

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

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Table of Contents

	<u>Page</u>
Front Cover	1
Title Page	2
Table of Contents	3-5
Directory of Principal Officials	6
Independent Auditors' Report	7-10
Management's Discussion and Analysis	11-22
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	25
Exhibit 2 Statement of Activities	26-27
Fund Financial Statements:	
Exhibit 3 Balance Sheet–Governmental Funds	29
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	30
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	31
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Exhibit 7 Statement of Net Position—Proprietary Funds	33
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position–Proprietary Funds	34
Exhibit 9 Statement of Cash Flows–Proprietary Funds	35
Exhibit 10 Statement of Fiduciary Net Position–Fiduciary Fund	36
Exhibit 11 Statement of Changes in Fiduciary Net Position–Fiduciary Fund	37
Notes to Financial Statements	38-116
<u>Required Supplementary Information:</u>	
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	118
Exhibit 13 Schedule of Changes in Net Pension Liability and Related Ratios–Primary Government	119-120
Exhibit 14 Schedule of Changes in Net Pension Liability and Related Ratios–Component Unit School Board (nonprofessional)	121-122
Exhibit 15 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	123-124
Exhibit 16 Schedule of Employer Contributions–Pension Plans	125
Exhibit 17 Notes to Required Supplementary Information–Pension Plans	126

Table of Contents (Continued)

	<u>Page</u>
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 18 Schedule of Changes in Total OPEB Liability and Related Ratios–Primary Government	127
Exhibit 19 Schedule of Changes in Total OPEB Liability and Related Ratios–Component Unit School Board	128
Exhibit 20 Notes to Required Supplementary Information–County and Component Unit School Board OPEB	129
Exhibit 21 Schedule of School Board's Share of Net OPEB Liability–Teacher Employee Health Insurance Credit (HIC) Plan	130
Exhibit 22 Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Plan	131
Exhibit 23 Notes to Required Supplementary Information–Teacher Employee Health Insurance Credit (HIC) Plan	132
Exhibit 24 Schedule of County and School Board's Share of Net OPEB Liability–Group Life Insurance (GLI) Plan	133
Exhibit 25 Schedule of Employer Contributions–Group Life Insurance (GLI) Plan	134
Exhibit 26 Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan	135
Exhibit 27 Schedule of Changes in the School Board Nonprofessional's Net OPEB Liability and Related Ratios–Health Insurance Credit (HIC) Plan	136
Exhibit 28 Schedule of Employer Contributions–Health Insurance Credit (HIC) Plan	137
Exhibit 29 Notes to Required Supplementary Information–Health Insurance Credit (HIC) Plan	138
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 30 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Debt Service Fund	141
Exhibit 31 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Capital Projects Fund	142
Exhibit 32 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Funds	143
Exhibit 33 Discretely Presented Component Unit School Board–Balance Sheet	144
Exhibit 34 Discretely Presented Component Unit School Board–Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	145
Exhibit 35 Discretely Presented Component Unit School Board–Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	146
Exhibit 36 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	147

Table of Contents (Continued)

	<u>Page</u>
<u>Other Supplementary Information: (Continued)</u>	
Combining and Individual Fund Financial Statements and Schedules: (Continued)	
Exhibit 37 Discretely Presented Component Unit School Board–Component Unit School Board– Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual	148
Exhibit 38 Discretely Presented Component Unit - Nelson County EDA Statement of Net Position	149
Exhibit 39 Discretely Presented Component Unit - Nelson County EDA Statement of Revenues, Expenses, and Changes in Net Position	150
Exhibit 40 Discretely Presented Component Unit - Nelson County EDA Statement of Cash Flows	151
Supporting Schedules:	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	153-156
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Funds	157-161
<u>Other Statistical Information:</u>	
Table 1 Government-wide Expenses By Function–Last Ten Fiscal Years	163
Table 2 Government-wide Revenues By Source–Last Ten Fiscal Years	164
Table 3 General Governmental Revenues By Source–Last Ten Fiscal Years	165
Table 4 General Governmental Expenditures By Function–Last Ten Fiscal Years	166
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	167
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	168
Table 7 Property Tax Rates–Last Ten Fiscal Years	169
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita–Last Ten Fiscal Years	170
Table 9 Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures–Last Ten Fiscal Years	171
<u>Compliance:</u>	
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 <i>Government Auditing Standards</i>	173-174
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	175-177
Schedule of Expenditures of Federal Awards	178-180
Notes to Schedule of Expenditures of Federal Awards	181
Schedule of Findings and Questioned Costs	182
Summary Schedule of Prior Audit Findings	183

COUNTY OF NELSON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2025

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Margaret Clair – Chair
Shannon Powell – Vice Chair

George Cheape
Ceaser Perkins

Janet Turner-Giles

COUNTY SOCIAL SERVICES BOARD

Brad Johnson, Chair
Edith Napier-Wardlaw, Vice Chair

Diane Harvey
David Parr

Darlene Smith
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



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, 2025, 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, 2025, 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, 2025. 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.

Change in Accounting Principles

As described in Note 25 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB 101. 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, 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
February 20, 2026

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, 2025.

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 \$61,354,278. Of this amount, \$38,646,927 is unrestricted, and may be used to meet the government's ongoing obligations to creditors and citizens. Of the total net position, there is \$22,707,351 invested in capital assets net of related debt (an increase of \$89,040 from the previous year). The School Board's net position is \$10,415,521 of which the unrestricted net position was a deficit of \$14,889,120.

The total net position of the Primary Government increased by \$2,101,434, the Component Unit School Board's net position decreased by \$735,621, and the Component Unit Economic Development Authority's net position decreased by \$3,291. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$31,115,855. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2024-25 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$55,326,942 of which \$48,779,139 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 \$61,354,278 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, 2025 and 2024

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 73,038,774	\$ 51,339,488	\$ 2,816,403	\$ 2,522,324	\$ 75,855,177	\$ 53,861,812
Capital assets	34,522,121	30,058,299	3,799,956	4,059,022	38,322,077	34,117,321
Total assets	<u>\$ 107,560,895</u>	<u>\$ 81,397,787</u>	<u>\$ 6,616,359</u>	<u>\$ 6,581,346</u>	<u>\$ 114,177,254</u>	<u>\$ 87,979,133</u>
Deferred Outflows of Resources	\$ 1,657,729	\$ 883,955	\$ -	\$ -	\$ 1,657,729	\$ 883,955
Long-term liabilities	\$ 36,036,400	\$ 11,748,881	\$ 228,348	\$ 228,349	\$ 36,264,748	\$ 11,977,230
Other liabilities	2,662,451	2,691,627	58,152	18,547	2,720,603	2,710,174
Total liabilities	<u>\$ 38,698,851</u>	<u>\$ 14,440,508</u>	<u>\$ 286,500</u>	<u>\$ 246,896</u>	<u>\$ 38,985,351</u>	<u>\$ 14,687,404</u>
Deferred Inflows of Resources	\$ 13,674,026	\$ 13,000,417	\$ 1,821,328	\$ 1,922,423	\$ 15,495,354	\$ 14,922,840
Net Position:						
Net investment in capital assets	\$ 19,135,743	\$ 18,792,902	\$ 3,571,608	\$ 3,825,409	\$ 22,707,351	\$ 22,618,311
Unrestricted	37,710,004	36,047,915	936,923	586,618	38,646,927	36,634,533
Total net position	<u>\$ 56,845,747</u>	<u>\$ 54,840,817</u>	<u>\$ 4,508,531</u>	<u>\$ 4,412,027</u>	<u>\$ 61,354,278</u>	<u>\$ 59,252,844</u>

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 37 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, 2025. The remaining balance of unrestricted net position, which is \$38,646,927 or 62.99 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 \$19,135,743 in net position invested in capital assets, net of related debt and \$37,710,004 in unrestricted net position. The business-type activities reported positive balances of \$3,571,608 in net position invested in capital assets net of related debt and \$936,923 in unrestricted net position.

The government's total net position increased by \$2,417,488 during the current fiscal year compared to an increase of \$2,198,749 in FY 2024.

Governmental and Business-type Activities

Governmental activities increased the County's net position by \$2,320,984. Business-type activities increased the County's net position by \$96,504. Key elements of these changes are as follows:

**County of Nelson's Changes in Net Position
For the Years Ended June 30, 2025 and June 30, 2024**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,206,163	\$ 853,748	\$ 256,413	\$ 277,130	\$ 1,462,576	\$ 1,130,878
Operating grants & contributions	6,223,593	6,521,675	-	-	6,223,593	6,521,675
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
General property taxes	26,767,820	27,071,915	-	-	26,767,820	27,071,915
Other local taxes	8,216,685	7,230,330	-	-	8,216,685	7,230,330
Use of money and property	1,254,596	1,319,976	69,136	71,287	1,323,732	1,391,263
Miscellaneous	589,575	199,800	-	-	589,575	199,800
Grants and contributions not restricted to specific programs	2,246,957	1,528,972	-	-	2,246,957	1,528,972
Transfers	(350,000)	300,000	350,000	(300,000)	-	-
Total revenues	<u>\$ 46,155,389</u>	<u>\$ 45,026,416</u>	<u>\$ 675,549</u>	<u>\$ 48,417</u>	<u>\$ 46,830,938</u>	<u>\$ 45,074,833</u>
Expenses:						
General government	\$ 3,838,041	\$ 3,119,406	\$ -	\$ -	\$ 3,838,041	\$ 3,119,406
Judicial administration	1,452,283	1,327,721	-	-	1,452,283	1,327,721
Public safety	8,781,982	8,078,445	-	-	8,781,982	8,078,445
Public works	2,559,296	2,647,169	579,045	445,586	3,138,341	3,092,755
Health and welfare	5,376,776	4,873,559	-	-	5,376,776	4,873,559
Education	19,021,394	20,015,024	-	-	19,021,394	20,015,024
Parks, recreation and cultural	1,031,394	989,742	-	-	1,031,394	989,742
Community development	893,539	977,774	-	-	893,539	977,774
Interest on long-term debt	879,700	401,658	-	-	879,700	401,658
Total expenses	<u>\$ 43,834,405</u>	<u>\$ 42,430,498</u>	<u>\$ 579,045</u>	<u>\$ 445,586</u>	<u>\$ 44,413,450</u>	<u>\$ 42,876,084</u>
Increase (decrease) in net position	\$ 2,320,984	\$ 2,595,918	\$ 96,504	\$ (397,169)	\$ 2,417,488	\$ 2,198,749
Beginning net position, as restated	<u>54,524,763</u>	<u>52,244,899</u>	<u>4,412,027</u>	<u>4,809,196</u>	<u>58,936,790</u>	<u>57,054,095</u>
Ending net position	<u>\$ 56,845,747</u>	<u>\$ 54,840,817</u>	<u>\$ 4,508,531</u>	<u>\$ 4,412,027</u>	<u>\$ 61,354,278</u>	<u>\$ 59,252,844</u>

Government-wide Financial Analysis: (Continued)

Revenues

- Overall revenues increased by \$1,756,105. Revenues from Governmental Activities increased by \$1,128,973. Business-type activities revenues increased when compared to the prior year by \$627,132, which is mainly attributed to a \$350,000 transfer from general county funds. Piney River Water and Sewer charges increased by \$24,117 and Broadband Authority revenues decrease by \$44,834 as compared to the prior year.
- There was an increase in General property tax revenue of \$304,095.
- There was an overall increase in the Other Local Taxes category of revenue of \$986,355. The more predominant changes from FY24 to FY25 in this revenue category were:
 - Local sales and use taxes increased by \$120,657
 - Transient occupancy tax increased by \$860,176
- The revenues from charges for services increased by \$347,309. The business-type activities sustained a net decrease of \$20,717 (\$24,117 increase in Piney River Water and Sewer charges offset by an increase in Broadband Authority charges of \$44,834). There were slight fluctuations in all categories within other charges for services.
- Revenue from the use of money and property decreased by \$62,425 as the County enjoyed favorable interest rates and market increases on invested funds.
- There was an increase in the Miscellaneous category of revenue from FY24 to FY25 in the amount of \$389,775.
- There was a decrease in Operating Grants and Contributions revenues of \$298,082, attributed mainly to the following changes in operating grants:
 - Decrease in American Rescue Plan Act grants of \$235,976
 - Decrease in Coronavirus relief funds of \$43,185
 - Decrease in Other categorical aid of \$201,138

Governmental and Business-type Activities: (Continued)

Expenses

- Expenses reflected an overall net increase of \$1,537,366. Of this amount, expenses from governmental activities increased by \$1,403,907 and business-type activities increased by \$133,459.
- Several functional areas of expenses reflected increases: general government, judicial administration, public safety, public works, health and welfare, community development, and parks, recreation and cultural. The education function declined by a significant amount.
- The general government function had a net increase in expenses of \$718,635. The education function had a net decrease in expenses of \$993,630 and health and welfare expenses increased by \$503,217.
- The public safety function had net increased expenses of \$703,537. The following departmental fluctuations were noted within this functional area compared to the prior year:
 - \$73,500 increase in Sheriff's department
 - \$198,443 increase in E911 department
 - \$552,267 increase in Paid EMS department
 - \$198,513 increase in Correction and Detention costs of the regional jail services
- The public works function had an increase in expenses of \$45,586. Of this total increase, there was a decrease of \$87,873 in Governmental Activities associated with public works and an increase of \$133,459 in Business Activities associated with public works. The increase in Business Activities is mainly due to the increase of \$63,511 in maintenance and repairs expenses associated with the Piney River Water and Sewer Fund. The Broadband Authority sustained an increase in operating expenses of \$347 and the Piney River Water and Sewer Fund sustained an increase in operating costs of \$133,112.
- The health and welfare function reported an increase in expenses of \$503,217 from the prior year. This is mainly attributable to an increase in the cost of the At-Risk Youth program expenses of \$279,156 and an increase in public assistance and administration of \$89,340 as compared to the prior year.
- The education function of the Primary Government sustained a decrease in expenses of \$993,630. Contributions from the county to the school board for regular operations and the nursing program decreased by \$378,509 from FY24 to FY25. This decrease in funding is supplemented by reduced net transfers of jointly owned assets between county and school board due to payment of debt service thereon for the year.
- The parks, recreation and cultural function sustained an increase of \$41,652 in expenses from FY24 to FY25. Departments in this function sustained normal operating fluctuations.
- The community development function sustained a decrease of \$84,235 in expenses when compared to the prior year. This was primarily driven by a decrease of \$30,549 in planning expenses from the prior year.

