027	314,749	125,948
2028	11,449	5,042

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-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, 2024 (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, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which 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 \$2,125,763 and \$2,027,544 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the operating grants and contributions section of Exhibit 2 of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$12,981,694 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was .12844% as compared to .12876% at June 30, 2022.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2024, the school division recognized pension expense of \$927,934. 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, 2024, 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	\$ 1,115,139	\$ 506,601
Change in assumptions	588,506	-
Net difference between projected and actual earnings on pension plan investments	-	844,072
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,883	612,296
Employer contributions subsequent to the measurement date	<u>2,125,763</u>	<u>-</u>
Total	<u>\$ 3,831,291</u>	<u>\$ 1,962,969</u>

\$2,125,763 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2025	\$ (589,676)
2026	(929,731)
2027	1,014,194
2028	247,772

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, 2022, 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, 2023.

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 standard rates

NOTE 9--PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2022 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, 2021. 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, 2023, 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	\$	57,574,609
Plan Fiduciary Net Position		47,467,405
Employers' Net Pension Liability (Asset)	\$	<u>10,107,204</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.45%

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, 2024 (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)	\$ 23,011,913	\$ 12,981,694	\$ 4,736,029

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-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 Liabilities</u>	<u>Pension Expense</u>
Primary Government				
Primary Government	\$ 629,372	\$ 749,174	\$ 758,591	\$ 78,159
Totals	<u>\$ 629,372</u>	<u>\$ 749,174</u>	<u>\$ 758,591</u>	<u>\$ 78,159</u>
Component Unit School Board				
School Board Nonprofessional	\$ 255,711	\$ 148,257	\$ 352,353	\$ 173,382
School Board Professional	<u>3,831,291</u>	<u>1,962,969</u>	<u>12,981,694</u>	<u>927,934</u>
Totals	<u>\$ 4,087,002</u>	<u>\$ 2,111,226</u>	<u>\$ 13,334,047</u>	<u>\$ 1,101,316</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2024 (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, 2024. 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, 2024 (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	3.93%

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, 2023	\$	771,567
Changes for the year:		
Service cost		46,402
Interest		29,020
Gains or losses		
Changes in assumptions		(19,675)
Benefit payments		(46,207)
Net changes		9,540
Balances at June 30, 2024	\$	781,107

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
\$ 854,974	\$ 781,107	\$ 716,595

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)
\$ 717,841	\$ 781,107	\$ 857,264

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

For the year ended June 30, 2024, the County recognized OPEB expense in the amount of \$62,255. At June 30, 2024, 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	\$ 130,291	\$ 41,081
Changes in assumptions	16,117	106,638
Total	\$ 146,408	\$ 147,719

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:

Year Ended June 30		
2025	\$	(13,167)
2026		(13,163)
2027		8,575
2028		8,536
2029		6,925
Thereafter		983

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.

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

School Board: (Continued)

Plan Membership

At June 30, 2024 (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, 2024. 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	3.93%

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, 2024 (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, 2023	\$	1,137,286
Service cost		57,055
Interest		42,246
Difference between expected and actual experience		-
Changes in assumptions		(20,319)
Benefit payments		(74,545)
Net changes		4,437
Balances at June 30, 2024	\$	1,141,723

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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
\$ 1,215,500	\$ 1,141,723	\$ 1,071,546

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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)
\$ 1,025,044	\$ 1,141,723	\$ 1,277,108

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

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$71,282. At June 30, 2024, 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	\$ 3,054	\$ 21,679
Changes in assumptions	17,302	66,956
Total	\$ 20,356	\$ 88,635

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	
2025	\$ (23,714)
2026	(23,714)
2027	(13,499)
2028	(6,681)
2029	(671)
Thereafter	-

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.

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, 2024 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 \$161,998 and \$153,731 for the years ended June 30, 2024 and June 30, 2023, 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, 2024, the school division reported a liability of \$1,543,588 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, 2023 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, 2022 and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Program was .12742% as compared to .12803% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$83,623. 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.

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, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 67,941
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	775	-
Change in assumptions	35,932	1,555
Change in proportionate share and differences between actual and expected contributions	1,692	115,688
Employer contributions subsequent to the measurement date	161,998	-
Total	\$ 200,397	\$ 185,184

\$161,998 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, 2025. 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	
2025	\$ (40,350)
2026	(36,281)
2027	(29,383)
2028	(24,179)
2029	(12,288)
Thereafter	(4,304)

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, 2022, 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, 2023.

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

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, 2022 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, 2021. 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, 2023, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,211,417
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		17.90%

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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		**Expected arithmetic nominal return	8.25%

*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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, 2023, 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, 2023 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,745,970	\$ 1,543,588	\$ 1,372,087

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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 12—GROUP LIFE INSURANCE (GLI) 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 \$89,254 as of June 30, 2024.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2024 was 0.54% of covered employee compensation. This rate 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, 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 \$32,333 and \$28,057 for the years ended June 30, 2024 and June 30, 2023, respectively, for the County; \$9,053 and \$8,822 for the years ended June 30, 2024 and June 30, 2023, respectively, for the School Board (nonprofessional); and \$72,297 and \$68,644 for the years ended June 30, 2024 and June 30, 2023, respectively, for the School Board (professional).

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the operating grants and contributions section of Exhibit 2 of the financial statements.

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

At June 30, 2024, the entity reported a liability of \$264,569, \$83,232, and \$647,150 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, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.02206%, 0.00694%, and 0.05396% as compared to 0.02300%, 0.00660%, and 0.05490% at June 30, 2022 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$13,466, (\$265), and \$9,575 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, 2024 (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, 2024, 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
Primary Government		
Differences between expected and actual experience	\$ 26,424	\$ 8,031
Net difference between projected and actual earnings on GLI OPEB plan investments	-	10,632
Change in assumptions	5,655	18,330
Changes in proportion	8,388	13,412
Employer contributions subsequent to the measurement date	32,333	-
Total Primary Government	\$ 72,800	\$ 50,405
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 8,313	\$ 2,527
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,345
Change in assumptions	1,779	5,767
Changes in proportion	4,126	14,046
Employer contributions subsequent to the measurement date	9,053	-
Total Component Unit School Board (nonprofessional)	\$ 23,271	\$ 25,685
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 64,634	\$ 19,644
Net difference between projected and actual earnings on GLI OPEB plan investments	-	26,006
Change in assumptions	13,833	44,837
Changes in proportion	-	49,293
Employer contributions subsequent to the measurement date	72,297	-
Total Component Unit School Board (professional)	\$ 150,764	\$ 139,780

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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)

\$32,333, \$9,053, and \$72,297 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, 2025. 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>
2025	\$ (321)	\$ (4,602)	\$ (22,533)
2026	(10,657)	(7,255)	(43,025)
2027	2,690	(1,170)	1,449
2028	(2,261)	(55)	(1,740)
2029	611	1,615	4,536
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. 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

Post-Retirement:

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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, 2022 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, 2021. 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, 2024 (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, 2022 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, 2021. 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, 2024 (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, 2022 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, 2021. 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	<u>1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
	**Expected arithmetic nominal return		8.25%

*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2023, 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, 2023 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		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 392,173	\$ 264,569	\$ 161,399
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 123,376	\$ 83,232	\$ 50,776
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 959,278	\$ 647,150	\$ 394,792

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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.

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

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	18
Inactive members:	
Vested inactive members	2
Non-vested inactive members	-
Long Term Disability	2
Inactive members active elsewhere in VRS	13
Total inactive members	35
Active members	62
Total covered employees	97

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, 2024 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 \$33,196 and \$19,442 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The School Board Nonprofessional’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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, 2022 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, 2021. 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, 2024 (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:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2023, 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, 2023 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, 2024 (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, 2022	\$ 308,039	\$ 28,730	\$ 279,309
Changes for the year:			
Service cost	\$ 3,266	\$ -	\$ 3,266
Interest	20,522	-	20,522
Differences between expected and actual experience	(36,510)	-	(36,510)
Contributions - employer	-	32,369	(32,369)
Net investment income	-	2,563	(2,563)
Benefit payments	(14,560)	(14,560)	-
Administrative expenses	-	(71)	71
Other changes	-	1	(1)
Net changes	\$ (27,282)	\$ 20,302	\$ (47,584)
Balances at June 30, 2023	\$ 280,757	\$ 49,032	\$ 231,725

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	\$ 260,018	\$ 231,725	\$ 207,440

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, 2024, the School Board recognized HIC Plan OPEB expense of \$2,222. At June 30, 2024, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 58,665
Net difference between projected and actual earnings on HIC OPEB plan investments	391	-
Change in assumptions	9,097	-
Employer contributions subsequent to the measurement date	33,196	-
Total	\$ 42,684	\$ 58,665

\$33,196 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, 2025. 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:

Year Ended June 30	
2025	\$ (19,098)
2026	(20,303)
2027	(9,771)
2028	(5)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 (Continued)