Governmental and Business-type Activities: (Continued)

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 \$55,326,942, an increase of \$19,589,014 from the prior year. Approximately 88.2 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 \$639,167
- Restricted fund balance of \$14,729
- Committed fund balance of \$5,893,907

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, 2025, total fund balance of the general fund was \$32,332,144, of which \$31,115,855 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 71.2 percent of total general fund expenditures which includes transfers to the School Board component unit of \$18,560,719. The general fund total fund balance represents 74.0 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$711,824 during the current fiscal year. Key factors in this increase are as follows:

- Overall General Fund revenues increased by \$845,635 as compared to the prior year.
 - As discussed above in the Revenues section of the Government-Wide Financial Analysis:
 - As discussed previously, property tax revenues increased by \$615,441 in FY25 as compared to FY24. There were also \$986,355 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 a decrease of \$182,935 in earnings on invested funds as compared to FY24.
 - The other categories of revenues sustained fairly normal fluctuations in revenues as compared to the prior year, with items of note being:
 - an increase in revenues from permits, privilege fees and licenses of \$255,825, primarily attributable to building permit sales increases.
 - the recovered cost category reporting an increase of \$567,439 from the prior year

Financial Analysis of the Government's Funds (Continued)

- General Fund expenditures increased by \$49,655 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 \$473,729; of note is an increase in total board of elections costs of \$93,956 and an increase in technology costs of \$53,881. All other general government departments experienced moderate increases and decreases in expenditures compared to the previous year,
 - an increase in Judicial Administration expenditures of \$152,722, which included an increase in Commonwealth Attorney costs of \$114,896,
 - an increase in Public Safety expenditures of \$1,097,742, which includes moderate fluctuations in most departments, but is primarily comprised of a \$552,267 increase in Paid EMS and an increase in Regional Jail services of \$198,513,
 - an increase in Public Works expenditures of \$44,913, which includes moderate fluctuations in most departments,
 - an increase in Health and Welfare expenditures of \$441,871, primarily driven by an increase in At-Risk Youth funding of \$279,156 and an increase in public assistance and administration of \$89,340,
 - a decrease in Education expenditures of \$378,905, mostly due to an increase in funding to the Nelson County public school system by \$378,409 from FY24 to FY25,
 - an increase in Parks, Recreation, and Cultural expenditures of \$66,241, mostly due to an increase in parks and recreation administration and program costs of \$43,476,
 - an decrease in Community Development expenditures of \$5,742, which includes moderate fluctuations in most departments,
 - a decrease in Nondepartmental function expenditures of \$244,297, mostly due to a decrease in expenditures of \$223,639 for other Nondepartmental costs
 - an increase in capital projects expenditures of \$4,208,751 compared to the prior year, attributable to the following significant projects undertaken in the prior year:
 - \$1,626,099 in purchases of building/land for the new DSS building
 - \$4,093,876 in purchases of school capital projects, primarily the Nelson County High School Renovation project
- Transfers out for debt service were \$3,325,284, unchanged from the prior year. Transfers into the general fund from proprietary funds and component units were \$350,000 as compared to transfers in of \$306,657 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 \$485,000. This is an increase from the prior year of \$209,314.

Unrestricted net position of the Broadband Authority at the end of the fiscal year was \$451,923. This is a decrease from the prior year of \$140,991.

General Fund Budgetary Highlights

The final amended budgeted appropriations for the General Fund were \$48,363,923, \$2,609,020 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 \$631,230. This was comprised of moderate budget amendments in most departments, as well as an increase of \$409,000 in reassessment appropriations.
- The judicial administration functional category budget increased by \$146,589. This was comprised of slight budget amendments in most departments, with a \$67,528 increase in the commonwealth attorney budgeted expenditures.
- The public safety functional category budget decreased by \$667,445, which was primarily driven by an increase in sheriff expenditures of \$411,814 and an increase in E911 expenditures of \$72,210.
- The public works functional category budget increased by \$27,620, which was driven by slight increases in most departments.
- The health and welfare functional category budget increased by \$652,995, primarily attributable to a \$650,495 increase in budgeted expenditures for the At-Risk Youth program.
- The education functional category budget increased by \$388,513 due to operational increases of the School Board due to salary and fringe benefit increases.
- The parks, recreational, and cultural functional category budget increased by \$112,321, directly attributable to the increase in the parks and recreation department.
- The community development functional category budget increased by \$153,480, attributed mainly to a \$126,257 increase in appropriations for general community development programs.
- The non-departmental functional category budget decreased by \$630,319 as contingency reserves included in the original budget were transferred to other departments throughout the year.
- The Capital projects functional category budget increased by \$459,146 during FY24. The projects with significant amendments are:
 - \$143,556 for the Comprehensive Plan and Zoning Update
 - \$90,047 for the Callohill Drive Property Purchase
 - \$75,600 for the TAP-VDOT Sidewalks
 - \$40,820 for the Registrar VDEM Grant Improvements

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, 2025 is \$34,522,121 (representing an increase of \$4,463,822 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>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 4,124,277	\$ 3,254,550	\$ 40,000	\$ 40,000	\$ 4,164,277	\$ 3,294,550
Infrastructure	-	-	3,402,387	3,630,319	3,402,387	3,630,319
Buildings and improvements	20,798,086	21,905,532	-	-	20,798,086	21,905,532
Machinery and equipment	4,199,666	4,582,533	145,481	166,749	4,345,147	4,749,282
Construction in progress	5,337,432	302,067	-	-	5,337,432	302,067
Subscription assets	46,497	-	-	-	46,497	-
Lease land improvements	-	-	212,088	221,954	212,088	221,954
Lease equipment	16,163	13,617	-	-	16,163	13,617
Total	<u>\$ 34,522,121</u>	<u>\$ 30,058,299</u>	<u>\$ 3,799,956</u>	<u>\$ 4,059,022</u>	<u>\$ 38,322,077</u>	<u>\$ 34,117,321</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, 2025**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Lease Revenue Refunding	\$ 2,487,000	\$ 3,284,000	\$ -	\$ -	\$ 2,487,000	\$ 3,284,000
General Obligation Bonds	21,955,000	-	-	-	21,955,000	-
Revenue Bonds	2,675,000	3,125,000	-	-	2,675,000	3,125,000
Refunding Revenue Bonds	1,490,000	1,945,000	-	-	1,490,000	1,945,000
Bond Anticipation Notes	3,812,368	2,687,857	-	-	3,812,368	2,687,857
Lease liabilities	16,393	13,879	-	-	16,393	13,879
Subscription liabilities	44,986	-	-	-	44,986	-
Total	<u>\$ 32,480,747</u>	<u>\$ 11,055,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,480,747</u>	<u>\$ 11,055,736</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 3.7 percent (June 2025), which is an increase from the rate of 2.8 percent a year ago (June 2024). The rate still compares favorably to the state's average unemployment rate of 3.5 percent (June 2025) and the national average rate of 4.1 percent (June 2025). These rates were obtained from the U.S. Bureau of Labor Statistics and Virginia Employment Commission websites.
- The County incurred an increase in building permit fees of 97.8% for fiscal year 2024-2025. This is predominantly attributed to several large-scale building projects. The County's investment earnings saw a slight decrease due to a decline in interest rates, which are directly correlated to changes in the Federal Reserve rates.
- FY25 sustained additional real estate tax revenue based on natural growth in real estate values. The personal property tax rate remained the same in FY25; the County saw increased personal property taxes in FY25 which resulted in an increase in the personal property tax budget for FY26.
- Local sales tax revenue increased modestly, rising 5.6% over the prior fiscal year. In contrast, the County experienced a slowdown in growth within the short-term rental market, as well as reduced activity in meals and lodging compared to the prior year. Transient Occupancy Tax (TOT) revenue increased significantly in FY25, with collections 48.9% higher than in FY24. This increase is attributable to the Board of Supervisors' approved increase in the TOT tax rate from 5% to 7%, effective July 1, 2024 (FY25), rather than to underlying growth in overnight visitation. Meals tax revenue declined slightly in FY25, totaling 1.4% less than in FY24. This decrease aligns with broader tourism trends reported by the Virginia Tourism Corporation, which indicates that Nelson County tourism-related activities declined by approximately 1.5% in calendar year 2025. Taken together, these indicators suggest that recent revenue performance reflects tax policy changes rather than increased visitor demand. Ongoing economic uncertainty is believed to be contributing to more cautious travel behavior, and this trend is expected to continue into FY26. These projections are subject to change based on broader economic conditions and consumer travel patterns.
- Capital projects planned for FY26 include: acquisition of 4 Sheriff's Office vehicles and one emergency services vehicle, telephone system upgrade, replacement of fire and rescue pagers, animal shelter repairs and upgrades, the DSS Building Project, Nelson County High School Renovation Project, replacement of the Transfer Station Tipping Floor, and CAD and RMS server replacement.

All of these factors were considered in preparing the County's budget for the 2025-2026 fiscal year.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position

At June 30, 2025

	Governmental Activities	Business-type Activities	Total	Component Units	
				School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 54,994,900	\$ 782,661	\$ 55,777,561	\$ 2,466,885	\$ 11,983
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,995,676	-	14,995,676	-	-
Accounts receivable	928,074	31,258	959,332	5,508	-
Notes receivable	544,688	-	544,688	-	-
Interest receivable	-	64,533	64,533	-	-
Leases receivable	59,901	1,937,951	1,997,852	-	-
Due from primary government	-	-	-	1,769,576	-
Due from other governmental units	1,425,142	-	1,425,142	767,692	-
Inventories	-	-	-	35,803	-
Prepaid items	90,393	-	90,393	462,647	-
Land held for resale	-	-	-	-	213,663
Capital assets (net of accumulated depreciation/amortization):					
Land and improvements	4,124,277	40,000	4,164,277	851,210	-
Buildings and improvements	20,798,086	-	20,798,086	21,656,172	-
Infrastructure and equipment	-	3,547,868	3,547,868	-	-
Machinery and equipment	4,199,666	-	4,199,666	2,475,278	-
Lease land improvements	-	212,088	212,088	-	-
Lease equipment	16,163	-	16,163	190,772	-
Subscription assets	46,497	-	46,497	-	-
Construction in progress	5,337,432	-	5,337,432	312,087	-
Total assets	\$ 107,560,895	\$ 6,616,359	\$ 114,177,254	\$ 30,993,630	\$ 225,646
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	\$ 20,081	\$ -	\$ 20,081	\$ -	\$ -
OPEB related	202,309	-	202,309	422,755	-
Pension related	1,435,339	-	1,435,339	4,387,837	-
Total deferred outflows of resources	\$ 1,657,729	\$ -	\$ 1,657,729	\$ 4,810,592	\$ -
Total assets and deferred outflows of resources	\$ 109,218,624	\$ 6,616,359	\$ 115,834,983	\$ 35,804,222	\$ 225,646
LIABILITIES					
Accounts payable	\$ 665,233	\$ 50,054	\$ 715,287	\$ 2,683,330	\$ -
Accrued liabilities	-	-	-	1,194,408	-
Accrued interest payable	227,642	8,098	235,740	-	-
Due to component unit	1,769,576	-	1,769,576	-	-
Unearned revenue	-	-	-	306,883	-
Long-term liabilities:					
Due within one year	3,133,894	5,386	3,139,280	301,481	-
Due in more than one year	32,902,506	222,962	33,125,468	17,689,978	-
Total liabilities	\$ 38,698,851	\$ 286,500	\$ 38,985,351	\$ 22,176,080	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - taxes	\$ 12,607,080	\$ -	\$ 12,607,080	\$ -	\$ -
Lease deferrals	55,815	1,821,328	1,877,143	-	-
OPEB related	275,313	-	275,313	643,065	-
Pension related	735,818	-	735,818	2,569,556	-
Total deferred inflows of resources	\$ 13,674,026	\$ 1,821,328	\$ 15,495,354	\$ 3,212,621	\$ -
NET POSITION					
Net investment in capital assets	\$ 19,135,743	\$ 3,571,608	\$ 22,707,351	\$ 25,304,641	\$ -
Unrestricted (deficit)	37,710,004	936,923	38,646,927	(14,889,120)	225,646
Total net position	\$ 56,845,747	\$ 4,508,531	\$ 61,354,278	\$ 10,415,521	\$ 225,646
Total liabilities, deferred inflows of resources and net position	\$ 109,218,624	\$ 6,616,359	\$ 115,834,983	\$ 35,804,222	\$ 225,646

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

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,838,041	\$ -	\$ 367,896	\$ -
Judicial administration	1,452,283	372,425	765,385	-
Public safety	8,781,982	554,028	1,733,077	-
Public works	2,559,296	229,272	24,320	-
Health and welfare	5,376,776	-	3,154,784	-
Education	19,021,394	-	-	-
Parks, recreation, and cultural	1,031,394	50,167	14,810	-
Community development	893,539	271	163,321	-
Interest on long-term debt	879,700	-	-	-
Total governmental activities	<u>\$ 43,834,405</u>	<u>\$ 1,206,163</u>	<u>\$ 6,223,593</u>	<u>\$ -</u>
Business-type activities:				
Piney River Water & Sewer	\$ 525,179	\$ 156,561	\$ -	\$ -
Nelson County Broadband Authority	<u>53,866</u>	<u>99,852</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 44,413,450</u>	<u>\$ 1,462,576</u>	<u>\$ 6,223,593</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 33,730,385	\$ 147,608	\$ 14,952,866	\$ -
Nelson County Economic Development Authority	<u>3,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 33,734,181</u>	<u>\$ 147,608</u>	<u>\$ 14,952,866</u>	<u>\$ -</u>