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

	Deferred Outflows	Deferred Inflows	Net/Total OPEB Liabilities	OPEB Expense
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12):				
County	\$ 72,800	\$ 50,405	\$ 264,569	\$ 13,466
County Stand-Alone Plan (Note 10)	146,408	147,719	781,107	62,255
Totals	<u>\$ 219,208</u>	<u>\$ 198,124</u>	<u>\$ 1,045,676</u>	<u>\$ 75,721</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12):				
School Board Nonprofessional	\$ 23,271	\$ 25,685	\$ 83,232	\$ (265)
School Board Professional	150,764	139,780	647,150	9,575
Teacher Health Insurance Credit Plan (Note 11)	200,397	185,184	1,543,588	83,623
Nonprofessional Health Insurance Credit Plan (Note 13)	42,684	58,665	231,725	2,222
School Stand-Alone Plan (Note 10)	20,356	88,635	1,141,723	71,282
Totals	<u>\$ 437,472</u>	<u>\$ 497,949</u>	<u>\$ 3,647,418</u>	<u>\$ 166,437</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, 2024.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
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.	\$ -	\$ 2,258,442
Second half installment due after June 30th	11,870,172	11,870,172
Prepaid property taxes have been recorded as deferred revenue. Prepaid taxes collected are available for the funding of current expenditures.	456,680	456,680
Total deferred/unavailable property tax revenue:	\$ 12,326,852	\$ 14,585,294
Unavailable opioid settlement revenue	-	240,874
Lease deferrals	58,421	58,421
Total primary government	\$ 12,385,273	\$ 14,884,589

The Component Unit School Board had \$473,359 of unearned grant revenue.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (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 2024, the County recognized lease and interest revenue in the amount of \$1,350 and \$1,450 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>	<u>Receivable Balance</u>
Cell Tower - Augusta County	7/1/2021	11/15/2046	305	Annually	2.292%	\$ 61,278
Total						<u>\$ 61,278</u>

Expected future payments at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,381	\$ 1,419	\$ 2,800
2026	1,413	1,387	2,800
2027	1,781	1,354	3,135
2028	1,823	1,313	3,136
2029	1,865	1,271	3,136
2030 - 2034	11,148	5,660	16,808
2035 - 2039	14,609	4,216	18,825
2040 - 2044	18,744	2,341	21,085
2045 - 2047	<u>8,514</u>	<u>297</u>	<u>8,811</u>
Total	<u>\$ 61,278</u>	<u>\$ 19,258</u>	<u>\$ 80,536</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 17–LEASES RECEIVABLE: (CONTINUED)

The Nelson County Broadband Authority leases tower space, dark fiber, and co-location racks under various lease contracts. In fiscal year 2024, the Nelson County Broadband Authority recognized lease and interest revenue in the amount of \$69,175 and \$49,700 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>
Dark Fiber - MBCC	7/1/2021	7/31/2043	265	Quarterly	2.822%	\$ 78,066
Cell Tower - Martins Store	7/1/2021	3/30/2039	213	Annually	2.602%	434,877
Cell Tower - Verizon Wireless	7/1/2021	12/12/2043	270	Annually	2.292%	552,893
Cell Tower - New Cingular Wireless	7/1/2021	12/26/2046	306	Annually	2.292%	934,450
Cell Tower - RiverStreet	2/8/2024	2/8/2029	60	Annually	2.282%	7,564
Total						<u><u>\$ 2,007,850</u></u>

Expected future payments at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 69,890	\$ 48,237	\$ 118,127
2026	71,618	46,519	118,137
2027	78,501	44,759	123,260
2028	80,424	42,837	123,261
2029	84,062	40,867	124,929
2030 - 2034	473,930	172,041	645,971
2035 - 2039	551,355	108,873	660,228
2040 - 2044	468,224	46,421	514,645
2045 - 2047	129,846	4,527	134,373
Total	<u><u>\$ 2,007,850</u></u>	<u><u>\$ 555,081</u></u>	<u><u>\$ 2,562,931</u></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 guidance 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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 19–LITIGATION:

At June 30, 2024, 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.

NOTE 20–SURETY BONDS:

	<u>Amount</u>
Virginia Department of Risk Management - Surety	
Lisa D. Bryant, Clerk of the Circuit Court	\$ 450,000
Neely T. Hull, Treasurer	400,000
Kim Goff, Commissioner of the Revenue	3,000
Mark Embrey, 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	
Candice W. McGarry, County Administrator	2,000
J. David Parr, Supervisor	1,000
Thomas D. Harvey, Supervisor	1,000
Ernest Q. Reed, Supervisor	1,000
Jesse N. Rutherford, Supervisor	1,000
Jessica Ligon, 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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 21–RISK MANAGEMENT: (CONTINUED)

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.

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–LANDFILL USE AGREEMENT:

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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 23--RELATED PARTY TRANSACTIONS:

The County had certain transactions with the Nelson County Service Authority during fiscal year 2024. 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 \$50,000 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.

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 \$23,000 for 2024. Eligible employees age 50 and over may defer up to \$31,500 for 2024. 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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 25--FAIR VALUE MEASUREMENTS: (CONTINUED)

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, 2024:

Investment	6/30/2024	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	\$ 3,389,580	\$ 3,389,580	\$ -	\$ -
	\$ 3,389,580	\$ 3,389,580	\$ -	\$ -
Investments measured at NAV:				
Virginia Investment Pool	\$ 6,729,841			
Total Investments measured at NAV	\$ 6,729,841			
Total Investments measured at Fair Value	\$ 10,119,421			

As of June 30, 2024 there were no withdrawal limitations associated with investments held by the Virginia Investment Pool.

NOTE 26--RESTATEMENT OF NET POSITION:

Net position as of July 1, 2024 was restated to correct errors. Beginning net position and fund balance in the general fund and governmental activities, respectively, were restated by \$2,894,977 related to ARPA expenditures made in the prior period that were still recorded as unearned revenue at June 30, 2023. Beginning net position in the Component Unit School Board was restated by \$3,564,085 related to construction-in-progress that should have been capitalized in the prior period.

	General Fund	Governmental Activities	Component Unit School Board
Net Position/Fund Balance as reported at June 30, 2023	\$ 30,290,097	\$ 49,349,922	\$ 2,502,271
Restatement for prior period release of unearned revenue	2,894,977	2,894,977	-
Restatement of capital assets	-	-	3,564,085
Net Position/Fund Balance as restated at July 1, 2023	\$ 33,185,074	\$ 52,244,899	\$ 6,066,356

NOTE 27—UPCOMING PRONOUNCEMENTS:

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 fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
General property taxes	\$ 26,776,211	\$ 26,776,211	\$ 26,484,607	\$ (291,604)
Other local taxes	7,138,065	7,138,065	7,230,330	92,265
Permits, privilege fees, and regulatory licenses	360,483	360,483	287,248	(73,235)
Fines and forfeitures	164,750	164,750	262,187	97,437
Revenue from the use of money and property	504,150	535,014	1,319,976	784,962
Charges for services	286,432	286,432	304,313	17,881
Miscellaneous	204,142	248,413	218,157	(30,256)
Recovered costs	872,300	909,800	845,960	(63,840)
Intergovernmental:				
Component Unit EDA	-	-	6,657	6,657
Commonwealth	6,533,244	7,327,813	6,434,081	(893,732)
Federal	1,286,560	1,757,061	1,609,909	(147,152)
Total revenues	\$ 44,126,337	\$ 45,504,042	\$ 45,003,425	\$ (500,617)
EXPENDITURES				
Current:				
General government administration	\$ 2,287,782	\$ 2,506,940	\$ 2,423,070	\$ 83,870
Judicial administration	1,395,232	1,548,432	1,312,069	236,363
Public safety	10,836,203	8,970,184	8,291,366	678,818
Public works	2,470,235	2,643,260	2,519,382	123,878
Health and welfare	4,920,185	5,211,123	5,048,449	162,674
Education	18,547,285	22,204,461	18,939,624	3,264,837
Parks, recreation, and cultural	738,967	749,458	698,468	50,990
Community development	945,769	1,190,746	1,002,929	187,817
Nondepartmental	1,779,368	1,202,366	372,128	830,238
Capital projects	2,891,024	3,428,043	2,929,116	498,927
Debt service:				
Interest and other fiscal charges	-	-	94,151	(94,151)
Total expenditures	\$ 46,812,050	\$ 49,655,013	\$ 43,630,752	\$ 6,024,261
Excess (deficiency) of revenues over (under) expenditures	\$ (2,685,713)	\$ (4,150,971)	\$ 1,372,673	\$ 5,523,644
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 300,000	\$ 300,000
Transfers out	(3,325,284)	(3,325,284)	(3,325,284)	-
Issuance of long-term debt	-	-	87,857	87,857
Total other financing sources (uses)	\$ (3,325,284)	\$ (3,325,284)	\$ (2,937,427)	\$ 387,857
Net change in fund balances	\$ (6,010,997)	\$ (7,476,255)	\$ (1,564,754)	\$ 5,911,501
Fund balance at July 1, as previously reported	6,010,997	7,476,255	30,290,097	22,813,842
Restatements	-	-	2,894,977	2,894,977
Fund balance at July 1, as restated	6,010,997	7,476,255	33,185,074	25,708,819
Fund balances - end of year	\$ -	\$ -	\$ 31,620,320	\$ 31,620,320

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 570,731	\$ 504,982	\$ 536,745	\$ 522,553	\$ 447,108
Interest	1,548,773	1,533,599	1,408,569	1,350,472	1,285,306
Differences between expected and actual experience	(398,143)	(516,482)	(119,043)	168,722	518,742
Changes in assumptions	-	-	739,533	-	542,873
Benefit payments, including refunds of employee contributions	(1,464,578)	(1,261,514)	(1,175,456)	(1,186,654)	(1,110,453)
Net change in total pension liability	\$ 256,783	\$ 260,585	\$ 1,390,348	\$ 855,093	\$ 1,683,576
Total pension liability - beginning	23,106,349	22,845,764	21,455,416	20,600,323	18,916,747
Total pension liability - ending (a)	<u>\$ 23,363,132</u>	<u>\$ 23,106,349</u>	<u>\$ 22,845,764</u>	<u>\$ 21,455,416</u>	<u>\$ 20,600,323</u>
Plan fiduciary net position					
Contributions - employer	\$ 540,182	\$ 559,220	\$ 541,424	\$ 423,896	\$ 397,658
Contributions - employee	234,645	229,407	222,692	220,161	205,346
Net investment income	1,397,942	(19,818)	4,889,183	344,273	1,154,400
Benefit payments, including refunds of employee contributions	(1,464,578)	(1,261,514)	(1,175,456)	(1,186,654)	(1,110,453)
Administrative expense	(14,257)	(14,013)	(12,240)	(11,979)	(11,696)
Other	560	515	460	(405)	(725)
Net change in plan fiduciary net position	\$ 694,494	\$ (506,203)	\$ 4,466,063	\$ (210,708)	\$ 634,530
Plan fiduciary net position - beginning	21,910,047	22,416,250	17,950,187	18,160,895	17,526,365
Plan fiduciary net position - ending (b)	<u>\$ 22,604,541</u>	<u>\$ 21,910,047</u>	<u>\$ 22,416,250</u>	<u>\$ 17,950,187</u>	<u>\$ 18,160,895</u>
County's net pension liability - ending (a) - (b)	\$ 758,591	\$ 1,196,302	\$ 429,514	\$ 3,505,229	\$ 2,439,428
Plan fiduciary net position as a percentage of the total pension liability	96.75%	94.82%	98.12%	83.66%	88.16%
Covered payroll	\$ 5,121,748	\$ 5,000,436	\$ 4,814,187	\$ 4,745,753	\$ 4,380,765
County's net pension liability as a percentage of covered payroll	14.81%	23.92%	8.92%	73.86%	55.68%

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 451,702	\$ 462,147	\$ 464,883	\$ 454,133	\$ 446,356
Interest	1,266,683	1,222,935	1,237,687	1,198,069	1,144,445
Differences between expected and actual experience	(338,544)	221,808	(577,384)	20,264	-
Changes in assumptions	-	(72,395)	-	-	-
Benefit payments, including refunds of employee contributions	(1,117,138)	(1,301,909)	(1,369,946)	(843,042)	(806,440)
Net change in total pension liability	\$ 262,703	\$ 532,586	\$ (244,760)	\$ 829,424	\$ 784,361
Total pension liability - beginning	18,654,044	18,121,458	18,366,218	17,536,794	16,752,433
Total pension liability - ending (a)	<u>\$ 18,916,747</u>	<u>\$ 18,654,044</u>	<u>\$ 18,121,458</u>	<u>\$ 18,366,218</u>	<u>\$ 17,536,794</u>
Plan fiduciary net position					
Contributions - employer	\$ 372,060	\$ 369,631	\$ 471,492	\$ 461,417	\$ 492,143
Contributions - employee	195,521	192,487	193,264	186,660	186,897
Net investment income	1,236,033	1,869,534	260,208	713,434	2,150,653
Benefit payments, including refunds of employee contributions	(1,117,138)	(1,301,909)	(1,369,946)	(843,042)	(806,440)
Administrative expense	(10,926)	(11,274)	(10,372)	(9,817)	(11,582)
Other	(1,088)	(1,647)	(116)	(150)	113
Net change in plan fiduciary net position	\$ 674,462	\$ 1,116,822	\$ (455,470)	\$ 508,502	\$ 2,011,784
Plan fiduciary net position - beginning	16,851,903	15,735,081	16,190,551	15,682,049	13,670,265
Plan fiduciary net position - ending (b)	<u>\$ 17,526,365</u>	<u>\$ 16,851,903</u>	<u>\$ 15,735,081</u>	<u>\$ 16,190,551</u>	<u>\$ 15,682,049</u>
County's net pension liability - ending (a) - (b)	\$ 1,390,382	\$ 1,802,141	\$ 2,386,377	\$ 2,175,667	\$ 1,854,745
Plan fiduciary net position as a percentage of the total pension liability	92.65%	90.34%	86.83%	88.15%	89.42%
Covered payroll	\$ 4,105,970	\$ 3,978,899	\$ 3,868,886	\$ 3,774,065	\$ 3,738,547
County's net pension liability as a percentage of covered payroll	33.86%	45.29%	61.68%	57.65%	49.61%

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, 2023

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 127,707	\$ 105,380	\$ 128,255	\$ 138,337	\$ 135,657
Interest	586,000	569,924	535,506	523,809	522,207
Differences between expected and actual experience	257,644	77,380	4,850	(38,672)	(145,141)
Changes in assumptions	-	-	239,189	-	203,110
Benefit payments, including refunds of employee contributions	(550,339)	(523,364)	(483,190)	(417,178)	(414,416)
Net change in total pension liability	\$ 421,012	\$ 229,320	\$ 424,610	\$ 206,296	\$ 301,417
Total pension liability - beginning	8,828,945	8,599,625	8,175,015	7,968,719	7,667,302
Total pension liability - ending (a)	<u>\$ 9,249,957</u>	<u>\$ 8,828,945</u>	<u>\$ 8,599,625</u>	<u>\$ 8,175,015</u>	<u>\$ 7,968,719</u>
Plan fiduciary net position					
Contributions - employer	\$ 113,807	\$ 89,357	\$ 91,170	\$ 107,677	\$ 113,509
Contributions - employee	73,720	65,449	67,070	74,959	78,290
Net investment income	550,647	(3,403)	1,996,068	143,585	479,923
Benefit payments, including refunds of employee contributions	(550,339)	(523,364)	(483,190)	(417,178)	(414,416)
Administrative expense	(5,677)	(5,751)	(5,145)	(4,961)	(4,875)
Other	221	205	187	(167)	(300)
Net change in plan fiduciary net position	\$ 182,379	\$ (377,507)	\$ 1,666,160	\$ (96,085)	\$ 252,131
Plan fiduciary net position - beginning	8,715,235	9,092,742	7,426,582	7,522,667	7,270,536
Plan fiduciary net position - ending (b)	<u>\$ 8,897,614</u>	<u>\$ 8,715,235</u>	<u>\$ 9,092,742</u>	<u>\$ 7,426,582</u>	<u>\$ 7,522,667</u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ 352,343	\$ 113,710	\$ (493,117)	\$ 748,433	\$ 446,052
Plan fiduciary net position as a percentage of the total pension liability	96.19%	98.71%	105.73%	90.84%	94.40%
Covered payroll	\$ 1,633,790	\$ 1,427,842	\$ 1,449,074	\$ 1,607,994	\$ 1,654,302
School Division's net pension liability as a percentage of covered payroll	21.57%	7.96%	-34.03%	46.54%	26.96%

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, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 138,026	\$ 137,401	\$ 143,640	\$ 154,759	\$ 154,252
Interest	503,765	490,822	469,771	445,743	424,255
Differences between expected and actual experience	5,440	(60,927)	35,814	45,500	-
Changes in assumptions	-	(23,759)	-	-	-
Benefit payments, including refunds of employee contributions	(353,149)	(364,109)	(332,889)	(272,613)	(270,446)
Net change in total pension liability	\$ 294,082	\$ 179,428	\$ 316,336	\$ 373,389	\$ 308,061
Total pension liability - beginning	7,373,220	7,193,792	6,877,456	6,504,067	6,196,006
Total pension liability - ending (a)	\$ 7,667,302	\$ 7,373,220	\$ 7,193,792	\$ 6,877,456	\$ 6,504,067
Plan fiduciary net position					
Contributions - employer	\$ 112,566	\$ 111,202	\$ 129,605	\$ 128,397	\$ 146,724
Contributions - employee	77,269	76,116	76,172	76,055	79,650
Net investment income	509,323	765,481	109,678	281,345	844,221
Benefit payments, including refunds of employee contributions	(353,149)	(364,109)	(332,889)	(272,613)	(270,446)
Administrative expense	(4,451)	(4,502)	(3,984)	(3,869)	(4,543)
Other	(451)	(677)	(47)	(60)	45
Net change in plan fiduciary net position	\$ 341,107	\$ 583,511	\$ (21,465)	\$ 209,255	\$ 795,651
Plan fiduciary net position - beginning	6,929,429	6,345,918	6,367,383	6,158,128	5,362,477
Plan fiduciary net position - ending (b)	\$ 7,270,536	\$ 6,929,429	\$ 6,345,918	\$ 6,367,383	\$ 6,158,128
School Division's net pension liability(asset) - ending (a) - (b)	\$ 396,766	\$ 443,791	\$ 847,874	\$ 510,073	\$ 345,939
Plan fiduciary net position as a percentage of the total pension liability	94.83%	93.98%	88.21%	92.58%	94.68%
Covered payroll	\$ 1,626,878	\$ 1,587,580	\$ 1,567,154	\$ 1,535,050	\$ 1,594,791
School Division's net pension liability as a percentage of covered payroll	24.39%	27.95%	54.10%	33.23%	21.69%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.12844%	0.12876%	0.12997%	0.13480%	0.14170%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,981,694	\$ 12,258,723	\$ 10,089,698	\$ 19,616,940	\$ 18,648,526
Employer's Covered Payroll	12,705,032	11,932,280	11,428,252	11,772,414	11,855,025
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	102%	103%	88%	167%	157%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%	82.61%	85.46%	71.47%	73.51%