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

Statement of Activities
For the Year Ended June 30, 2025

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	\$ (3,470,145)	\$ -	\$ (3,470,145)		
Judicial administration	(314,473)	-	(314,473)		
Public safety	(6,494,877)	-	(6,494,877)		
Public works	(2,305,704)	-	(2,305,704)		
Health and welfare	(2,221,992)	-	(2,221,992)		
Education	(19,021,394)	-	(19,021,394)		
Parks, recreation, and cultural	(966,417)	-	(966,417)		
Community development	(729,947)	-	(729,947)		
Interest on long-term debt	(879,700)	-	(879,700)		
Total governmental activities	\$ (36,404,649)	\$ -	\$ (36,404,649)		
Business-type activities:					
Piney River Water & Sewer	-	(368,618)	(368,618)		
Nelson County Broadband Authority	-	45,986	45,986		
Total primary government	\$ (36,404,649)	\$ (322,632)	\$ (36,727,281)		
COMPONENT UNITS:					
School Board				\$ (18,629,911)	\$ -
Nelson County Economic Development Authority				-	(3,796)
Total component units				\$ (18,629,911)	\$ (3,796)
General revenues:					
General property taxes	\$ 26,767,820	\$ -	\$ 26,767,820	\$ -	\$ -
Local sales and use taxes	2,280,307	-	2,280,307	-	-
Consumers' utility taxes	516,418	-	516,418	-	-
Meals taxes	1,472,477	-	1,472,477	-	-
Transient occupancy tax	2,617,495	-	2,617,495	-	-
Motor vehicle licenses	738,377	-	738,377	-	-
Other local taxes	591,611	-	591,611	-	-
Payment from County of Nelson	-	-	-	18,957,102	-
Unrestricted revenues from use of money	1,254,596	69,136	1,323,732	285	505
Miscellaneous	589,575	-	589,575	923,171	-
Grants and contributions not restricted to specific programs	2,246,957	-	2,246,957	-	-
Transfers	(350,000)	350,000	-	-	-
Total general revenues and transfers	\$ 38,725,633	\$ 419,136	\$ 39,144,769	\$ 19,880,558	\$ 505
Change in net position	\$ 2,320,984	\$ 96,504	\$ 2,417,488	\$ 1,250,647	\$ (3,291)
Net position at July 1, as previously reported	\$ 54,840,817	\$ 4,412,027	\$ 59,252,844	\$ 11,151,142	\$ 228,937
Restatements	(316,054)	-	(316,054)	(1,986,268)	-
Net position at July 1, as restated	\$ 54,524,763	\$ 4,412,027	\$ 58,936,790	\$ 9,164,874	\$ 228,937
Net position - ending	\$ 56,845,747	\$ 4,508,531	\$ 61,354,278	\$ 10,415,521	\$ 225,646

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

Fund Financial Statements

Balance Sheet
 Governmental Funds
 At June 30, 2025

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets					
Cash and cash equivalents	\$ 29,387,904	\$ 4,626,213	\$ 20,980,733	\$ 50	\$ 54,994,900
Receivables (net of allowance):					
Property taxes receivable, net	14,995,676	-	-	-	14,995,676
Accounts receivable, net	928,074	-	-	-	928,074
Notes receivable	544,688	-	-	-	544,688
Lease receivable	59,901	-	-	-	59,901
Due from component unit	808,764	-	-	-	808,764
Due from other governmental units	1,425,142	-	-	-	1,425,142
Prepaid items	90,393	-	-	-	90,393
	<u>48,240,542</u>	<u>4,626,213</u>	<u>20,980,733</u>	<u>50</u>	<u>73,847,538</u>
Total assets	\$ <u>48,240,542</u>	\$ <u>4,626,213</u>	\$ <u>20,980,733</u>	\$ <u>50</u>	\$ <u>73,847,538</u>
Liabilities					
Accounts payable	\$ 631,375	\$ -	\$ 33,858	\$ -	\$ 665,233
Due to component unit	-	-	2,578,340	-	2,578,340
	<u>631,375</u>	<u>-</u>	<u>2,612,198</u>	<u>-</u>	<u>3,243,573</u>
Total liabilities	\$ <u>631,375</u>	\$ <u>-</u>	\$ <u>2,612,198</u>	\$ <u>-</u>	\$ <u>3,243,573</u>
Deferred Inflows of Resources					
Unavailable revenue - prepaid taxes	\$ 505,220	\$ -	\$ -	\$ -	\$ 505,220
Unavailable revenue - taxes	14,489,844	-	-	-	14,489,844
Unavailable revenue - opioid settlement	226,144	-	-	-	226,144
Lease deferrals	55,815	-	-	-	55,815
	<u>15,277,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,277,023</u>
Total deferred inflows of resources	\$ <u>15,277,023</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,277,023</u>
Fund balances					
Nonspendable	\$ 639,167	\$ -	\$ -	\$ -	\$ 639,167
Restricted	14,729	-	17,861,124	-	17,875,853
Committed	562,393	4,626,213	507,411	50	5,696,067
Unassigned	31,115,855	-	-	-	31,115,855
	<u>32,332,144</u>	<u>4,626,213</u>	<u>18,368,535</u>	<u>50</u>	<u>55,326,942</u>
Total fund balances	\$ <u>32,332,144</u>	\$ <u>4,626,213</u>	\$ <u>18,368,535</u>	\$ <u>50</u>	\$ <u>55,326,942</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>48,240,542</u>	\$ <u>4,626,213</u>	\$ <u>20,980,733</u>	\$ <u>50</u>	\$ <u>73,847,538</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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 55,326,942

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

Land and improvements	\$	4,124,277	
Construction in progress		5,337,432	
Buildings and improvements, net of depreciation		19,612,761	
Equipment, net of depreciation		4,199,666	
Lease equipment, net of amortization		16,163	
Subscription assets, net of amortization		46,497	
School Board capital assets, net of depreciation		<u>1,185,325</u>	34,522,121

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

Unavailable revenue - property taxes	\$	2,387,984	
Unavailable revenue - opioid settlement		<u>226,144</u>	2,614,128

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

OPEB related items		(275,313)	
Pension related items		<u>(735,818)</u>	(1,011,131)

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

OPEB deferrals		202,309	
Pension deferrals		<u>1,435,339</u>	1,637,648

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	\$	(227,642)	
Bonds and notes payable		(32,419,368)	
Bond premiums		(786,836)	
Lease liabilities		(16,393)	
Subscription liabilities		(44,986)	
Deferred charge on refunding		20,081	
Net pension liability		(1,085,460)	
Net OPEB liabilities		(912,720)	
Compensated absences		<u>(770,637)</u>	<u>(36,243,961)</u>

Net position of governmental activities \$ 56,845,747

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, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues					
General property taxes	\$ 27,100,048	\$ -	\$ -	\$ -	\$ 27,100,048
Other local taxes	8,216,685	-	-	-	8,216,685
Permits, privilege fees, and regulatory licenses	543,073	-	-	-	543,073
Fines and forfeitures	355,592	-	-	-	355,592
Revenue from the use of money and property	1,137,041	-	122,633	-	1,259,674
Charges for services	302,420	-	-	-	302,420
Miscellaneous	474,689	-	-	-	474,689
Recovered costs	1,413,399	-	-	-	1,413,399
Intergovernmental:					
Revenue from the Commonwealth	7,156,267	-	-	-	7,156,267
Revenue from the Federal Government	1,314,283	-	-	-	1,314,283
Total revenues	<u>\$ 48,013,497</u>	<u>\$ -</u>	<u>\$ 122,633</u>	<u>\$ -</u>	<u>\$ 48,136,130</u>
Expenditures					
Current:					
General government administration	\$ 2,896,799	\$ -	\$ -	\$ -	\$ 2,896,799
Judicial administration	1,464,791	-	-	-	1,464,791
Public safety	9,389,018	-	-	-	9,389,018
Public works	2,564,295	-	-	-	2,564,295
Health and welfare	5,490,320	-	-	-	5,490,320
Education	18,560,719	-	-	-	18,560,719
Parks, recreation, and cultural	764,709	-	-	-	764,709
Community development	997,187	-	-	-	997,187
Nondepartmental	127,831	-	-	-	127,831
Capital projects	1,417,892	-	5,719,975	-	7,137,867
Debt service:					
Principal retirement	6,518	3,261,464	-	-	3,267,982
Interest and other fiscal charges	328	350,471	504,058	-	854,857
Total expenditures	<u>\$ 43,680,407</u>	<u>\$ 3,611,935</u>	<u>\$ 6,224,033</u>	<u>\$ -</u>	<u>\$ 53,516,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,333,090</u>	<u>\$ (3,611,935)</u>	<u>\$ (6,101,400)</u>	<u>\$ -</u>	<u>\$ (5,380,245)</u>
Other financing sources (uses)					
Transfers in	\$ -	\$ 3,325,284	\$ -	\$ -	\$ 3,325,284
Transfers out	(3,675,284)	-	-	-	(3,675,284)
Issuance of leases and SBITAs	54,018	-	-	-	54,018
Issuance of long-term debt	-	1,515,536	23,749,705	-	25,265,241
Total other financing sources (uses)	<u>\$ (3,621,266)</u>	<u>\$ 4,840,820</u>	<u>\$ 23,749,705</u>	<u>\$ -</u>	<u>\$ 24,969,259</u>
Net change in fund balances	<u>\$ 711,824</u>	<u>\$ 1,228,885</u>	<u>\$ 17,648,305</u>	<u>\$ -</u>	<u>\$ 19,589,014</u>
Fund balance, beginning of year	<u>31,620,320</u>	<u>3,397,328</u>	<u>720,230</u>	<u>50</u>	<u>35,737,928</u>
Fund balance, end of year	<u>\$ 32,332,144</u>	<u>\$ 4,626,213</u>	<u>\$ 18,368,535</u>	<u>\$ 50</u>	<u>\$ 55,326,942</u>

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, 2025

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

Net change in fund balances - total governmental funds - Exhibit 5 \$ 19,589,014

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	\$ 6,875,782	
Depreciation/amortization expense	<u>(1,976,132)</u>	4,899,650

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. (37,328)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board (398,500)

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	\$ (332,228)	
Unavailable revenue - opioid settlement	<u>114,886</u>	(217,342)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued:		
Issuance of bond anticipation note	\$ (2,683,975)	
Issuance of general obligation school bond	(21,955,000)	
Bond premium	(626,266)	
Issuance of SBITA	(44,986)	
Issuance of lease	(9,032)	
Repayments:		
Lease revenue refunding bonds	\$ 797,000	
Less: Amortization of deferred charge on refunding	(15,294)	
Bond anticipation note	1,559,464	
Lease revenue bonds	450,000	
Plus: Amortization of issuance premium	49,734	
Infrastructure revenue bonds	455,000	
Plus: Amortization of issuance premium	34,732	
Lease liabilities	<u>6,518</u>	
Net adjustment		(21,982,105)

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	\$ 30,288	
Decrease (increase) in net OPEB liabilities	132,956	
Decrease (increase) in net pension liability	(326,869)	
Decrease (increase) in deferred inflows related to OPEB	(77,189)	
Decrease (increase) in deferred inflows related to pension	13,356	
(Decrease) increase in deferred outflows related to pensions	805,967	
(Decrease) increase in deferred outflows related to OPEB	(16,899)	
Accrued interest payable	<u>(94,015)</u>	<u>467,595</u>

Change in net position of governmental activities \$ 2,320,984

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2025

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 502,855	\$ 279,806	\$ 782,661
Accounts receivable, net	31,258	-	31,258
Accrued interest receivable	-	64,533	64,533
Lease receivable, current portion	-	71,618	71,618
Total current assets	<u>\$ 534,113</u>	<u>\$ 415,957</u>	<u>\$ 950,070</u>
Noncurrent assets:			
Lease receivable, net of current portion	\$ -	\$ 1,866,333	\$ 1,866,333
Capital Assets:			
Land	40,000	-	40,000
Other capital assets, net of accumulated depreciation	3,402,387	145,481	3,547,868
Lease land improvements, net of accumulated amortization	-	212,088	212,088
Total capital assets	<u>\$ 3,442,387</u>	<u>\$ 357,569</u>	<u>\$ 3,799,956</u>
Total noncurrent assets	<u>\$ 3,442,387</u>	<u>\$ 2,223,902</u>	<u>\$ 5,666,289</u>
Total assets	<u>\$ 3,976,500</u>	<u>\$ 2,639,859</u>	<u>\$ 6,616,359</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 49,113	\$ 941	\$ 50,054
Accrued interest payable	-	8,098	8,098
Current portion of lease liability	-	5,386	5,386
Total current liabilities	<u>\$ 49,113</u>	<u>\$ 14,425</u>	<u>\$ 63,538</u>
Long-term liabilities			
Lease liability, net of current portion	\$ -	\$ 222,962	\$ 222,962
Total long-term liabilities	<u>\$ -</u>	<u>\$ 222,962</u>	<u>\$ 222,962</u>
Total liabilities	<u>\$ 49,113</u>	<u>\$ 237,387</u>	<u>\$ 286,500</u>
Deferred Inflows of Resources:			
Lease deferrals	\$ -	\$ 1,821,328	\$ 1,821,328
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 1,821,328</u>	<u>\$ 1,821,328</u>
Net Position:			
Net Investment in capital assets	\$ 3,442,387	\$ 129,221	\$ 3,571,608
Unrestricted	<u>485,000</u>	<u>451,923</u>	<u>936,923</u>
Total net position	<u>\$ 3,927,387</u>	<u>\$ 581,144</u>	<u>\$ 4,508,531</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, 2025

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Operating revenues:			
Charges for services, net	\$ 156,561	\$ 99,852	\$ 256,413
Total operating revenues	<u>\$ 156,561</u>	<u>\$ 99,852</u>	<u>\$ 256,413</u>
Operating expenses:			
Water & sewer service	\$ 36,273	\$ -	\$ 36,273
Maintenance & repairs	166,854	-	166,854
Other charges	91,259	22,732	113,991
Depreciation/amortization expense	230,793	31,134	261,927
Total operating expenses	<u>\$ 525,179</u>	<u>\$ 53,866</u>	<u>\$ 579,045</u>
Operating income (loss)	<u>\$ (368,618)</u>	<u>\$ 45,986</u>	<u>\$ (322,632)</u>
Nonoperating revenues (expenses):			
Interest revenue	\$ -	\$ 69,136	\$ 69,136
Net nonoperating expense	<u>\$ -</u>	<u>\$ 69,136</u>	<u>\$ 69,136</u>
Income(loss) before transfers	<u>\$ (368,618)</u>	<u>\$ 115,122</u>	<u>\$ (253,496)</u>
Transfers:			
Transfers in	\$ 350,000	\$ -	\$ 350,000
Net transfers	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Change in net position	<u>\$ (18,618)</u>	<u>\$ 115,122</u>	<u>\$ 96,504</u>
Net position, beginning of year	<u>3,946,005</u>	<u>466,022</u>	<u>4,412,027</u>
Net position, end of year	<u><u>\$ 3,927,387</u></u>	<u><u>\$ 581,144</u></u>	<u><u>\$ 4,508,531</u></u>

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Cash flows from operating activities			
Receipts from customers	\$ 155,754	\$ 69,114	\$ 224,868
Payments to suppliers	(251,824)	(20,425)	(272,249)
Net cash provided by (used for) operating activities	<u>\$ (96,070)</u>	<u>\$ 48,689</u>	<u>\$ (47,381)</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	\$ (6,195)	-	\$ (6,195)
Loss on sale of capital assets	3,334	-	3,334
Retirement of indebtedness	-	(5,265)	(5,265)
Net cash provided by (used for) capital and related financing activities	<u>\$ (2,861)</u>	<u>\$ (5,265)</u>	<u>\$ (8,126)</u>
Cash flows from noncapital financing activities			
Transfers from local government	\$ 350,000	-	\$ 350,000
Net cash provided by (used for) noncapital financing activities	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Cash flows from investing activities			
Interest received	\$ -	\$ 48,237	\$ 48,237
Net increase (decrease) in cash and cash equivalents	\$ 251,069	\$ 91,661	\$ 342,730
Cash and cash equivalents, beginning of year	<u>251,786</u>	<u>188,145</u>	<u>439,931</u>
Cash and cash equivalents, end of year	<u><u>\$ 502,855</u></u>	<u><u>\$ 279,806</u></u>	<u><u>\$ 782,661</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (368,618)	\$ 45,986	\$ (322,632)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	230,793	31,134	261,927
Changes in assets and liabilities:			
Accounts receivable	(807)	458	(349)
Lease receivable	-	69,899	69,899
Accounts payable	42,562	(337)	42,225
Accrued interest payable	-	2,644	2,644
Lease deferrals	-	(101,095)	(101,095)
Net cash provided by (used for) operating activities	<u><u>\$ (96,070)</u></u>	<u><u>\$ 48,689</u></u>	<u><u>\$ (47,381)</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Fund
 At June 30, 2025

	<u>Custodial Fund</u>
	<u>Special Welfare Fund</u>
Assets:	
Cash and cash equivalents	\$ 59,553
Accounts receivable	<u>386</u>
Total assets	<u>\$ 59,939</u>
Net Position:	
Restricted for:	
Social services clients	<u>\$ 59,939</u>
Total net position	<u>\$ 59,939</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, 2025

	<u>Custodial Fund</u>
	<u>Special Welfare Fund</u>
Additions:	
Private contributions	\$ <u>10,469</u>
Total additions	\$ <u>10,469</u>
Deductions:	
Recipient payments	\$ <u>13,223</u>
Total deductions	\$ <u>13,223</u>
Change in fiduciary net position	\$ (2,754)
Net position - beginning	<u>62,693</u>
Net position - ending	\$ <u><u>59,939</u></u>

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, 2025

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, 2025.

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, 2025 (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 2025. 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 \$382,515 for operations to the Jefferson-Madison Regional Library, \$150,000 to the Region Ten Community Services Board, \$30,912 to the Thomas Jefferson Planning District Commission, \$1,591,932 to the Albemarle-Charlottesville Regional Jail Authority, and \$111,904 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 2025, the County paid the Region 2000 Services Authority \$348,909 in tipping fees. See Note 21 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 2025.

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.

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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

H. Budgets and Budgetary Accounting: (Continued)

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, 2025, 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 \$239,358 at June 30, 2025. The allowance is comprised of property taxes, landfill fees, and sewer charges.

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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

J. Capital Assets: (Continued)

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
Subscription assets	3 to 5 years

K. Compensated Absences

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences includes salary related benefits, where applicable.

Vacation - All County and School Board full-time employees earn annual leave based on years of service. Accumulated annual leave vests immediately. County and School Board employees are paid for unused annual leave, at their normal rate of pay, at termination. Annual leave termination payments are limited only by maximum accumulation policies.

Sick - All County and School Board Component Unit full-time employees also earn eight hours of sick leave per month. Maximum accumulation is unlimited. Employees of the County do not receive any sick leave upon termination. Employees of the Department of Social Services are entitled to the lesser of 25% of accrued sick leave or \$5,000 upon termination. Employees of the School Board are entitled to the lesser of 25% of accrued sick leave or \$10,000 upon termination. However, a liability for estimated value of sick leave that will be used by employees as time off was considered in the liability for compensated absences.

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

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.

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).

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

N. Fund Equity: (Continued)

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.

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	\$ 90,393	\$ -	\$ -	\$ -	\$ 90,393	\$ 462,647
Net lease receivable	4,086	-	-	-	4,086	-
Notes receivable	544,688	-	-	-	544,688	-
Inventory	-	-	-	-	-	35,803
Total Nonspendable	<u>\$ 639,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,167</u>	<u>\$ 498,450</u>
Restricted:						
Opioid Settlement	\$ 14,729	\$ -	\$ -	\$ -	\$ 14,729	\$ -
Unexpended Bond	-	-	17,861,124	-	17,861,124	-
Total Restricted	<u>\$ 14,729</u>	<u>\$ -</u>	<u>\$ 17,861,124</u>	<u>\$ -</u>	<u>\$ 17,875,853</u>	<u>\$ -</u>
Committed:						
Ryan School Reserve	\$ 39,574	\$ -	\$ -	\$ -	\$ 39,574	\$ -
Reassessment	514	-	-	-	514	-
Emergency Services	522,305	-	-	-	522,305	-
Debt Service	-	4,626,213	-	-	4,626,213	-
Community Development	-	-	-	50	50	-
School Activity	-	-	-	-	-	417,080
Textbooks	-	-	-	-	-	315,131
Cafeteria	-	-	-	-	-	540,266
Capital Projects	-	-	507,411	-	507,411	-
Total Committed	<u>\$ 562,393</u>	<u>\$ 4,626,213</u>	<u>\$ 507,411</u>	<u>\$ 50</u>	<u>\$ 5,696,067</u>	<u>\$ 1,272,477</u>
Unassigned (deficit)	<u>\$ 31,115,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,115,855</u>	<u>\$ (447,437)</u>
Total Fund Balance	<u>\$ 32,332,144</u>	<u>\$ 4,626,213</u>	<u>\$ 18,368,535</u>	<u>\$ 50</u>	<u>\$ 55,326,942</u>	<u>\$ 1,323,490</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, opioid settlement, 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.

T. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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

T. Leases and Subscription-Based IT Arrangements (Continued)

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). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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). Subsequently, the lease liability is reduced by the principal portion of lease 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. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

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

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease or subscription 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 and subscriptions.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

T. Leases and Subscription-Based IT Arrangements (Continued)

Key Estimates and Judgments (Continued)

- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

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, 2025 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, 2025 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2025 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	\$ 7,059,358
Local Government Investment Pool	48,173
Virginia State Non-arbitrage Pool	20,684,305
Total	\$ 27,791,836
Component Unit - Economic Development Authority	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 11,386

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
Certificates of Deposit	\$ 3,453,644	\$ -	\$ 3,453,644
Virginia Investment Pool	7,059,358	7,059,358	-
Local Government Investment Pool	48,173	48,173	-
State Non-Arbitrage Program	20,684,305	20,684,305	-
Total	\$ 31,245,480	\$ 27,791,836	\$ 3,453,644
Component Unit - Economic Development Authority			
Investment Type	Fair Value	Less than 1 Year	1 to 5 Years
Local Government Investment Pool	\$ 11,386	\$ 11,386	\$ -

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025 consist of the following:

	Primary Government			
	Governmental Activities		Component Units	
	General Fund	Business- type Activities	School Board	Economic Development Authority
Property taxes	\$ 15,229,933	\$ -	\$ -	\$ -
Penalties	38,733	-	-	-
Utility taxes	46,626	-	-	-
Recordation taxes and court fees	70,048	-	-	-
Lodging fees	188,158	-	-	-
Meals taxes	118,405	-	-	-
Landfill fees	25,290	-	-	-
EMS revenue recovery	192,421	-	-	-
Note receivable	544,688	-	-	-
Opioid settlement	223,946	-	-	-
Sewer charges	-	31,587	-	-
Other	29,219	-	5,508	-
Total receivables	\$ 16,707,467	\$ 31,587	\$ 5,508	\$ -
Allowance for uncollectibles	(239,029)	(329)	-	-
Net receivables	\$ 16,468,438	\$ 31,258	\$ 5,508	\$ -

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government		Component Unit
	Governmental Activities		School Board
	General Fund	Total	
Commonwealth of Virginia:			
Local sales taxes	\$ 367,387	\$ 367,387	-
State sales taxes	-	-	420,040
Comprehensive Services Act	457,443	457,443	-
Public assistance	51,236	51,236	-
Communications tax	49,058	49,058	-
Rolling stock tax	113,114	113,114	-
Shared expenses and grants	175,696	175,696	-
Other	50,516	50,516	81,384
Federal government:			
Public assistance	78,526	78,526	-
Other	82,166	82,166	-
Federal pass-through school funds	-	-	266,268
Total	\$ 1,425,142	\$ 1,425,142	\$ 767,692

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 to the Piney River Water & Sewer fund	(350,000)
Net transfers from General Fund	\$ (3,675,284)
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 General fund	\$ 350,000
Net transfers to Piney River Water & Sewer Fund	\$ 350,000

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

Fund	Due to Component Unit	Due from Primary Government
General	\$ 2,578,340	\$ -
School	-	2,578,340
Total	\$ 2,578,340	\$ 2,578,340

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 6—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2025:

**Primary Government:
Governmental Activities:**

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 3,254,550	\$ 869,727	\$ -	\$ 4,124,277
Construction in progress	302,067	941,489	-	1,243,556
School construction in progress	-	4,093,876	-	4,093,876
Total capital assets not being depreciated/amortized	<u>\$ 3,556,617</u>	<u>\$ 5,905,092</u>	<u>\$ -</u>	<u>\$ 9,461,709</u>
Other capital assets:				
Buildings and improvements	\$ 30,131,478	\$ 62,883	\$ -	\$ 30,194,361
Furniture, equipment and vehicles	12,791,890	846,069	175,180	13,462,779
Lease equipment	28,642	9,032	-	37,674
Subscription assets	-	52,706	-	52,706
School buildings, improvements and equipment *	<u>3,284,000</u>	<u>-</u>	<u>797,000</u>	<u>2,487,000</u>
Total other capital assets	<u>\$ 46,236,010</u>	<u>\$ 970,690</u>	<u>\$ 972,180</u>	<u>\$ 46,234,520</u>
Accumulated depreciation/amortization				
Buildings and improvements	\$ 9,871,946	\$ 709,654	\$ -	\$ 10,581,600
Furniture, equipment and vehicles	8,209,357	1,191,608	137,852	9,263,113
Lease equipment	15,025	6,486	-	21,511
Subscription assets	-	6,209	-	6,209
School buildings, improvements and equipment *	<u>1,638,000</u>	<u>62,175</u>	<u>398,500</u>	<u>1,301,675</u>
Total accumulated depreciation/amortization	<u>\$ 19,734,328</u>	<u>\$ 1,976,132</u>	<u>\$ 536,352</u>	<u>\$ 21,174,108</u>
Other capital assets, net	<u>\$ 26,501,682</u>	<u>\$ (1,005,442)</u>	<u>\$ 435,828</u>	<u>\$ 25,060,412</u>
Net capital assets	<u>\$ 30,058,299</u>	<u>\$ 4,899,650</u>	<u>\$ 435,828</u>	<u>\$ 34,522,121</u>
Depreciation/amortization expense was allocated as follows:				
General government administration		\$ 827,123		
Public safety		665,748		
Public works		133,025		
Health and welfare		18,556		
Education		62,175		
Parks, recreation and cultural		264,835		
Community development		<u>4,670</u>		
Total depreciation/amortization expense		<u>\$ 1,976,132</u>		

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

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

Net capital assets	\$ 34,522,121
Less: Long-term debt applicable to capital assets at June 30, 2025	<u>15,341,392</u>
Net investment in capital assets	<u>\$ 19,180,729</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Primary Government:

Business-type Activities:

Piney River Water & Sewer

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 40,000	\$ -	\$ -	\$ 40,000
Total capital assets not being depreciated	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Other capital assets:				
Infrastructure	\$ 6,958,275	\$ 6,195	\$ 8,864	\$ 6,955,606
Total other capital assets	<u>\$ 6,958,275</u>	<u>\$ 6,195</u>	<u>\$ 8,864</u>	<u>\$ 6,955,606</u>
Accumulated depreciation				
Infrastructure	\$ 3,327,956	\$ 230,793	\$ 5,530	\$ 3,553,219
Total accumulated depreciation	<u>\$ 3,327,956</u>	<u>\$ 230,793</u>	<u>\$ 5,530</u>	<u>\$ 3,553,219</u>
Other capital assets, net	<u>\$ 3,630,319</u>	<u>\$ (224,598)</u>	<u>\$ 3,334</u>	<u>\$ 3,402,387</u>
Net capital assets	<u>\$ 3,670,319</u>	<u>\$ (224,598)</u>	<u>\$ 3,334</u>	<u>\$ 3,442,387</u>

Nelson County Broadband Authority

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Other capital assets:				
Equipment	\$ 460,957	\$ -	\$ -	\$ 460,957
Lease land improvements	251,549	-	-	251,549
Total other capital assets	<u>\$ 712,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,506</u>
Accumulated depreciation/amortization				
Equipment	\$ 294,208	\$ 21,268	\$ -	\$ 315,476
Lease land improvements	29,595	9,866	-	39,461
Total accumulated depreciation/amortization	<u>\$ 323,803</u>	<u>\$ 31,134</u>	<u>\$ -</u>	<u>\$ 354,937</u>
Other capital assets, net	<u>\$ 388,703</u>	<u>\$ (31,134)</u>	<u>\$ -</u>	<u>\$ 357,569</u>
Net capital assets	<u>\$ 388,703</u>	<u>\$ (31,134)</u>	<u>\$ -</u>	<u>\$ 357,569</u>

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

Net capital assets	\$ 3,799,956
Less: Long-term debt applicable to capital assets at June 30, 2025	<u>228,348</u>
Net investment in capital assets	<u>\$ 3,571,608</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 851,210	\$ -	\$ -	\$ 851,210
Construction in progress	753,316	5,245,200	1,592,553	4,405,963
Construction in progress allocated to County	-	(4,093,876)	-	(4,093,876)
Total capital assets not being depreciated/amortized	<u>\$ 1,604,526</u>	<u>\$ 1,151,324</u>	<u>\$ 1,592,553</u>	<u>\$ 1,163,297</u>
Other capital assets:				
Buildings and improvements	\$ 53,810,540	\$ 1,757,736	\$ -	\$ 55,568,276
Furniture, equipment and vehicles	7,676,167	109,679	409,765	7,376,081
Lease equipment	-	229,538	-	229,538
School buildings, improvements and equipment allocated to County *	<u>(3,284,000)</u>	<u>797,000</u>	<u>-</u>	<u>(2,487,000)</u>
Total other capital assets	<u>\$ 58,202,707</u>	<u>\$ 2,893,953</u>	<u>\$ 409,765</u>	<u>\$ 60,686,895</u>
Accumulated depreciation/amortization				
Buildings and improvements	\$ 31,116,916	\$ 1,609,863	\$ -	\$ 32,726,779
Furniture, equipment and vehicles	4,839,022	471,546	409,765	4,900,803
Lease equipment	-	38,766	-	38,766
School buildings, improvements and equipment allocated to County *	<u>(1,638,000)</u>	<u>(62,175)</u>	<u>(398,500)</u>	<u>(1,301,675)</u>
Total accumulated depreciation/amortization	<u>\$ 34,317,938</u>	<u>\$ 2,058,000</u>	<u>\$ 11,265</u>	<u>\$ 36,364,673</u>
Other capital assets, net	<u>\$ 23,884,769</u>	<u>\$ 835,953</u>	<u>\$ 398,500</u>	<u>\$ 24,322,222</u>
Net capital assets	<u>\$ 25,489,295</u>	<u>\$ 1,987,277</u>	<u>\$ 1,991,053</u>	<u>\$ 25,485,519</u>
Depreciation/amortization expense allocated to education		<u>\$ 2,058,000</u>		

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

Reconciliation of component unit net position-net investment in capital assets.