* 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, 2023

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.14485%	0.14426%	0.14800%	0.14912%	0.15347%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,034,000	\$ 17,741,000	\$ 20,741,000	\$ 18,769,000	\$ 18,547,000
Employer's Covered Payroll	11,687,998	11,255,580	12,016,024	11,080,965	11,212,976
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146%	158%	173%	169%	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.88%	70.88%

Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2015 through June 30, 2024

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							
2024	\$	626,915	\$ 626,915	\$ -	\$	5,962,751	10.51%
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%
Component Unit School Board (nonprofessional)							
2024	\$	114,952	\$ 114,952	\$ -	\$	1,676,562	6.86%
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%
Component Unit School Board (professional)							
2024	\$	2,125,763	\$ 2,125,763	\$ -	\$	13,388,301	15.88%
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.

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2024

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, 2022, 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, 2021. 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 and Related Ratios
Primary Government
For the Measurement Dates ending June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 46,402	\$ 52,996	\$ 74,349	\$ 45,169	\$ 36,050	\$ 39,916	\$ 41,058
Interest	29,020	25,113	14,284	13,400	18,126	21,801	25,387
Changes in assumptions	(19,675)	(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	(46,207)	(47,200)	(39,677)	(31,068)	(25,302)	(33,924)	(43,143)
Net change in total OPEB liability	\$ 9,540	\$ 91,778	\$ 73,137	\$ 30,054	\$ 82,214	\$ (210,139)	\$ (1,161)
Total OPEB liability - beginning	<u>771,567</u>	<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>\$ 781,107</u>	<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	 \$ 5,237,828	 \$ 4,802,332	 \$ 4,190,874	 \$ 4,190,874	 \$ 4,190,874	 \$ 3,930,700
 County's total OPEB liability as a percentage of covered-employee payroll	 14.91%	 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 and Related Ratios
Component Unit School Board
For the Measurement Dates ending June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 57,055	\$ 63,505	\$ 78,974	\$ 67,288	\$ 66,949	\$ 63,928	\$ 65,600
Interest	42,246	40,682	27,043	26,761	42,727	45,337	41,602
Changes in assumptions	(20,319)	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	(74,545)	(71,727)	(87,218)	(94,060)	(93,711)	(94,685)	(89,947)
Net change in total OPEB liability	\$ 4,437	\$ 16,006	\$ (95,095)	\$ 25,958	\$ (9,864)	\$ 45,807	\$ (13,142)
Total OPEB liability - beginning	<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>	<u>1,167,616</u>
Total OPEB liability - ending	<u>\$ 1,141,723</u>	<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	 \$ 14,332,700	 \$ 12,949,453	 \$ 12,949,453	 \$ 13,588,619	 \$ 13,116,400	 \$ 13,116,400
 School Board's total OPEB liability as a percentage of covered-employee payroll	 7.97%	 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, 2024

County:

Valuation Date: 1/1/2023
Measurement Date: 6/30/2024

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	3.93%
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: 6/30/2024

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	3.93%
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, 2023

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)
2023	0.12742%	\$ 1,543,588	\$ 12,705,032	12.15%	17.90%
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, 2024

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)
2024	\$ 161,998	\$ 161,998	\$ -	\$ 13,388,301	1.21%
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, 2024

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, 2022 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, 2021. 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, 2023

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					
2023	0.02206%	\$ 264,569	\$ 5,195,763	5.09%	69.30%
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)					
2023	0.00694%	\$ 83,232	\$ 1,633,790	5.09%	69.30%
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)					
2023	0.05396%	\$ 647,150	\$ 12,711,910	5.09%	69.30%
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, 2024

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					
2024	\$ 32,333	\$ 32,333	-	\$ 5,987,610	0.54%
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)					
2024	\$ 9,053	\$ 9,053	-	\$ 1,676,562	0.54%
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)					
2024	\$ 72,297	\$ 72,297	-	\$ 13,388,301	0.54%
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, 2024

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, 2022 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, 2021. 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, 2023

	2023	2022	2021	2020
Total HIC OPEB Liability				
Service cost	\$ 3,266	\$ 1,830	\$ 2,386	\$ -
Interest	20,522	15,663	14,386	-
Changes in benefit terms	-	113,972	-	213,125
Differences between expected and actual experience	(36,510)	(61,113)	-	-
Changes of assumptions	-	13,880	6,738	-
Benefit payments	(14,560)	(12,828)	-	-
Net change in total HIC OPEB liability	\$ (27,282)	\$ 71,404	\$ 23,510	\$ 213,125
Total HIC OPEB Liability - beginning	308,039	236,635	213,125	-
Total HIC OPEB Liability - ending (a)	\$ 280,757	\$ 308,039	\$ 236,635	\$ 213,125
Plan fiduciary net position				
Contributions - employer	\$ 32,369	\$ 24,702	\$ 15,070	\$ -
Net investment income	2,563	(199)	2,109	-
Benefit payments	(14,560)	(12,828)	-	-
Administrator charges	(71)	(55)	(67)	-
Other	1	(2)	-	-
Net change in plan fiduciary net position	\$ 20,302	\$ 11,618	\$ 17,112	\$ -
Plan fiduciary net position - beginning	28,730	17,112	-	-
Plan fiduciary net position - ending (b)	\$ 49,032	\$ 28,730	\$ 17,112	\$ -
School Board Nonprofessional's net HIC OPEB liability - ending (a) - (b)	\$ 231,725	\$ 279,309	\$ 219,523	\$ 213,125
Plan fiduciary net position as a percentage of the total HIC OPEB liability	17.46%	9.33%	7.23%	0.00%
Covered payroll	\$ 1,633,790	\$ 1,427,842	\$ 1,449,074	\$ 1,610,873
School Board Nonprofessional's net HIC OPEB liability as a percentage of covered payroll	14.18%	19.56%	15.15%	13.23%

Schedule is intended to show information for 10 years. The School Board's participation began in 2020. Additional years will be included as they become available.

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

Component Unit School Board

For the Years Ended June 30, 2021 through June 30, 2024

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2024	\$ 33,196	\$ 33,196	\$ -	\$ 1,676,562		1.98%
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. The School Board's participation began in 2020. Additional years will be included as they become available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Component Unit School Board
 For the Year Ended June 30, 2024

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, 2022, 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, 2021. 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

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,757,000	\$ 2,757,000	\$ 2,757,000	\$ -
Interest and other fiscal charges	3,584,318	3,584,318	408,368	3,175,950
Total expenditures	\$ 6,341,318	\$ 6,341,318	\$ 3,165,368	\$ 3,175,950
Excess (deficiency) of revenues over (under) expenditures	\$ (6,341,318)	\$ (6,341,318)	\$ (3,165,368)	\$ 3,175,950
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,325,284	\$ 3,325,284	\$ 3,325,284	\$ -
Total other financing sources (uses)	\$ 3,325,284	\$ 3,325,284	\$ 3,325,284	\$ -
Net change in fund balances	\$ (3,016,034)	\$ (3,016,034)	\$ 159,916	\$ 3,175,950
Fund balances - beginning	3,016,034	3,016,034	3,237,412	221,378
Fund balances - ending	\$ -	\$ -	\$ 3,397,328	\$ 3,397,328

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	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, 2024

	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
Governmental Funds
At June 30, 2024

	School Operating Fund	School Activity Fund	Totals
Assets			
Cash and cash equivalents	\$ 2,062,222	\$ 303,814	\$ 2,366,036
Accounts receivable	5,678	-	5,678
Due from other governments	1,934,266	-	1,934,266
Inventories	19,320	-	19,320
Prepaid items	639,389	-	639,389
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>4,660,875</u>	\$ <u>303,814</u>	\$ <u>4,964,689</u>
Liabilities			
Accounts payable	\$ 744,956	\$ -	\$ 744,956
Unearned revenue	473,359	-	473,359
Accrued liabilities	1,154,139	-	1,154,139
Due to primary government	1,366,204	-	1,366,204
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ <u>3,738,658</u>	\$ <u>-</u>	\$ <u>3,738,658</u>
Fund balances			
Nonspendable	\$ 658,709	\$ -	\$ 658,709
Committed	905,542	303,814	1,209,356
Unassigned (deficit)	(642,034)	-	(642,034)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	\$ <u>922,217</u>	\$ <u>303,814</u>	\$ <u>1,226,031</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>4,660,875</u>	\$ <u>303,814</u>	\$ <u>4,964,689</u>