Net capital assets	\$ 25,485,519
Less: Long-term debt applicable to capital assets at June 30, 2025	<u>180,878</u>
Net investment in capital assets	<u>\$ 25,304,641</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025:

	<u>Balance*</u> <u>July 1,</u> <u>2024</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2025</u>
Primary Government:				
Governmental activities:				
Direct Borrowing and Direct Placements				
Lease revenue refunding bonds	\$ 3,284,000	\$ -	\$ 797,000	\$ 2,487,000
General obligation bonds:				
School	-	21,955,000	-	21,955,000
Premium on issuance	-	626,266	-	626,266
Virginia Resource Authority:				
Infrastructure Revenue bonds:				
General	3,125,000	-	450,000	2,675,000
Premium on issuance	163,543	-	49,734	113,809
Refunding Revenue bonds:				
General	1,945,000	-	455,000	1,490,000
Premium on issuance	81,493	-	34,732	46,761
Bond anticipation note	2,687,857	2,683,975	1,559,464	3,812,368
Lease liabilities	13,879	9,032	6,518	16,393
Subscription liabilities	-	44,986	-	44,986
Other long-term obligations				
Compensated absences**	800,925	-	30,288	770,637
Net OPEB liabilities:				
Total Health Insurance OPEB liability	781,107	83,025	211,645	652,487
Net Group Life Insurance OPEB liability	264,569	120,345	124,681	260,233
Total Net OPEB liabilities	\$ 1,045,676	\$ 203,370	\$ 336,326	\$ 912,720
Net pension liability	758,591	3,408,650	3,081,781	1,085,460
Total	\$ 13,905,964	\$ 28,931,279	\$ 6,800,843	\$ 36,036,400

*Beginning balances have been restated for implementation of GASB 101

**The change in the compensated absences liability is presented as a net change

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 3,133,894
Long-term liabilities due in more than one year	32,902,506
Total	\$ 36,036,400

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,979,368	\$ 991,213	\$ 6,067	\$ 396	\$ 5,040	\$ 524
2027	1,826,000	1,219,621	3,949	258	9,644	931
2028	4,479,000	1,120,261	3,077	141	9,869	706
2029	1,120,000	1,022,018	1,866	70	10,099	476
2030	920,000	974,286	1,434	17	10,334	241
2031	960,000	932,927	-	-	-	-
2032	670,000	894,850	-	-	-	-
2033	705,000	860,131	-	-	-	-
2034	740,000	823,645	-	-	-	-
2035	780,000	785,265	-	-	-	-
2036	820,000	744,865	-	-	-	-
2037	865,000	702,319	-	-	-	-
2038	910,000	657,500	-	-	-	-
2039	955,000	610,409	-	-	-	-
2040	1,000,000	566,045	-	-	-	-
2041	1,040,000	524,735	-	-	-	-
2042	1,085,000	481,026	-	-	-	-
2043	1,130,000	434,788	-	-	-	-
2044	1,180,000	385,829	-	-	-	-
2045	1,230,000	334,014	-	-	-	-
2046	1,285,000	279,941	-	-	-	-
2047	1,345,000	223,396	-	-	-	-
2048	1,400,000	163,504	-	-	-	-
2049	1,465,000	100,116	-	-	-	-
2050	1,530,000	33,851	-	-	-	-
Total	\$ <u>32,419,368</u>	\$ <u>15,866,555</u>	\$ <u>16,393</u>	\$ <u>882</u>	\$ <u>44,986</u>	\$ <u>2,878</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Governmental activities:		
<u>General Obligation School Bonds:</u>		
\$21,955,000 School Bonds, 2025, issued April 2025, due in various installments of \$535,000 to \$1,530,000 through January 2050, interest rates from 4.05% to 5.05%.	\$ 21,955,000	\$ -
Unamortized premium on issuance of 2003 School Bonds	<u>626,266</u>	<u>-</u>
Total general obligation school bonds	\$ <u>22,581,266</u>	\$ <u>-</u>
<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%.	\$ <u>2,487,000</u>	\$ <u>817,000</u>
Total lease revenue refunding bonds	\$ <u>2,487,000</u>	\$ <u>817,000</u>
<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%.	\$ 1,490,000	\$ 475,000
Unamortized premium on issuance of 2013 VRA Bonds	<u>46,761</u>	<u>25,557</u>
Total VRA refunding revenue bonds	\$ <u>1,536,761</u>	\$ <u>500,557</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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%.	\$ 1,745,000	\$ 260,000
Unamortized premium	71,049	22,479
\$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%.	930,000	215,000
Unamortized premium	42,760	18,319
Total Virginia Resource Authority Infrastructure Revenue Bonds	<u>\$ 2,788,809</u>	<u>\$ 515,798</u>
<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%.	606,184	606,184
\$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%.	606,184	606,184
Total Bond Anticipation Notes	<u>\$ 3,812,368</u>	<u>\$ 1,212,368</u>
	<u>\$ 33,206,204</u>	<u>\$ 3,045,723</u>
<u>Lease Liabilities:</u>		
Various leases for office equipment, payable in various monthly payments through October 2029. The discount rates used vary from 0.751% to 1.335%.	\$ 16,393	\$ 6,067
<u>Subscription Liabilities:</u>		
Various leases for security equipment, payable in various monthly payments through July 2029. The discount rates used vary from 2.321% to 2.331%.	\$ 44,986	\$ 5,040
Compensated absences	\$ 770,637	\$ 77,064
Net OPEB liabilities	\$ 912,720	\$ -
Net pension liability	\$ 1,085,460	\$ -
Total governmental activities obligations	<u>\$ 36,036,400</u>	<u>\$ 3,133,894</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements & Other Reductions</u>	<u>Balance June 30, 2025</u>
Nelson County Broadband Authority				
Lease liability	\$ 233,613	\$ -	\$ 5,265	\$ 228,348
Total	<u>\$ 233,613</u>	<u>\$ -</u>	<u>\$ 5,265</u>	<u>\$ 228,348</u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 5,386
Long-term liabilities due in more than one year				<u>222,962</u>
Total				<u>\$ 228,348</u>

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

<u>Year Ending June 30,</u>	<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 5,386	\$ 5,288
2027	6,792	5,163
2028	6,949	5,006
2029	7,110	4,845
2030	7,274	4,680
2031 - 2035	44,919	20,593
2036 - 2040	58,592	14,781
2041 - 2045	74,911	7,268
2046 - 2047	<u>16,415</u>	<u>380</u>
Total	<u>\$ 228,348</u>	<u>\$ 68,004</u>

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Business-type Activities: Nelson County Broadband Authority		
<u>Lease Liabilities:</u>		
Lease agreement for a cell tower due in \$10,674 monthly payments. Starting on January 1, 2027, the monthly payments will increase by 12%, and they will continue increasing 12% every five years until the lease ends on December 31, 2046. Discount rate at 2.292%.	\$ 228,348	\$ 5,386
Total Nelson County Broadband Authority long-term obligations	<u>\$ 228,348</u>	<u>\$ 5,386</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025:

Component Unit - School Board	Balance* July 1, 2024	Additions	Retirements & Other Reductions	Balance June 30, 2025
Compensated absences**	\$ 2,484,286	\$ 98,174	\$ -	\$ 2,582,460
Lease liability	-	229,538	48,660	180,878
Net Pension liabilities	13,334,047	5,855,255	7,186,410	12,002,892
Net OPEB liabilities:				
Total Health Insurance OPEB liability	1,141,723	92,617	317,794	916,546
Net Group Life Insurance OPEB liability	730,382	265,173	340,843	654,712
Net Health Insurance Credit OPEB liability	1,775,313	342,584	463,926	1,653,971
Total Net OPEB liabilities	<u>\$ 3,647,418</u>	<u>\$ 700,374</u>	<u>\$ 1,122,563</u>	<u>\$ 3,225,229</u>
Total	<u>\$ 19,465,751</u>	<u>\$ 6,883,341</u>	<u>\$ 8,357,633</u>	<u>\$ 17,991,459</u>

*Beginning balances have been restated for implementation of GASB 101

**The change in the compensated absences liability is presented as a net change

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 301,481
Long-term liabilities due in more than one year	<u>17,689,978</u>
Total	<u>\$ 17,991,459</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Component Unit - School Board		
<u>Lease liability</u>		
Lease agreement for copiers due in \$48,660 monthly payments through August 2028. Discount rate at 3.00%.	\$ 180,878	\$ 43,235
Compensated absences	\$ 2,582,460	\$ 258,246
Net pension liabilities	\$ 12,002,892	\$ -
Net OPEB liabilities	\$ 3,225,229	\$ -
Total School Board long-term obligations	<u>\$ 17,991,459</u>	<u>\$ 301,481</u>

NOTE 8—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.

Benefit Structures:

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—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, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2023 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	85	72
Inactive members:		
Vested inactive members	27	13
Non-vested inactive members	41	24
Long term disability	-	1
Inactive members active elsewhere in VRS	67	16
Total inactive members	135	54
Active members	100	62
Total covered employees	320	188

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, 2025 was 10.77% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Contributions: (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$718,701 and \$626,915 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 7.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$125,112 and \$114,952 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$32,035 and \$3,256 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$37,382 and \$3,799 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$3,203,527 and \$325,584 for the County and School Board, respectively, for the year ended June 30, 2025.

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, 2024. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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, 2023, 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, 2024.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2023, 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, 2024.

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, 2025 (Continued)

NOTE 8—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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025 (Continued)

NOTE 8—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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, 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, 2024 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, 2023	\$ 23,363,132	\$ 22,604,541	\$ 758,591
Changes for the year:			
Service cost	\$ 646,500	\$ -	\$ 646,500
Interest	1,565,466	-	1,565,466
Differences between expected and actual experience	1,181,988	-	1,181,988
Contributions - employer	-	626,934	(626,934)
Contributions - employee	-	283,204	(283,204)
Net investment income	-	2,171,203	(2,171,203)
Benefit payments, including refunds of employee contributions	(1,635,087)	(1,635,087)	-
Administrative expenses	-	(14,696)	14,696
Other changes	-	440	(440)
Net changes	\$ 1,758,867	\$ 1,431,998	\$ 326,869
Balances at June 30, 2024	\$ 25,121,999	\$ 24,036,539	\$ 1,085,460

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—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, 2023	\$ 9,249,957	\$ 8,897,604	\$ 352,353
Changes for the year:			
Service cost	\$ 144,398	\$ -	\$ 144,398
Interest	614,875	-	614,875
Differences between expected and actual experience	93,617	-	93,617
Contributions - employer	-	114,878	(114,878)
Contributions - employee	-	74,776	(74,776)
Net investment income	-	849,736	(849,736)
Benefit payments, including refunds of employee contributions	(570,190)	(570,190)	-
Administrative expenses	-	(5,912)	5,912
Other changes	-	165	(165)
Net changes	\$ 282,700	\$ 463,453	\$ (180,753)
Balances at June 30, 2024	\$ 9,532,657	\$ 9,361,057	\$ 171,600

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

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

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 4,027,173	\$ 1,085,460	\$ (1,331,958)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,156,862	\$ 171,600	\$ (662,324)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$226,266 and \$120,915, respectively. At June 30, 2025, 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	\$ 716,638	\$ 102,125	\$ 59,703	\$ -
Net difference between projected and actual earnings on pension plan investments	-	633,693	-	253,991
Employer contributions subsequent to the measurement date	<u>718,701</u>	<u>-</u>	<u>125,112</u>	<u>-</u>
Total	<u>\$ 1,435,339</u>	<u>\$ 735,818</u>	<u>\$ 184,815</u>	<u>\$ 253,991</u>

\$718,701 and \$124,112 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, 2026. 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)
2026	\$ (194,460)	\$ (171,568)
2027	431,968	77,112
2028	(122,620)	(47,395)
2029	(134,068)	(52,437)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025 (Continued)

NOTE 8—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, 2025 was 14.21% 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, 2023. 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 \$1,934,342 and \$2,125,763 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$50,339 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$58,740 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$5,033,853 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$11,831,292 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was .12604% as compared to .12844% at June 30, 2023.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—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, 2025, the school division recognized pension expense of \$764,804. 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, 2025, 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	\$ 2,052,562	\$ 243,615
Change in assumptions	214,754	-
Net difference between projected and actual earnings on pension plan investments	-	1,628,585
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,364	443,365
Employer contributions subsequent to the measurement date	<u>1,934,342</u>	<u>-</u>
Total	<u>\$ 4,203,022</u>	<u>\$ 2,315,565</u>

\$1,934,342 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, 2026. 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

2026	\$	(979,885)
2027		930,850
2028		179,298
2029		(177,148)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—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, 2023, 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, 2024.