Discretely Presented Component Unit School Board
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 At June 30, 2024

Total fund balance for governmental funds (Exhibit 33) \$ 1,226,031

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	
Construction in progress	753,316	
Buildings and improvements, net of depreciation	22,693,624	
Equipment, net of depreciation	2,837,145	
Lease equipment, net of amortization	-	
School Board capital assets in primary government, net of depreciation	<u>(1,646,000)</u>	25,489,295

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

Deferred inflows related to pensions	(2,111,226)
Deferred inflows related to OPEB	(497,949)
Deferred outflows related to pensions	4,087,002
Deferred outflows related to OPEB	437,472

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	\$ (498,018)	
Net pension liabilities	(13,334,047)	
Net OPEB liabilities	<u>(3,647,418)</u>	<u>(17,479,483)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u><u>11,151,142</u></u>

Discretely Presented Component Unit School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	School Operating Fund	School Activities Fund	Totals
Revenues			
Revenue from the use of money and property	\$ 54	\$ -	\$ 54
Charges for services	155,438	-	155,438
Miscellaneous	33,401	658,319	691,720
Recovered costs	69,012	-	69,012
Intergovernmental:			
Appropriations from primary government	18,937,111	-	18,937,111
Commonwealth	11,196,144	-	11,196,144
Federal	4,765,878	-	4,765,878
Total revenues	\$ 35,157,038	\$ 658,319	\$ 35,815,357
Expenditures			
Current:			
Education			
Instruction	\$ 19,679,219	\$ 666,293	\$ 20,345,512
Administration, attendance and health	1,641,857	-	1,641,857
Transportation	3,851,744	-	3,851,744
Facilities operations	3,529,269	-	3,529,269
School food services	1,517,126	-	1,517,126
Facilities	2,342,260	-	2,342,260
Technology	1,436,994	-	1,436,994
Debt service:			
Principal retirement	868,894	-	868,894
Interest and other fiscal charges	37,274	-	37,274
Total expenditures	\$ 34,904,637	\$ 666,293	\$ 35,570,930
Net change in fund balances	\$ 252,401	\$ (7,974)	\$ 244,427
Fund balance, beginning of year	669,816	311,788	981,604
Fund balance, end of year	\$ 922,217	\$ 303,814	\$ 1,226,031

Discretely Presented Component Unit School Board
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balance - total governmental funds (Exhibit 35) \$ 244,427

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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 3,345,737	
Depreciation/amortization expense	<u>(1,871,463)</u>	1,474,274

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 993,300

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	28,673
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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	\$ (62,502)	
Energy improvement loan	868,894	
Decrease (increase) in net pension liabilities	(961,604)	
Decrease (increase) in net OPEB liabilities	107,767	
Decrease (increase) in deferred outflows related to pensions	695,096	
Decrease (increase) in deferred outflows related to OPEB	9,450	
(Increase) decrease in deferred inflows related to the measurement of the net pension liabilities	1,595,367	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liabilities	<u>91,644</u>	<u>2,344,112</u>

Change in net position of governmental activities (Exhibit 2)	\$ <u>5,084,786</u>
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Discretely Presented Component Unit School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 30	\$ 30	\$ 54	\$ 24
Charges for services	-	-	155,438	155,438
Miscellaneous	237,574	237,574	33,401	(204,173)
Recovered costs	31,482	31,482	69,012	37,530
Intergovernmental:				
Local government	18,544,772	22,201,947	18,937,111	(3,264,836)
Commonwealth	9,414,742	12,609,733	11,196,144	(1,413,589)
Federal	6,466,269	6,466,269	4,765,878	(1,700,391)
Total revenues	\$ 34,694,869	\$ 41,547,035	\$ 35,157,038	\$ (6,389,997)
EXPENDITURES				
Current:				
Education				
Instruction	\$ 23,160,155	\$ 23,903,442	\$ 19,679,219	\$ 4,224,223
Administration, attendance and health	1,700,725	1,700,725	1,641,857	58,868
Transportation	2,978,703	3,869,040	3,851,744	17,296
Facilities operations	4,043,847	4,043,847	3,529,269	514,578
School food services	1,611,279	1,611,279	1,517,126	94,153
Facilities	-	5,218,542	2,342,260	2,876,282
Technology	1,552,046	1,552,046	1,436,994	115,052
Contingency	164,935	164,935	-	164,935
Debt service:				
Principal retirement	-	-	868,894	(868,894)
Interest and other fiscal charges	192,182	192,182	37,274	154,908
Total expenditures	\$ 35,403,872	\$ 42,256,038	\$ 34,904,637	\$ 7,351,401
Net change in fund balances	\$ (709,003)	\$ (709,003)	\$ 252,401	\$ 961,404
Fund balances - beginning	409,723	409,723	669,816	260,093
Fund balances - ending	\$ (299,280)	\$ (299,280)	\$ 922,217	\$ 1,221,497

Discretely Presented Component Unit - Nelson County EDA
Statement of Net Position
At June 30, 2024

Assets

Current assets:

Cash and cash equivalents	\$	<u>15,274</u>
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Total current assets	\$	<u>15,274</u>
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Noncurrent assets:

Land held for resale	\$	<u>213,663</u>
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Total assets	\$	<u><u>228,937</u></u>
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Net Position

Unrestricted	\$	<u>228,937</u>
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Total net position	\$	<u><u>228,937</u></u>
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Discretely Presented Component Unit - Nelson County EDA
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

Operating expenses

Economic development grants	\$ 27,743
Director fees	2,025
Travel	<u>405</u>

Total operating expenses	\$ <u>30,173</u>
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Operating income (loss)	\$ <u>(30,173)</u>
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Nonoperating revenues (expenses)

Payment to Nelson County	\$ (6,657)
Interest revenue	<u>552</u>

Total nonoperating revenues	\$ <u>(6,105)</u>
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Change in net position	\$ (36,278)
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Net position, beginning of year	<u>265,215</u>
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Net position, end of year	\$ <u><u>228,937</u></u>
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Discretely Presented Component Unit - Nelson County EDA
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities

Payments to suppliers	\$ (28,148)
Payments to directors	<u>(2,025)</u>
Net cash provided by (used for) by operating activities	\$ <u>(30,173)</u>

Cash flows from noncapital financing activities

Contribution to Nelson County	\$ <u>(6,657)</u>
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Cash flows from investing activities

Interest revenue	\$ <u>552</u>
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Net increase (decrease) in cash and cash equivalents	\$ (36,278)
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Cash and cash equivalents, beginning of year	<u>51,552</u>
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Cash and cash equivalents, end of year	\$ <u><u>15,274</u></u>
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Reconciliation of operating income (loss) to net cash

Operating income (loss)	\$ (30,173)
Change in assets and liabilities:	
Prepaid expenses	<u>-</u>
Net cash provided by (used for) operating activities	\$ <u><u>(30,173)</u></u>

Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 20,604,678	\$ 20,604,678	\$ 20,699,091	\$ 94,413
Real and personal public service corporation taxes	1,303,291	1,303,291	948,049	(355,242)
Personal property taxes	4,377,640	4,377,640	4,361,278	(16,362)
Mobile home taxes	-	-	16,873	16,873
Machinery and tools taxes	72,189	72,189	72,659	470
Penalties	255,613	255,613	223,314	(32,299)
Interest	162,800	162,800	163,343	543
Total general property taxes	\$ 26,776,211	\$ 26,776,211	\$ 26,484,607	\$ (291,604)
Other local taxes:				
Local sales and use taxes	\$ 2,190,076	\$ 2,190,076	\$ 2,159,650	\$ (30,426)
Consumers' utility taxes	500,000	500,000	517,084	17,084
Business license taxes	54,000	54,000	54,894	894
Utility franchise taxes	80,000	80,000	69,817	(10,183)
Motor vehicle licenses	754,261	754,261	731,649	(22,612)
Bank franchise tax	109,728	109,728	91,447	(18,281)
Taxes on recordation and wills	300,000	300,000	355,691	55,691
Transient occupancy tax	1,800,000	1,800,000	1,757,319	(42,681)
Meals tax	1,350,000	1,350,000	1,492,779	142,779
Total other local taxes	\$ 7,138,065	\$ 7,138,065	\$ 7,230,330	\$ 92,265
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,130	\$ 15,130	\$ 14,821	\$ (309)
Dog pound fees	1,800	1,800	3,500	1,700
Land use application fees & Short Term Rental Registration	12,500	12,500	10,477	(2,023)
Transfer fees	1,200	1,200	1,004	(196)
Zoning & Subdivision fees	22,500	22,500	20,227	(2,273)
Building permits	276,353	276,353	222,682	(53,671)
Building inspection fees	16,000	16,000	11,162	(4,838)
Well & Septic fees	7,000	7,000	-	(7,000)
Land disturbing fees	7,500	7,500	3,285	(4,215)
Tourism collections	500	500	90	(410)
Total permits, privilege fees, and regulatory licenses	\$ 360,483	\$ 360,483	\$ 287,248	\$ (73,235)
Fines and forfeitures:				
Court fines and forfeitures	\$ 164,750	\$ 164,750	\$ 262,187	\$ 97,437
Total fines and forfeitures	\$ 164,750	\$ 164,750	\$ 262,187	\$ 97,437
Revenue from use of money and property:				
Revenue from use of money	\$ 500,000	\$ 500,000	\$ 1,276,358	\$ 776,358
Revenue from use of property	4,150	4,150	5,106	956
Sale of general property	-	30,864	30,864	-
Real estate tax sale proceeds	-	-	7,648	7,648
Total revenue from use of money and property	\$ 504,150	\$ 535,014	\$ 1,319,976	\$ 784,962

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 11,445	\$ (1,055)
Law library fees	2,500	2,500	2,056	(444)
Courthouse maintenance fees	6,000	6,000	5,975	(25)
Document reproduction fees	3,500	3,500	3,418	(82)
Excess fees paid to Circuit Court	30	30	-	(30)
Court appointed attorney fees	1,000	1,000	960	(40)
Fingerprint/Report fees	250	250	126	(124)
Cost of postage - Circuit Court	250	250	171	(79)
Charges for Commonwealth's Attorney	2,200	2,200	1,923	(277)
Charges for sanitation and waste removal	216,000	216,000	236,097	20,097
Charges for parks and recreation	42,000	42,000	42,050	50
Sale of literature	202	202	92	(110)
Total charges for services	\$ 286,432	\$ 286,432	\$ 304,313	\$ 17,881
Miscellaneous:				
Expenditure refunds	\$ 110,816	\$ 110,816	\$ 121,871	\$ 11,055
Other miscellaneous	93,326	137,597	96,286	(41,311)
Total miscellaneous	\$ 204,142	\$ 248,413	\$ 218,157	\$ (30,256)
Recovered costs:				
DSS Reimbursement	\$ 65,000	\$ 65,000	\$ 50,738	\$ (14,262)
School Resource officer and other costs	-	-	368	368
Local tourism	-	37,500	-	(37,500)
DMV stop fees	36,000	36,000	33,886	(2,114)
EMS revenue recovery	719,800	719,800	713,176	(6,624)
Forest Service Coop. agreement	4,400	4,400	-	(4,400)
Shared network maintenance fee	8,000	8,000	-	(8,000)
Recycling	16,000	16,000	19,931	3,931
Other recovered costs	23,100	23,100	27,861	4,761
Total recovered costs	\$ 872,300	\$ 909,800	\$ 845,960	\$ (63,840)
Total revenue from local sources	\$ 36,306,533	\$ 36,419,168	\$ 36,952,778	\$ 533,610
Intergovernmental:				
Revenues from local governments:				
Contribution from Component Unit EDA	\$ -	\$ -	\$ 6,657	\$ 6,657
Total revenues from local governments	\$ -	\$ -	\$ 6,657	\$ 6,657
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 98,000	\$ 98,000	\$ 115,227	\$ 17,227
Mobile home titling tax	37,000	37,000	40,230	3,230
Moped/ATV State Sales Tax	350	350	429	79
Communication sales & use tax	330,000	330,000	308,922	(21,078)
Personal property tax relief funds	1,708,030	1,708,030	973,100	(734,930)
Total noncategorical aid	\$ 2,173,380	\$ 2,173,380	\$ 1,437,908	\$ (735,472)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2024

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	\$ 403,440	\$ 403,440	\$ 407,179	\$ 3,739
Sheriff	1,063,587	1,063,587	1,124,601	61,014
Commissioner of revenue	118,516	118,516	129,055	10,539
Treasurer	129,560	129,560	145,085	15,525
Registrar/electoral board	89,199	89,199	84,070	(5,129)
Clerk of the Circuit Court	258,813	258,813	261,613	2,800
Total shared expenses	\$ 2,063,115	\$ 2,063,115	\$ 2,151,603	\$ 88,488
Welfare:				
Public assistance and welfare administration	\$ 672,206	\$ 672,206	\$ 542,555	\$ (129,651)
Other categorical aid:				
E911 wireless grant	\$ 70,000	\$ 70,000	\$ 70,807	\$ 807
DMV animal friendly plates	450	450	407	(43)
Fire programs	-	66,524	66,524	-
Four for life	-	18,321	18,321	-
Litter control grant	-	13,032	13,032	-
Victim-witness grant	21,000	25,614	26,840	1,226
VJCCCA Dept - Juvenile Justice	10,364	10,364	10,364	-
Comprehensive services act	1,296,000	1,479,058	1,487,112	8,054
Sheriff's department grant	-	72,506	63,803	(8,703)
Asset forfeiture proceeds	-	7,927	8,482	555
Virginia Tourism Corp grant	-	70,000	30,000	(40,000)
Performance arts grant	4,500	4,500	4,500	-
DHR Funding- Vietnam War Museum	-	200,000	200,000	-
Library grant	18,529	64,741	23,247	(41,494)
Other categorical	203,700	316,075	278,576	(37,499)
Total other categorical aid	\$ 1,624,543	\$ 2,419,112	\$ 2,302,015	\$ (117,097)
Total categorical aid	\$ 4,359,864	\$ 5,154,433	\$ 4,996,173	\$ (158,260)
Total revenue from the Commonwealth	\$ 6,533,244	\$ 7,327,813	\$ 6,434,081	\$ (893,732)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 62,150	\$ 62,150	\$ 84,407	\$ 22,257
Categorical aid:				
Public assistance and welfare administration	\$ 1,008,310	\$ 1,008,310	\$ 890,278	\$ (118,032)
Coronavirus relief fund	-	-	43,185	43,185
ARPA grants	-	292,000	248,806	(43,194)
Victim witness program	44,100	54,865	38,260	(16,605)
Sheriff's grants	-	20,560	17,865	(2,695)
SCAAP (federal prisoners)	-	176	176	-
Other federal categorical	172,000	319,000	286,932	(32,068)
Total categorical aid	\$ 1,224,410	\$ 1,694,911	\$ 1,525,502	\$ (169,409)
Total revenue from the federal government	\$ 1,286,560	\$ 1,757,061	\$ 1,609,909	\$ (147,152)
Total General Fund	\$ 44,126,337	\$ 45,504,042	\$ 45,003,425	\$ (500,617)
Total Primary Government	\$ 44,126,337	\$ 45,504,042	\$ 45,003,425	\$ (500,617)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 30	\$ 30	\$ 54	\$ 24
Total revenue from use of money and property	\$ 30	\$ 30	\$ 54	\$ 24
Charges for services:				
Charges for cafeteria	\$ -	\$ -	\$ 155,438	\$ 155,438
Total charges for services	\$ -	\$ -	\$ 155,438	\$ 155,438
Miscellaneous:				
Other miscellaneous	\$ 237,574	\$ 237,574	\$ 33,401	\$ (204,173)
Total miscellaneous	\$ 237,574	\$ 237,574	\$ 33,401	\$ (204,173)
Recovered costs:				
Other recovered costs	\$ 31,482	\$ 31,482	\$ 69,012	\$ 37,530
Total recovered costs	\$ 31,482	\$ 31,482	\$ 69,012	\$ 37,530
Total revenue from local sources	\$ 269,086	\$ 269,086	\$ 257,905	\$ (11,181)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nelson, Virginia	\$ 18,544,772	\$ 22,201,947	\$ 18,937,111	\$ (3,264,836)
Total revenues from local governments	\$ 18,544,772	\$ 22,201,947	\$ 18,937,111	\$ (3,264,836)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,428,562	\$ 2,428,562	\$ 2,327,424	\$ (101,138)
Basic school aid	3,271,395	4,014,683	3,435,207	(579,476)
Remedial education	179,839	179,839	168,093	(11,746)
Special education	343,273	343,273	349,858	6,585
Vocational standards of quality payments	175,655	175,655	179,024	3,369
Fringe benefits	675,065	675,065	688,015	12,950
VPSA technology	154,000	154,000	-	(154,000)
At risk payments	380,190	380,190	389,680	9,490
Primary class size	134,220	134,220	153,490	19,270
Other state funds	1,672,543	4,124,246	3,505,353	(618,893)
Total categorical aid	\$ 9,414,742	\$ 12,609,733	\$ 11,196,144	\$ (1,413,589)
Total revenue from the Commonwealth	\$ 9,414,742	\$ 12,609,733	\$ 11,196,144	\$ (1,413,589)
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 3,864	\$ 3,864	\$ 3,220	\$ (644)
CARES Act Funding ESSER/GEER	3,884,299	3,884,299	2,435,044	(1,449,255)
Title 1/A grants to LEAs	545,914	545,914	587,094	41,180
IDEA 611 flow-through (Title VI-B)	482,782	482,782	-	(482,782)
Title 1 - Carl Perkins vocational	-	-	39,558	39,558
Preschool grants/special ed	13,820	13,820	9,982	(3,838)
Title III language acquisition	11,170	11,170	5,963	(5,207)
Title II part A	73,348	73,348	70,550	(2,798)
Title II - Carl Perkins tech prep	38,678	38,678	-	(38,678)
Title IV	37,374	37,374	78,059	40,685
Title VI-B	63,021	63,021	516,005	452,984
School food	1,311,999	1,311,999	956,455	(355,544)
School food commodities	-	-	63,948	63,948
Total revenue from the federal government	\$ 6,466,269	\$ 6,466,269	\$ 4,765,878	\$ (1,700,391)
Total School Operating Fund	\$ 34,694,869	\$ 41,547,035	\$ 35,157,038	\$ (6,389,997)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 155,308	\$ 172,180	\$ 176,052	\$ (3,872)
General and financial administration:				
County administrator	\$ 327,426	\$ 365,480	\$ 362,286	\$ 3,194
County attorney	100,000	100,000	79,508	20,492
Commissioner of revenue	293,958	315,778	314,777	1,001
Treasurer	383,496	404,332	396,362	7,970
Finance and accounting	358,013	374,686	368,285	6,401
Technology	331,890	334,399	300,939	33,460
Land use panel	4,068	4,068	1,054	3,014
Total general and financial administration	\$ 1,798,851	\$ 1,898,743	\$ 1,823,211	\$ 75,532
Board of elections:				
Board of elections	\$ 66,263	\$ 151,049	\$ 139,911	\$ 11,138
Registrar	267,360	284,968	283,896	1,072
Total board of elections	\$ 333,623	\$ 436,017	\$ 423,807	\$ 12,210
Total general government administration	\$ 2,287,782	\$ 2,506,940	\$ 2,423,070	\$ 83,870
Judicial administration:				
Courts:				
Circuit court	\$ 85,176	\$ 92,628	\$ 89,891	\$ 2,737
General district court	6,809	8,409	7,211	1,198
VJCCA	65,566	65,566	64,841	725
Juvenile and domestic relations court	4,784	4,784	4,110	674
Adult Drug Court	172,000	172,000	95,738	76,262
Magistrate	325	325	-	325
Clerk of the circuit court	419,123	512,551	462,362	50,189
Total courts	\$ 753,783	\$ 856,263	\$ 724,153	\$ 132,110
Commonwealth's attorney:				
Commonwealth's attorney	\$ 641,449	\$ 692,169	\$ 587,916	\$ 104,253
Total commonwealth's attorney	\$ 641,449	\$ 692,169	\$ 587,916	\$ 104,253
Total judicial administration	\$ 1,395,232	\$ 1,548,432	\$ 1,312,069	\$ 236,363
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,215,866	\$ 2,930,128	\$ 2,862,321	\$ 67,807
E-911	645,418	652,522	525,200	127,322
Emergency services council	631,090	715,936	692,172	23,764
Public safety and emergency services	686,817	779,317	728,707	50,610
T.J. EMS Council	10,000	10,000	10,000	-
Fire protection	156,000	156,000	156,000	-
Paid EMS	1,401,614	1,401,614	1,220,213	181,401
Forestry service	20,986	20,986	20,986	-