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, 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	\$	60,622,260
Plan Fiduciary Net Position		51,235,326
Employers' Net Pension Liability (Asset)	\$	<u>9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.52%

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, 2025 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 21,980,222	\$ 11,831,292	\$ 3,519,642

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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	\$ 1,435,339	\$ 735,818	\$ 1,085,460	\$ 226,266
Totals	<u>\$ 1,435,339</u>	<u>\$ 735,818</u>	<u>\$ 1,085,460</u>	<u>\$ 226,266</u>
Component Unit School Board				
School Board Nonprofessional	\$ 184,815	\$ 253,991	\$ 171,600	\$ 120,915
School Board Professional	4,203,022	2,315,565	11,831,292	764,804
Totals	<u>\$ 4,387,837</u>	<u>\$ 2,569,556</u>	<u>\$ 12,002,892</u>	<u>\$ 885,719</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 9—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, 2025 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	116
Total retirees and spouses with coverage	<u>32</u>
Total	<u><u>148</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, 2025. The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, 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, 2025 (Continued)

NOTE 9—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 (4.20%) or one percentage point higher (6.20%) than the current discount rate:

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
\$ 711,697	\$ 652,487	\$ 600,976

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 (5.0-2.90% over 50 years) or one percentage point higher (7.0-4.90% over 50 years) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (5.0%)	Trend (6.0%)	1% Increase (7.0%)
\$ 608,989	\$ 652,487	\$ 705,087

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

For the year ended June 30, 2025, the County recognized OPEB expense in the amount of \$49,902. At June 30, 2025, 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	\$ 103,481	\$ 80,114
Changes in assumptions	8,078	143,317
Total	<u>\$ 111,559</u>	<u>\$ 223,431</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

County: (Continued)

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

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

<u>Year Ended June 30</u>	
2026	\$ (33,119)
2027	(11,381)
2028	(11,420)
2029	(13,031)
2030	(18,973)
Thereafter	(23,948)

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

School Board:

Plan Description

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

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

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

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

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

Benefits Provided

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

Plan Membership

At June 30, 2025 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	278
Total retirees and spouses with coverage	<u>11</u>
Total	<u><u>289</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, 2025. The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, 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, 2025 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	6.0% - 3.90% over 50 years
Salary Increases	5.35% - 3.50% over 20 years
Discount Rate	5.20%

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, 2025 (Continued)

NOTE 9—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, 2024	\$	1,141,723
Service cost		47,492
Interest		45,125
Difference between expected and actual experience		-
Gains or losses		(169,066)
Changes in assumptions		(65,961)
Benefit payments		(82,767)
Net changes		<u>(225,177)</u>
Balances at June 30, 2025	\$	<u><u>916,546</u></u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
\$ 976,663	\$ 916,546	\$ 859,799

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 9—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 (5.00% - 2.90% over 50 years) or one percentage point higher (7.00% - 4.90% over 50 years) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.00%)	Healthcare Cost Trend (6.00%)	1% Increase (7.00%)
\$ 833,634	\$ 916,546	\$ 1,011,813

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

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of \$30,995. At June 30, 2025, 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	\$ 1,781	\$ 158,189
Changes in assumptions	11,927	97,203
Total	<u>\$ 13,708</u>	<u>\$ 255,392</u>

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	
2026	\$ (61,622)
2027	(51,407)
2028	(44,589)
2029	(38,579)
2030	(37,908)
Thereafter	(7,579)

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 10—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 10—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, 2025 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, 2023. 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 \$164,712 and \$161,998 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the school division reported a liability of \$1,444,098 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, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Program was .12496% as compared to .12742% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$71,968. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 10—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, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 68,418
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	5,137
Change in assumptions	24,878	-
Change in proportionate share and differences between actual and expected contributions	620	108,189
Employer contributions subsequent to the measurement date	<u>164,712</u>	<u>-</u>
Total	<u>\$ 190,210</u>	<u>\$ 181,744</u>

\$164,712 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (45,320)
2027	(38,516)
2028	(33,210)
2029	(21,311)
2030	(11,701)
Thereafter	(6,188)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 10—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, 2023, 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, 2024.

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 10–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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, 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	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

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, 2025 (Continued)

NOTE 10—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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 10—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, 2024, 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, 2024 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	\$ 1,642,299	\$ 1,444,098	\$ 1,276,104

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-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, 2025 (Continued)

NOTE 11—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 \$9,532 as of June 30, 2025.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 11—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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025, was 0.47% of covered employee compensation. 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, 2023. 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 \$31,364 and \$32,333 for the years ended June 30, 2025 and June 30, 2024, respectively, for the County; \$7,758 and \$9,053 for the years ended June 30, 2025 and June 30, 2024, respectively, for the School Board (nonprofessional); and \$63,979 and \$72,297 for the years ended June 30, 2025 and June 30, 2024, respectively, for the School Board (professional).

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

At June 30, 2025, the entity reported a liability of \$260,233, \$72,870, and \$581,842 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, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.02331%, 0.00653%, and 0.05214% as compared to 0.02206%, 0.00694%, and 0.05396% at June 30, 2023 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$10,544, (\$7,497), and (\$3,083) 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, 2025 (Continued)

NOTE 11—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, 2025, 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	\$ 41,045	\$ 6,357
Net difference between projected and actual earnings on GLI OPEB plan investments	-	21,935
Change in assumptions	1,483	12,897
Changes in proportion	16,858	10,693
Employer contributions subsequent to the measurement date	31,364	-
Total Primary Government	\$ 90,750	\$ 51,882
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 11,493	\$ 1,780
Net difference between projected and actual earnings on GLI OPEB plan investments	-	6,142
Change in assumptions	415	3,611
Changes in proportion	3,293	13,361
Employer contributions subsequent to the measurement date	7,758	-
Total Component Unit School Board (nonprofessional)	\$ 22,959	\$ 24,894
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 91,770	\$ 14,212
Net difference between projected and actual earnings on GLI OPEB plan investments	-	49,043
Change in assumptions	3,317	28,835
Changes in proportion	-	49,823
Employer contributions subsequent to the measurement date	63,979	-
Total Component Unit School Board (professional)	\$ 159,066	\$ 141,913

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 11–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)

\$31,364, \$7,758, and \$63,979 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, 2026. 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>
2026	\$ (8,531)	\$ (7,872)	\$ (45,645)
2027	5,691	(2,072)	(2,434)
2028	516	(885)	(5,300)
2029	3,506	749	806
2030	6,322	387	5,747
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. 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, 2025 (Continued)

NOTE 11–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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025 (Continued)

NOTE 11–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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025 (Continued)

NOTE 11–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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI Net OPEB Liability (Asset)	\$	<u>1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Total	<u>100.00%</u>		<u>7.07%</u>
	Expected arithmetic nominal return**		<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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, 2025 (Continued)

NOTE 11—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, 2024, 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, 2024 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 404,696	\$ 260,233	\$ 143,526
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 113,322	\$ 72,870	\$ 40,190
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 904,840	\$ 581,842	\$ 320,902

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2023 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	<u>21</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Long Term Disability	1
Inactive members active elsewhere in VRS	14
Total inactive members	<u>37</u>
Active members	<u>62</u>
Total covered employees	<u><u>99</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board Nonprofessional’s contractually required employer contribution rate for the year ended June 30, 2025 was 1.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$32,681 and \$33,196 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The School Board Nonprofessional’s net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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, 2025 (Continued)

NOTE 12—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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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, 2024, the rate contributed by the entity for the

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate: (Continued)

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, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, 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, 2023	\$ 280,757	\$ 49,032	\$ 231,725
Changes for the year:			
Service cost	\$ 3,031	\$ -	\$ 3,031
Interest	18,604	-	18,604
Differences between expected and actual experience	(4,842)	-	(4,842)
Contributions - employer	-	33,176	(33,176)
Net investment income	-	5,551	(5,551)
Benefit payments	(16,347)	(16,347)	-
Administrative expenses	-	(83)	83
Other changes	-	1	(1)
Net changes	\$ 446	\$ 22,298	\$ (21,852)
Balances at June 30, 2024	\$ 281,203	\$ 71,330	\$ 209,873

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	\$ 237,096	\$ 209,873	\$ 186,420

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12—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, 2025, the School Board recognized HIC Plan OPEB expense of (\$2,862). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board Nonprofessional’s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 38,147
Net difference between projected and actual earnings on HIC OPEB plan investments	-	975
Change in assumptions	4,131	-
Employer contributions subsequent to the measurement date	<u>32,681</u>	<u>-</u>
Total	<u>\$ 36,812</u>	<u>\$ 39,122</u>

\$32,681 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (21,909)
2027	(11,377)
2028	(1,369)
2029	(336)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (Continued)

NOTE 13—SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net/Total OPEB Liabilities</u>	<u>OPEB Expense</u>
Primary Government				
<hr/>				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12):				
County	\$ 90,750	\$ 51,882	\$ 260,233	\$ 10,544
County Stand-Alone Plan (Note 10)	<u>111,559</u>	<u>223,431</u>	<u>652,487</u>	<u>49,902</u>
Totals	<u>\$ 202,309</u>	<u>\$ 275,313</u>	<u>\$ 912,720</u>	<u>\$ 60,446</u>
Component Unit School Board				
<hr/>				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12):				
School Board Nonprofessional	\$ 22,959	\$ 24,894	\$ 72,870	\$ (7,497)
School Board Professional	159,066	141,913	581,842	(3,083)
Teacher Health Insurance Credit Plan (Note 11)	190,210	181,744	1,444,098	71,968
Nonprofessional Health Insurance Credit Plan (Note 13)	36,812	39,122	209,873	(2,862)
School Stand-Alone Plan (Note 10)	<u>13,708</u>	<u>255,392</u>	<u>916,546</u>	<u>30,995</u>
Totals	<u>\$ 422,755</u>	<u>\$ 643,065</u>	<u>\$ 3,225,229</u>	<u>\$ 89,521</u>

NOTE 14—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, 2025.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 15—DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Deferred revenue/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred/Unavailable tax revenue:		
Uncollected property tax billings for which asset recognition criteria have not been met have been recorded as deferred revenue. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 2,387,984
Second half installment due after June 30th	12,101,860	12,101,860
Prepaid property taxes have been recorded as deferred revenue. Prepaid taxes collected are available for the funding of current expenditures.	<u>505,220</u>	<u>505,220</u>
Total deferred/unavailable property tax revenue:	\$ 12,607,080	\$ 14,995,064
Unavailable opioid settlement revenue	-	226,144
Lease deferrals	55,815	55,815
Total primary government	<u>\$ 12,662,895</u>	<u>\$ 15,277,023</u>

The Component Unit School Board had \$306,883 of unearned grant revenue.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 16--LEASES RECEIVABLE:

The County leases tower space to Augusta County under a lease contract. \$2,800 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 2025, 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%	\$ 59,901
Total						<u>\$ 59,901</u>

Expected future payments at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,413	\$ 1,387	\$ 2,800
2027	1,782	1,354	3,136
2028	1,823	1,313	3,136
2029	1,865	1,271	3,136
2030	1,908	1,228	3,136
2031 - 2035	11,783	5,402	17,185
2036 - 2040	15,370	3,877	19,247
2041 - 2045	19,651	1,906	21,557
2046 - 2047	<u>4,306</u>	<u>100</u>	<u>4,406</u>
Total	<u>\$ 59,901</u>	<u>\$ 17,838</u>	<u>\$ 77,739</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 16--LEASES RECEIVABLE: (CONTINUED)

The Nelson County Broadband Authority leases tower space, dark fiber, and co-location racks under various lease contracts. In fiscal year 2025, the Nelson County Broadband Authority recognized lease and interest revenue in the amount of \$69,890 and \$48,237 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%	\$ 74,917
Cell Tower - Martins Store	7/1/2021	3/30/2039	213	Annually	2.602%	408,785
Cell Tower - Verizon Wireless	7/1/2021	12/12/2043	270	Annually	2.292%	535,120
Cell Tower - New Cingular Wireless	7/1/2021	12/26/2046	306	Annually	2.292%	913,393
Cell Tower - RiverStreet	2/8/2024	2/8/2029	60	Annually	2.282%	5,736
Total						<u>\$ 1,937,951</u>

Expected future payments at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	86,120	38,810	124,930
2031 - 2035	495,352	160,466	655,818
2036 - 2040	538,178	95,540	633,718
2041 - 2045	438,034	35,526	473,560
2046 - 2047	<u>65,662</u>	<u>1,521</u>	<u>67,183</u>
Total	<u>\$ 1,937,951</u>	<u>\$ 506,845</u>	<u>\$ 2,444,796</u>

NOTE 17--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, 2025 (Continued)

NOTE 18–LITIGATION:

At June 30, 2025, 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 19–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 20–RISK MANAGEMENT:

The primary government and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation claims and natural disasters.

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for \$4,000,000.

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 20–RISK MANAGEMENT: (CONTINUED)

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 21–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.

NOTE 22–RELATED PARTY TRANSACTIONS:

The County had certain transactions with the Nelson County Service Authority during fiscal year 2025. 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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 23—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 \$23,500 for 2025. Eligible employees age 50 and over may defer up to \$31,000 for 2025. 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 24—FAIR VALUE MEASUREMENTS:

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

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

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

The County has the following recurring fair value measurements as of June 30, 2025:

Investment	6/30/2025	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	\$ 3,453,644	\$ 3,453,644	\$ -	\$ -
	\$ 3,453,644	\$ 3,453,644	\$ -	\$ -
Investments measured at NAV:				
Virginia Investment Pool	\$ 7,059,358			
Total Investments measured at NAV	\$ 7,059,358			
Total Investments measured at Fair Value	\$ 10,513,002			

As of June 30, 2025 there were no withdrawal limitations associated with investments held by the Virginia Investment Pool.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 25—RESTATEMENT OF NET POSITION:

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The change in accounting principle resulted in the following restatement of net position:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Net Position as reported at June 30, 2024	\$ 54,840,817	\$ 11,151,142
Implementation of GASB 101	<u>(316,054)</u>	<u>(1,986,268)</u>
Net Position Balance as restated at July 1, 2024	<u>\$ 54,524,763</u>	<u>\$ 9,164,874</u>

NOTE 26—UPCOMING PRONOUNCEMENTS:

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.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, 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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 26,697,219	\$ 26,697,219	\$ 27,100,048	\$ 402,829
Other local taxes	7,912,696	7,912,696	8,216,685	303,989
Permits, privilege fees, and regulatory licenses	432,779	519,542	543,073	23,531
Fines and forfeitures	241,150	282,863	355,592	72,729
Revenue from the use of money and property	1,350,010	1,350,010	1,137,041	(212,969)
Charges for services	292,432	292,432	302,420	9,988
Miscellaneous	117,011	503,169	474,689	(28,480)
Recovered costs	917,200	1,072,163	1,413,399	341,236
Intergovernmental:				
Commonwealth	6,645,804	7,597,722	7,156,267	(441,455)
Federal	1,346,459	1,578,250	1,314,283	(263,967)
Total revenues	\$ 45,952,760	\$ 47,806,066	\$ 48,013,497	\$ 207,431
EXPENDITURES				
Current:				
General government administration	\$ 2,529,935	\$ 3,161,165	\$ 2,896,799	\$ 264,366
Judicial administration	1,470,753	1,617,342	1,464,791	152,551
Public safety	9,197,848	9,865,293	9,389,018	476,275
Public works	2,743,971	2,771,591	2,564,295	207,296
Health and welfare	4,938,514	5,591,509	5,490,320	101,189
Education	19,156,889	19,545,402	18,560,719	984,683
Parks, recreation, and cultural	752,248	864,569	764,709	99,860
Community development	1,025,186	1,178,666	997,187	181,479
Nondepartmental	1,914,022	1,283,703	127,831	1,155,872
Capital projects	2,025,537	2,484,683	1,417,892	1,066,791
Debt service:				
Interest and other fiscal charges	-	-	6,846	(6,846)
Total expenditures	\$ 45,754,903	\$ 48,363,923	\$ 43,680,407	\$ 4,683,516
Excess (deficiency) of revenues over (under) expenditures	\$ 197,857	\$ (557,857)	\$ 4,333,090	\$ 4,890,947
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,675,284)	(3,702,406)	(3,675,284)	27,122
Issuance of leases and SBITAs	-	-	54,018	54,018
Total other financing sources (uses)	\$ (3,675,284)	\$ (3,702,406)	\$ (3,621,266)	\$ 81,140
Net change in fund balances	\$ (3,477,427)	\$ (4,260,263)	\$ 711,824	\$ 4,972,087
Fund balance at July 1, as previously reported	3,477,427	4,260,263	31,620,320	27,360,057
Fund balances - end of year	\$ -	\$ -	\$ 32,332,144	\$ 32,332,144

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 646,500	\$ 570,731	\$ 504,982	\$ 536,745	\$ 522,553
Interest	1,565,466	1,548,773	1,533,599	1,408,569	1,350,472
Differences between expected and actual experience	1,181,988	(398,143)	(516,482)	(119,043)	168,722
Changes in assumptions	-	-	-	739,533	-
Benefit payments, including refunds of employee contributions	(1,635,087)	(1,464,578)	(1,261,514)	(1,175,456)	(1,186,654)
Net change in total pension liability	<u>\$ 1,758,867</u>	<u>\$ 256,783</u>	<u>\$ 260,585</u>	<u>\$ 1,390,348</u>	<u>\$ 855,093</u>
Total pension liability - beginning	23,363,132	23,106,349	22,845,764	21,455,416	20,600,323
Total pension liability - ending (a)	<u>\$ 25,121,999</u>	<u>\$ 23,363,132</u>	<u>\$ 23,106,349</u>	<u>\$ 22,845,764</u>	<u>\$ 21,455,416</u>
Plan fiduciary net position					
Contributions - employer	\$ 626,934	\$ 540,182	\$ 559,220	\$ 541,424	\$ 423,896
Contributions - employee	283,204	234,645	229,407	222,692	220,161
Net investment income	2,171,203	1,397,942	(19,818)	4,889,183	344,273
Benefit payments, including refunds of employee contributions	(1,635,087)	(1,464,578)	(1,261,514)	(1,175,456)	(1,186,654)
Administrative expense	(14,696)	(14,257)	(14,013)	(12,240)	(11,979)
Other	440	560	515	460	(405)
Net change in plan fiduciary net position	<u>\$ 1,431,998</u>	<u>\$ 694,494</u>	<u>\$ (506,203)</u>	<u>\$ 4,466,063</u>	<u>\$ (210,708)</u>
Plan fiduciary net position - beginning	22,604,541	21,910,047	22,416,250	17,950,187	18,160,895
Plan fiduciary net position - ending (b)	<u>\$ 24,036,539</u>	<u>\$ 22,604,541</u>	<u>\$ 21,910,047</u>	<u>\$ 22,416,250</u>	<u>\$ 17,950,187</u>
County's net pension liability - ending (a) - (b)	\$ 1,085,460	\$ 758,591	\$ 1,196,302	\$ 429,514	\$ 3,505,229
Plan fiduciary net position as a percentage of the total pension liability	95.68%	96.75%	94.82%	98.12%	83.66%
Covered payroll	\$ 5,962,751	\$ 5,121,748	\$ 5,000,436	\$ 4,814,187	\$ 4,745,753
County's net pension liability as a percentage of covered payroll	18.20%	14.81%	23.92%	8.92%	73.86%

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 447,108	\$ 451,702	\$ 462,147	\$ 464,883	\$ 454,133
Interest	1,285,306	1,266,683	1,222,935	1,237,687	1,198,069
Differences between expected and actual experience	518,742	(338,544)	221,808	(577,384)	20,264
Changes in assumptions	542,873	-	(72,395)	-	-
Benefit payments, including refunds of employee contributions	(1,110,453)	(1,117,138)	(1,301,909)	(1,369,946)	(843,042)
Net change in total pension liability	<u>\$ 1,683,576</u>	<u>\$ 262,703</u>	<u>\$ 532,586</u>	<u>\$ (244,760)</u>	<u>\$ 829,424</u>
Total pension liability - beginning	18,916,747	18,654,044	18,121,458	18,366,218	17,536,794
Total pension liability - ending (a)	<u>\$ 20,600,323</u>	<u>\$ 18,916,747</u>	<u>\$ 18,654,044</u>	<u>\$ 18,121,458</u>	<u>\$ 18,366,218</u>
Plan fiduciary net position					
Contributions - employer	\$ 397,658	\$ 372,060	\$ 369,631	\$ 471,492	\$ 461,417
Contributions - employee	205,346	195,521	192,487	193,264	186,660
Net investment income	1,154,400	1,236,033	1,869,534	260,208	713,434
Benefit payments, including refunds of employee contributions	(1,110,453)	(1,117,138)	(1,301,909)	(1,369,946)	(843,042)
Administrative expense	(11,696)	(10,926)	(11,274)	(10,372)	(9,817)
Other	(725)	(1,088)	(1,647)	(116)	(150)
Net change in plan fiduciary net position	<u>\$ 634,530</u>	<u>\$ 674,462</u>	<u>\$ 1,116,822</u>	<u>\$ (455,470)</u>	<u>\$ 508,502</u>
Plan fiduciary net position - beginning	17,526,365	16,851,903	15,735,081	16,190,551	15,682,049
Plan fiduciary net position - ending (b)	<u>\$ 18,160,895</u>	<u>\$ 17,526,365</u>	<u>\$ 16,851,903</u>	<u>\$ 15,735,081</u>	<u>\$ 16,190,551</u>
County's net pension liability - ending (a) - (b)	\$ 2,439,428	\$ 1,390,382	\$ 1,802,141	\$ 2,386,377	\$ 2,175,667
Plan fiduciary net position as a percentage of the total pension liability	88.16%	92.65%	90.34%	86.83%	88.15%
Covered payroll	\$ 4,380,765	\$ 4,105,970	\$ 3,978,899	\$ 3,868,886	\$ 3,774,065
County's net pension liability as a percentage of covered payroll	55.68%	33.86%	45.29%	61.68%	57.65%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 144,398	\$ 127,707	\$ 105,380	\$ 128,255	\$ 138,337
Interest	614,875	586,000	569,924	535,506	523,809
Differences between expected and actual experience	93,617	257,644	77,380	4,850	(38,672)
Changes in assumptions		-	-	239,189	-
Benefit payments, including refunds of employee contributions	(570,190)	(550,339)	(523,364)	(483,190)	(417,178)
Net change in total pension liability	<u>\$ 282,700</u>	<u>\$ 421,012</u>	<u>\$ 229,320</u>	<u>\$ 424,610</u>	<u>\$ 206,296</u>
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<u><u>\$ 9,532,657</u></u>	<u><u>\$ 9,249,957</u></u>	<u><u>\$ 8,828,945</u></u>	<u><u>\$ 8,599,625</u></u>	<u><u>\$ 8,175,015</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 114,878	\$ 113,807	\$ 89,357	\$ 91,170	\$ 107,677
Contributions - employee	74,776	73,720	65,449	67,070	74,959
Net investment income	849,736	550,647	(3,403)	1,996,068	143,585
Benefit payments, including refunds of employee contributions	(570,190)	(550,339)	(523,364)	(483,190)	(417,178)
Administrative expense	(5,912)	(5,687)	(5,751)	(5,145)	(4,961)
Other	165	221	205	187	(167)
Net change in plan fiduciary net position	<u>\$ 463,453</u>	<u>\$ 182,369</u>	<u>\$ (377,507)</u>	<u>\$ 1,666,160</u>	<u>\$ (96,085)</u>
Plan fiduciary net position - beginning	<u>8,897,604</u>	<u>8,715,235</u>	<u>9,092,742</u>	<u>7,426,582</u>	<u>7,522,667</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 9,361,057</u></u>	<u><u>\$ 8,897,604</u></u>	<u><u>\$ 8,715,235</u></u>	<u><u>\$ 9,092,742</u></u>	<u><u>\$ 7,426,582</u></u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ 171,600	\$ 352,353	\$ 113,710	\$ (493,117)	\$ 748,433
Plan fiduciary net position as a percentage of the total pension liability	98.20%	96.19%	98.71%	105.73%	90.84%
Covered payroll	\$ 1,676,562	\$ 1,633,790	\$ 1,427,842	\$ 1,449,074	\$ 1,607,994
School Division's net pension liability as a percentage of covered payroll	10.24%	21.57%	7.96%	-34.03%	46.54%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 135,657	\$ 138,026	\$ 137,401	\$ 143,640	\$ 154,759
Interest	522,207	503,765	490,822	469,771	445,743
Differences between expected and actual experience	(145,141)	5,440	(60,927)	35,814	45,500
Changes in assumptions	203,110	-	(23,759)	-	-
Benefit payments, including refunds of employee contributions	(414,416)	(353,149)	(364,109)	(332,889)	(272,613)
Net change in total pension liability	<u>\$ 301,417</u>	<u>\$ 294,082</u>	<u>\$ 179,428</u>	<u>\$ 316,336</u>	<u>\$ 373,389</u>
Total pension liability - beginning	<u>7,667,302</u>	<u>7,373,220</u>	<u>7,193,792</u>	<u>6,877,456</u>	<u>6,504,067</u>
Total pension liability - ending (a)	<u><u>\$ 7,968,719</u></u>	<u><u>\$ 7,667,302</u></u>	<u><u>\$ 7,373,220</u></u>	<u><u>\$ 7,193,792</u></u>	<u><u>\$ 6,877,456</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 113,509	\$ 112,566	\$ 111,202	\$ 129,605	\$ 128,397
Contributions - employee	78,290	77,269	76,116	76,172	76,055
Net investment income	479,923	509,323	765,481	109,678	281,345
Benefit payments, including refunds of employee contributions	(414,416)	(353,149)	(364,109)	(332,889)	(272,613)
Administrative expense	(4,875)	(4,451)	(4,502)	(3,984)	(3,869)
Other	(300)	(451)	(677)	(47)	(60)
Net change in plan fiduciary net position	<u>\$ 252,131</u>	<u>\$ 341,107</u>	<u>\$ 583,511</u>	<u>\$ (21,465)</u>	<u>\$ 209,255</u>
Plan fiduciary net position - beginning	<u>7,270,536</u>	<u>6,929,429</u>	<u>6,345,918</u>	<u>6,367,383</u>	<u>6,158,128</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 7,522,667</u></u>	<u><u>\$ 7,270,536</u></u>	<u><u>\$ 6,929,429</u></u>	<u><u>\$ 6,345,918</u></u>	<u><u>\$ 6,367,383</u></u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ 446,052	\$ 396,766	\$ 443,791	\$ 847,874	\$ 510,073
Plan fiduciary net position as a percentage of the total pension liability	94.40%	94.83%	93.98%	88.21%	92.58%
Covered payroll	\$ 1,654,302	\$ 1,626,878	\$ 1,587,580	\$ 1,567,154	\$ 1,535,050
School Division's net pension liability as a percentage of covered payroll	26.96%	24.39%	27.95%	54.10%	33.23%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.12604%	0.12844%	0.12876%	0.12997%	0.13480%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,831,292	\$ 12,981,694	\$ 12,258,723	\$ 10,089,698	\$ 19,616,940
Employer's Covered Payroll	13,388,301	12,705,032	11,932,280	11,428,252	11,772,414
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	88%	102%	103%	88%	167%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%	82.45%	82.61%	85.46%	71.47%

* 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, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14485%	0.14485%	0.14426%	0.14800%	0.14912%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,648,526	\$ 17,034,000	\$ 17,741,000	\$ 20,741,000	\$ 18,769,000
Employer's Covered Payroll	11,855,025	11,687,998	11,255,580	12,016,024	11,080,965
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	157%	146%	158%	173%	169%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.88%

Schedule of Employer Contributions - Pension Plans
 For the Years Ended June 30, 2016 through June 30, 2025

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					
2025	\$ 718,701	\$ 718,701	\$ -	\$ 6,673,172	10.77%
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%
Component Unit School Board (nonprofessional)					
2025	\$ 125,112	\$ 125,112	\$ -	\$ 1,650,550	7.58%
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%
Component Unit School Board (professional)					
2025	\$ 1,934,342	\$ 1,934,342	\$ -	\$ 13,612,539	14.21%
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%

*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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 51,621	\$ 46,402	\$ 52,996	\$ 74,349	\$ 45,169	\$ 36,050	\$ 39,916	\$ 41,058
Interest	31,404	29,020	25,113	14,284	13,400	18,126	21,801	25,387
Changes in assumptions	(74,501)	(19,675)	(27,181)	(86,428)	2,553	53,340	(73,605)	(24,463)
Differences between expected and actual experience	(69,183)	-	88,050	110,609	-	-	(164,327)	-
Benefit payments	(67,961)	(46,207)	(47,200)	(39,677)	(31,068)	(25,302)	(33,924)	(43,143)
Net change in total OPEB liability	\$ (128,620)	\$ 9,540	\$ 91,778	\$ 73,137	\$ 30,054	\$ 82,214	\$ (210,139)	\$ (1,161)
Total OPEB liability - beginning	781,107	771,567	679,789	606,652	576,598	494,384	704,523	705,684
Total OPEB liability - ending	\$ 652,487	\$ 781,107	\$ 771,567	\$ 679,789	\$ 606,652	\$ 576,598	\$ 494,384	\$ 704,523
Covered-employee payroll	\$ 6,803,244	\$ 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	9.59%	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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 47,492	\$ 57,055	\$ 63,505	\$ 78,974	\$ 67,288	\$ 66,949	\$ 63,928	\$ 65,600
Interest	45,125	42,246	40,682	27,043	26,761	42,727	45,337	41,602
Changes in assumptions	(65,961)	(20,319)	15,799	(113,894)	17,823	(27,554)	31,227	(30,397)
Differences between expected and actual experience	(169,066)	-	(32,253)	-	8,146	1,725	-	-
Benefit payments	(82,767)	(74,545)	(71,727)	(87,218)	(94,060)	(93,711)	(94,685)	(89,947)
Net change in total OPEB liability	\$ (225,177)	\$ 4,437	\$ 16,006	\$ (95,095)	\$ 25,958	\$ (9,864)	\$ 45,807	\$ (13,142)
Total OPEB liability - beginning	<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>	<u>1,167,616</u>
Total OPEB liability - ending	<u>\$ 916,546</u>	<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	\$ 15,209,233	\$ 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	6.03%	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, 2025