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 1,393,432	\$ 1,393,608	\$ 1,393,419	\$ 189
Building inspector	429,232	429,232	328,651	100,581
Animal control	337,704	339,636	337,463	2,173
American Rescue Plan Act	2,894,977	128,138	-	128,138
OAR/Jefferson Area Community Corrections	12,907	12,907	16,134	(3,227)
Medical examiner	160	160	100	60
Total law enforcement and traffic control	\$ 10,836,203	\$ 8,970,184	\$ 8,291,366	\$ 678,818
Total public safety	\$ 10,836,203	\$ 8,970,184	\$ 8,291,366	\$ 678,818
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Automotive/motor pool	\$ 200,000	\$ 297,063	\$ 290,937	\$ 6,126
Total maintenance of highways, streets, bridges & sidewalks	\$ 200,000	\$ 297,063	\$ 290,937	\$ 6,126
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,410,209	\$ 1,449,201	\$ 1,362,783	\$ 86,418
Total sanitation and waste removal	\$ 1,410,209	\$ 1,449,201	\$ 1,362,783	\$ 86,418
Maintenance of general buildings and grounds:				
General properties	\$ 860,026	\$ 896,996	\$ 865,662	\$ 31,334
Total maintenance of general buildings and grounds	\$ 860,026	\$ 896,996	\$ 865,662	\$ 31,334
Total public works	\$ 2,470,235	\$ 2,643,260	\$ 2,519,382	\$ 123,878
Health and welfare:				
Health:				
Health department	\$ 357,526	\$ 357,526	\$ 340,607	\$ 16,919
Total health	\$ 357,526	\$ 357,526	\$ 340,607	\$ 16,919
Mental health and mental retardation:				
Region Ten community services board	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total mental health and mental retardation	\$ 150,000	\$ 150,000	\$ 150,000	\$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 2,111,079	\$ 2,111,079	\$ 1,725,497	\$ 385,582
MACAA	36,000	36,000	36,000	-
Senior center meals	9,000	32,300	27,300	5,000
At risk youth program	2,028,756	2,296,394	2,240,237	56,157
Shelter for help	8,926	8,926	8,926	-
JAUNT	103,823	103,823	80,672	23,151
JABA	106,575	106,575	106,575	-
Foothills Child Advocacy Center	5,000	5,000	2,500	2,500
CASA of Central Virginia	3,500	3,500	3,500	-
Tax relief	-	-	326,635	(326,635)
Total welfare	\$ 4,412,659	\$ 4,703,597	\$ 4,557,842	\$ 145,755
Total health and welfare	\$ 4,920,185	\$ 5,211,123	\$ 5,048,449	\$ 162,674
Education:				
Other instructional costs:				
Community College	\$ 2,513	\$ 2,513	\$ 2,513	\$ -
Appropriation to public school system	18,544,772	22,201,948	18,937,111	3,264,837
Total education	\$ 18,547,285	\$ 22,204,461	\$ 18,939,624	\$ 3,264,837
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 370,397	\$ 380,888	\$ 329,718	\$ 51,170
Total parks and recreation	\$ 370,397	\$ 380,888	\$ 329,718	\$ 51,170
Cultural enrichment:				
Wintergreen Performing Arts	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Total cultural enrichment	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Library:				
Regional library	\$ 359,570	\$ 359,570	\$ 359,750	\$ (180)
Total library	\$ 359,570	\$ 359,570	\$ 359,750	\$ (180)
Total parks, recreation, and cultural	\$ 738,967	\$ 749,458	\$ 698,468	\$ 50,990
Community development:				
Planning and community development:				
Planning	\$ 207,433	\$ 236,619	\$ 218,607	\$ 18,012
Community development	488,670	598,429	520,961	77,468
Thomas Jefferson Planning District Commission	20,622	20,622	25,182	(4,560)
Virginia Institute of Government	1,000	1,000	1,000	-
Colleen water/sewer subsidy	50,000	50,000	50,000	-
Community Investment Collaborative	4,000	9,500	9,500	-
Anti-litter program	-	13,032	-	13,032
Nelson County Economic Development Authority	3,100	90,600	7,500	83,100
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	\$ 854,486	\$ 1,099,463	\$ 912,411	\$ 187,052

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 57,216	\$ 57,216	\$ 56,451	\$ 765
Total cooperative extension program	\$ 57,216	\$ 57,216	\$ 56,451	\$ 765
Total community development	\$ 945,769	\$ 1,190,746	\$ 1,002,929	\$ 187,817
Nondepartmental:				
Refunds	\$ 70,314	\$ 70,314	\$ 43,219	\$ 27,095
Reserve for contingency	909,622	418,173	16,062	402,111
Other nondepartmental	799,432	713,879	312,847	401,032
Total nondepartmental	\$ 1,779,368	\$ 1,202,366	\$ 372,128	\$ 830,238
Capital projects:				
Emergency services vehicles	\$ 403,293	\$ 426,316	\$ 426,316	\$ -
Other capital projects	2,487,731	3,001,727	2,502,800	498,927
Total capital projects	\$ 2,891,024	\$ 3,428,043	\$ 2,929,116	\$ 498,927
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 94,151	\$ (94,151)
Total debt service	\$ -	\$ -	\$ 94,151	\$ (94,151)
Total General Fund	\$ 46,812,050	\$ 49,655,013	\$ 43,630,752	\$ 6,024,261
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,757,000	\$ 2,757,000	\$ 2,757,000	\$ -
Interest and other fiscal charges	3,584,318	3,584,318	408,368	3,175,950
Total Debt Service Fund	\$ 6,341,318	\$ 6,341,318	\$ 3,165,368	\$ 3,175,950
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	\$ 53,858,619	\$ 56,701,582	\$ 46,796,120	\$ 9,905,462

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 23,160,155	\$ 23,903,442	\$ 19,679,219	\$ 4,224,223
Total instruction costs	\$ 23,160,155	\$ 23,903,442	\$ 19,679,219	\$ 4,224,223
Operating costs:				
Administration, attendance and health services	\$ 1,700,725	\$ 1,700,725	\$ 1,641,857	\$ 58,868
Pupil transportation	2,978,703	3,869,040	3,851,744	17,296
Operation and maintenance of school plant	4,043,847	4,043,847	3,529,269	514,578
School food	1,611,279	1,611,279	1,517,126	94,153
Facilities	-	5,218,542	2,342,260	2,876,282
Technology	1,552,046	1,552,046	1,436,994	115,052
Contingency	164,935	164,935	-	164,935
Total operating costs	\$ 12,051,535	\$ 18,160,414	\$ 14,319,250	\$ 3,841,164
Total education	\$ 35,211,690	\$ 42,063,856	\$ 33,998,469	\$ 8,065,387
Debt service:				
Principal retirement	\$ -	\$ -	\$ 868,894	\$ (868,894)
Interest and other fiscal charges	192,182	192,182	37,274	154,908
Total debt service	\$ 192,182	\$ 192,182	\$ 906,168	\$ (713,986)
Total School Operating Fund	\$ 35,403,872	\$ 42,256,038	\$ 34,904,637	\$ 7,351,401

Other Statistical Information

COUNTY OF NELSON, VIRGINIA

Table 1

Government-Wide Expenses by Function

Last Ten Fiscal Years (1)

Fiscal Year	General Government			Health and Welfare		Parks, Recreation, and Cultural		Community Development		Interest on Long-Term Debt		Total
	Administration	Judicial Administration	Public Safety	Public Works	Welfare	Education	Cultural	Development	Term Debt			
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	2,747,161	1,060,678	6,358,220	2,334,419	4,036,913	17,647,308	933,246	2,398,021	380,382	37,896,348		
2023	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		
2024	3,119,406	1,327,721	8,078,445	2,647,169	4,873,559	20,015,024	989,742	977,774	401,658	42,430,498		

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 2

Government-Wide Revenues by Source

Last Ten Fiscal Years (1)

PROGRAM REVENUES				GENERAL REVENUES									
Fiscal Year	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	Total
				Taxes			Taxes		Property				
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	900,387	5,270,515	-	25,706,353	6,422,557	(5,984)	398,433	2,261,269	40,953,530				
2023	855,192	5,878,669	-	26,862,656	6,924,358	779,656	163,637	2,363,410	43,827,578				
2024	858,854	6,521,675	-	27,071,915	7,230,330	1,314,870	199,800	1,528,972	44,726,416				

(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		Miscellaneous	Recovered Costs	Inter-governmental	Total
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	25,703,816	6,422,557	475,033	167,482	(5,329)	369,440	812,055	921,755	20,196,599	55,063,408	
2023	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	
2024	26,484,607	7,230,330	287,248	262,187	1,320,030	459,751	909,877	914,972	24,012,669	61,881,671	

(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		Health and Welfare		Education (2)	Recreation and Cultural	Community Development	Nondepartmental	Capital Projects		Debt Service		Total
			Safety	Works							Projects	Service			
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	2,280,829	1,087,423	6,134,243	2,199,408	4,119,822	28,987,863	584,969	2,185,065	135,645	1,069,317	3,323,140	52,107,724			
2023	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			
2024	2,423,070	1,312,069	8,291,366	2,519,382	5,048,449	34,667,275	698,468	1,002,929	372,128	2,929,116	4,165,687	63,429,939			

(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)		Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy			
	Tax Levy				Tax Collections			Total Tax Collections to Tax Levy						
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		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		26,530,439		25,901,497		97.63%		1,115,181		27,016,678	101.83%		2,849,553	10.74%
2023		27,797,464		27,094,188		97.47%		1,059,335		28,153,523	101.28%		2,785,927	10.02%
2024		26,667,983		26,033,048		97.62%		1,038,002		27,071,050	101.51%		2,969,652	11.14%

(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
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
2023	3,157,319,200	225,041,803	5,126,424	6,062,535	142,591,438	3,536,141,400
2024	3,190,088,400	215,463,030	5,376,304	6,717,460	140,044,069	3,557,689,263

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
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
2023	0.65	3.45	0.65	1.25
2024	0.65	3.45/2.79	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:		Ratio of Net General Obligation		Net Bonded Debt per Capita
				Debt Service Monies Available	Net Bonded Debt	Debt to Assessed Value		
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	
2023	14,705	3,536,141,400	14,061,361	-	14,061,361	0.40%	956	
2024	14,705	3,557,689,263	11,286,893	-	11,286,893	0.32%	768	

(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
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	2,765,390	557,750	3,323,140	52,107,724	6.38%
2023	3,012,234	584,893	3,597,127	62,116,986	5.79%
2024	3,625,894	539,793	4,165,687	63,429,939	6.57%

(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 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
Lovingston, 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, 2024 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 dated March 15, 2025. 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

March 15, 2025



**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
Lovingston, 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, 2024. 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 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, 2024.

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 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

March 15, 2025

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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	\$ -	\$ 46,701
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400109/0400110	-	123,074
Title IV-E Prevention Program	93.472	1140122	-	2,412
Guardianship Assistance	93.090	1110121/1110122	-	150
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	-	3,982
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500109/0500110	-	605
Low Income Home Energy Assistance	93.568	0600409/0600410	-	30,786
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	-	27,050
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	-	97
Foster Care - Title IV-E	93.658	1100109/1100110	-	53,254
Adoption Assistance	93.659	1120109/1120110	-	158,251
Social Services Block Grant	93.667	1000109/1000110	-	113,404
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150108/9150109/9150110	-	1,148
COVID-19-Elder Abuse Prevention Interventions Program	93.747	8000221	-	3,375
Children's Health Insurance Program	93.767	0540109/0540110	-	1,999
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	166,207
Total Department of Health and Human Services			\$ -	\$ 732,495
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Education:				
Team Nutrition Grants	10.574	202221N350330	\$ -	\$ 1,050
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	201818N109941	-	12,878
School Breakfast Program (Child Nutrition Cluster)	10.553	201717N109941/201818N109941	-	245,168
National School Lunch Program (Child Nutrition Cluster)	10.555	20131N109941/20141N109941	-	672,068
Virginia Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	20131N109941/20141N109941	-	63,948
Total 10.555			\$ -	\$ 736,016
Total Child Nutrition Cluster			\$ -	\$ 994,062

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

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)				
Pass Through Payments: (Continued)				
Virginia Department of Education: (Continued)				
Schools and Roads - Grants to States (Forest Service Schools and Roads Cluster)	10.665	10.665	\$ -	\$ 3,220
COVID-19-Pandemic EBT Administrative Costs	10.649	202121S900941	-	3,256
Child and Adult Care Food Program	10.558	202323N11994	-	22,034
Virginia Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110/0040109/0040110	-	199,600
Total Department of Agriculture			\$ -	\$ 1,223,222
Department of Justice:				
Direct payments:				
Treatment Court Discretionary Grant Program	16.585	N/A	\$ -	\$ 107,911
Total Department of Justice - direct payments			\$ -	\$ 107,911
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victims Assistance	16.575	17VAGX0018/18VAGX0011/18V2GX0011	\$ -	\$ 38,260
State Criminal Alien Assistance Program	16.606	Not Available	-	176
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	-	3,078
Total Department of Justice - pass-through			\$ -	\$ 41,514
Total Department of Justice			\$ -	\$ 149,425
Department of the Treasury:				
Direct Payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	\$ -	\$ 170,000
Pass Through Payments:				
Virginia Department of Social Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	-	6,498
Virginia Department Criminal Justice Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	-	291,991
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	-	138,973
Total 21.027			\$ -	\$ 607,462
Total Department of the Treasury			\$ -	\$ 607,462
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	BPT202353143	\$ -	\$ 7,456
Alcohol Open Container Requirements	20.607	154AL20202252033	-	7,365
Total Department of Transportation			\$ -	\$ 14,821

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

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 Homeland Security:				
Pass Through Payments:				
Virginia 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:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ -	\$ 587,094
Special Education -- Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	\$ -	\$ 516,005
Special Education -- Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	-	49,414
Total Special Education Cluster			\$ -	\$ 565,419
Rural Education	84.358	Not Available	-	5,963
Supporting Effective Instruction State Grants	84.367	S367A120044/S367A130044	-	70,550
Student Support and Academic Enrichment Program	84.424	Not Available	-	78,059
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	-	1,459,370
Total Department of Education			\$ -	\$ 2,766,455
Total Expenditures of Federal Awards			\$ -	\$ 5,501,380

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, 2024

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, 2024. 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	\$ 1,609,909
Total primary government	\$ 1,609,909
Component Unit School Board:	
School Operating Fund	\$ 4,765,878
Total component unit school board	\$ 4,765,878
Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	\$ (84,407)
Less Clean School Bus Rebate Program not reported on Schedule of Expenditures of Federal Awards	(790,000)
Total federal expenditures per basic financial statements	\$ 5,501,380
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 5,501,380

COUNTY OF NELSON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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 Stabilization Fund
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)

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

Auditee qualified as low-risk auditee? No

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, 2024

There were no findings reported for the year ended June 30, 2023.