County:

Valuation Date: 1/1/2025
Measurement Date: 6/30/2025

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	5.20%
Inflation	2.50%
Healthcare Trend Rate	6.0% - 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: 1/1/2025
Measurement Date: 6/30/2025

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	5.20%
Inflation	2.50%
Healthcare Trend Rate	6.0% - 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, 2024

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)
2024	0.12496%	\$ 1,444,098	\$ 13,388,301	10.79%	21.82%
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, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 164,712	\$ 164,712	\$ -	\$ 13,612,539	1.21%
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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024

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					
2024	0.02331% \$	260,233 \$	5,987,610	4.35%	73.41%
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)					
2024	0.00653% \$	72,870 \$	1,676,562	4.35%	73.41%
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)					
2024	0.05214% \$	581,842 \$	13,388,301	4.35%	73.41%
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, 2025

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					
2025	\$ 31,364	\$ 31,364	\$ -	6,673,172	0.47%
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)					
2025	\$ 7,758	\$ 7,758	\$ -	1,650,550	0.47%
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)					
2025	\$ 63,979	\$ 63,979	\$ -	13,612,539	0.47%
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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability					
Service cost	\$ 3,031	\$ 3,266	\$ 1,830	\$ 2,386	\$ -
Interest	18,604	20,522	15,663	14,386	-
Changes in benefit terms	-	-	113,972	-	213,125
Differences between expected and actual experience	(4,842)	(36,510)	(61,113)	-	-
Changes of assumptions	-	-	13,880	6,738	-
Benefit payments	(16,347)	(14,560)	(12,828)	-	-
Net change in total HIC OPEB liability	<u>\$ 446</u>	<u>\$ (27,282)</u>	<u>\$ 71,404</u>	<u>\$ 23,510</u>	<u>\$ 213,125</u>
Total HIC OPEB Liability - beginning	280,757	308,039	236,635	213,125	-
Total HIC OPEB Liability - ending (a)	<u>\$ 281,203</u>	<u>\$ 280,757</u>	<u>\$ 308,039</u>	<u>\$ 236,635</u>	<u>\$ 213,125</u>
Plan fiduciary net position					
Contributions - employer	\$ 33,176	\$ 32,369	\$ 24,702	\$ 15,070	\$ -
Net investment income	5,551	2,563	(199)	2,109	-
Benefit payments	(16,347)	(14,560)	(12,828)	-	-
Administrator charges	(83)	(71)	(55)	(67)	-
Other	1	1	(2)	-	-
Net change in plan fiduciary net position	<u>\$ 22,298</u>	<u>\$ 20,302</u>	<u>\$ 11,618</u>	<u>\$ 17,112</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	49,032	28,730	17,112	-	-
Plan fiduciary net position - ending (b)	<u>\$ 71,330</u>	<u>\$ 49,032</u>	<u>\$ 28,730</u>	<u>\$ 17,112</u>	<u>\$ -</u>
School Board Nonprofessional's net HIC OPEB liability - ending (a) - (b)	\$ 209,873	\$ 231,725	\$ 279,309	\$ 219,523	\$ 213,125
Plan fiduciary net position as a percentage of the total HIC OPEB liability	25.37%	17.46%	9.33%	7.23%	0.00%
Covered payroll	\$ 1,676,562	\$ 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	12.52%	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, 2025

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)
2025	\$ 32,681	\$ 32,681	\$ -	\$ 1,650,550	1.98%
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, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,702,000	\$ 1,702,000	\$ 3,261,464	\$ (1,559,464)
Interest and other fiscal charges	4,860,696	4,862,818	350,471	4,512,347
Total expenditures	\$ 6,562,696	\$ 6,564,818	\$ 3,611,935	\$ 2,952,883
Excess (deficiency) of revenues over (under) expenditures	\$ (6,562,696)	\$ (6,564,818)	\$ (3,611,935)	\$ 2,952,883
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,325,284	\$ 3,327,406	\$ 3,325,284	\$ (2,122)
Issuance of long term debt	-	-	1,515,536	1,515,536
Total other financing sources (uses)	\$ 3,325,284	\$ 3,327,406	\$ 4,840,820	\$ 1,513,414
Net change in fund balances	\$ (3,237,412)	\$ (3,237,412)	\$ 1,228,885	\$ 4,466,297
Fund balances - beginning	3,237,412	3,237,412	3,397,328	159,916
Fund balances - ending	\$ -	\$ -	\$ 4,626,213	\$ 4,626,213

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 122,633	\$ 122,633
Total revenues	\$ -	\$ -	\$ 122,633	\$ 122,633
EXPENDITURES				
Current:				
Capital projects	\$ 4,832,372	\$ 4,832,372	\$ 5,719,975	\$ (887,603)
Debt service:				
Interest and other fiscal charges	-	-	504,058	(504,058)
Total expenditures	\$ 4,832,372	\$ 4,832,372	\$ 6,224,033	\$ (1,391,661)
Excess (deficiency) of revenues over (under) expenditures	\$ (4,832,372)	\$ (4,832,372)	\$ (6,101,400)	\$ (1,269,028)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	\$ 4,112,142	\$ 4,112,142	\$ 23,749,705	\$ 19,637,563
Total other financing sources (uses)	\$ 4,112,142	\$ 4,112,142	\$ 23,749,705	\$ 19,637,563
Net change in fund balances	\$ (720,230)	\$ (720,230)	\$ 17,648,305	\$ 18,368,535
Fund balances - beginning	720,230	720,230	720,230	-
Fund balances - ending	\$ -	\$ -	\$ 18,368,535	\$ 18,368,535

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2025

	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, 2025

	<u>School Operating Fund</u>	<u>School Activity Fund</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 2,049,805	\$ 417,080	\$ 2,466,885
Accounts receivable	5,508	-	5,508
Due from primary government	2,578,340	-	2,578,340
Due from other governments	767,692	-	767,692
Inventories	35,803	-	35,803
Prepaid items	462,647	-	462,647
	<u>5,899,795</u>	<u>417,080</u>	<u>6,316,875</u>
Total assets	<u>\$ 5,899,795</u>	<u>\$ 417,080</u>	<u>\$ 6,316,875</u>
Liabilities			
Accounts payable	\$ 2,683,330	\$ -	\$ 2,683,330
Unearned revenue	306,883	-	306,883
Accrued liabilities	1,194,408	-	1,194,408
Due to primary government	808,764	-	808,764
	<u>4,993,385</u>	<u>-</u>	<u>4,993,385</u>
Total liabilities	<u>\$ 4,993,385</u>	<u>\$ -</u>	<u>\$ 4,993,385</u>
Fund balances			
Nonspendable	\$ 498,450	\$ -	\$ 498,450
Committed	855,397	417,080	1,272,477
Unassigned (deficit)	(447,437)	-	(447,437)
	<u>906,410</u>	<u>417,080</u>	<u>1,323,490</u>
Total fund balances	<u>\$ 906,410</u>	<u>\$ 417,080</u>	<u>\$ 1,323,490</u>
Total liabilities and fund balances	<u>\$ 5,899,795</u>	<u>\$ 417,080</u>	<u>\$ 6,316,875</u>

Discretely Presented Component Unit School Board
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 At June 30, 2025

Total fund balance for governmental funds (Exhibit 33) \$ 1,323,490

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		312,087	
Buildings and improvements, net of depreciation		22,841,497	
Equipment, net of depreciation		2,475,278	
Lease equipment, net of amortization		190,772	
School Board capital assets in primary government, net of depreciation		<u>(1,185,325)</u>	25,485,519

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

Deferred inflows related to pensions		(2,569,556)	
Deferred inflows related to OPEB		(643,065)	
Deferred outflows related to pensions		4,387,837	
Deferred outflows related to OPEB		422,755	

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	\$	(2,582,460)	
Lease liability		(180,878)	
Net pension liabilities		(12,002,892)	
Net OPEB liabilities		<u>(3,225,229)</u>	<u>(17,991,459)</u>

Total net position of governmental activities (Exhibit 1) \$ 10,415,521

Discretely Presented Component Unit School Board
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2025

	<u>School Operating Fund</u>	<u>School Activities Fund</u>	<u>Totals</u>
Revenues			
Revenue from the use of money and property	\$ 285	\$ -	\$ 285
Charges for services	147,608	-	147,608
Miscellaneous	78,267	844,904	923,171
Recovered costs	7,625	-	7,625
Intergovernmental:			
Appropriations from primary government	18,558,602	-	18,558,602
Commonwealth	11,134,627	-	11,134,627
Federal	3,818,239	-	3,818,239
	<u>33,745,253</u>	<u>844,904</u>	<u>34,590,157</u>
Total revenues	\$ 33,745,253	\$ 844,904	\$ 34,590,157
Expenditures			
Current:			
Education			
Instruction	\$ 20,481,259	\$ 731,638	\$ 21,212,897
Administration, attendance and health	1,360,488	-	1,360,488
Transportation	2,995,740	-	2,995,740
Facilities operations	2,904,266	-	2,904,266
School food services	1,464,110	-	1,464,110
Facilities	2,363,373	-	2,363,373
Technology	2,372,702	-	2,372,702
Debt service:			
Principal retirement	48,660	-	48,660
Interest and other fiscal charges	-	-	-
	<u>33,990,598</u>	<u>731,638</u>	<u>34,722,236</u>
Total expenditures	\$ 33,990,598	\$ 731,638	\$ 34,722,236
Excess (deficiency) of revenues over (under) expenditures	\$ (245,345)	\$ 113,266	\$ (132,079)
Other financing sources (uses)			
Issuance of lease	\$ 229,538	\$ -	\$ 229,538
Total other financing sources and uses	<u>229,538</u>	<u>-</u>	<u>229,538</u>
Net change in fund balances	\$ (15,807)	\$ 113,266	\$ 97,459
Fund balance, beginning of year	<u>922,217</u>	<u>303,814</u>	<u>1,226,031</u>
Fund balance, end of year	<u><u>906,410</u></u>	<u><u>417,080</u></u>	<u><u>1,323,490</u></u>

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, 2025

Net change in fund balance - total governmental funds (Exhibit 35) \$ 97,459

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	\$ 1,655,724	
Depreciation/amortization expense	<u>(2,058,000)</u>	(402,276)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 398,500

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:

Issuance of lease liability		(229,538)
Principal retired on lease liability		<u>48,660</u>

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	\$ (98,174)	
Decrease (increase) in net pension liabilities	1,331,155	
Decrease (increase) in net OPEB liabilities	422,189	
Decrease (increase) in deferred outflows related to pensions	300,835	
Decrease (increase) in deferred outflows related to OPEB	(14,717)	
(Increase) decrease in deferred inflows related to the measurement of the net pension liabilities	(458,330)	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liabilities	<u>(145,116)</u>	<u>1,337,842</u>

Change in net position of governmental activities (Exhibit 2) \$ 1,250,647

Discretely Presented Component Unit School Board
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2025

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 36	\$ 36	\$ 285	\$ 249
Charges for services	-	-	147,608	147,608
Miscellaneous	501,208	501,208	78,267	(422,941)
Recovered costs	31,482	31,482	7,625	(23,857)
Intergovernmental:				
Local government	19,154,772	19,543,285	18,558,602	(984,683)
Commonwealth	10,968,376	11,800,219	11,134,627	(665,592)
Federal	3,110,238	4,211,167	3,818,239	(392,928)
Total revenues	\$ 33,766,112	\$ 36,087,397	\$ 33,745,253	\$ (2,342,144)
EXPENDITURES				
Current:				
Education				
Instruction	\$ 21,771,102	\$ 23,358,854	\$ 20,481,259	\$ 2,877,595
Administration, attendance and health	1,597,100	1,606,031	1,360,488	245,543
Transportation	2,993,649	2,993,649	2,995,740	(2,091)
Facilities operations	3,132,693	3,261,566	2,904,266	357,300
School food services	1,584,695	1,584,695	1,464,110	120,585
Facilities	1,400,000	1,841,729	2,363,373	(521,644)
Technology	1,829,417	1,983,417	2,372,702	(389,285)
Debt service:				
Principal retirement	-	-	48,660	(48,660)
Interest and other fiscal charges	197,947	197,947	-	197,947
Total expenditures	\$ 34,506,603	\$ 36,827,888	\$ 33,990,598	\$ 2,837,290
Excess (deficiency) of revenues over (under) expenditures	\$ (740,491)	\$ (740,491)	\$ (245,345)	\$ 495,146
OTHER FINANCING SOURCES (USES)				
Issuance of lease	\$ -	\$ -	\$ 229,538	\$ 229,538
Total other financing sources and uses	\$ -	\$ -	\$ 229,538	\$ 229,538
Net change in fund balances	\$ (740,491)	\$ (740,491)	\$ (15,807)	\$ 724,684
Fund balances - beginning	740,491	740,491	922,217	181,726
Fund balances - ending	\$ -	\$ -	\$ 906,410	\$ 906,410

Discretely Presented Component Unit - Nelson County EDA
 Statement of Net Position
 At June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ <u>11,983</u>
Total current assets	\$ <u>11,983</u>

Noncurrent assets:

Land held for resale	\$ <u>213,663</u>
Total assets	\$ <u><u>225,646</u></u>

Net Position

Unrestricted	\$ <u>225,646</u>
Total net position	\$ <u><u>225,646</u></u>

Discretely Presented Component Unit - Nelson County EDA
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended June 30, 2025

Operating expenses	
Director fees	\$ 2,025
Travel	<u>629</u>
Total operating expenses	\$ <u>2,654</u>
Operating income (loss)	\$ <u>(2,654)</u>
Nonoperating revenues (expenses)	
Payment to Nelson County	\$ (1,142)
Interest revenue	<u>505</u>
Total nonoperating revenues	\$ <u>(637)</u>
Change in net position	\$ (3,291)
Net position, beginning of year	<u>228,937</u>
Net position, end of year	<u><u>\$ 225,646</u></u>

Discretely Presented Component Unit - Nelson County EDA
 Statement of Cash Flows
 For the Year Ended June 30, 2025

Cash flows from operating activities	
Payments to suppliers	\$ (629)
Payments to directors	<u>(2,025)</u>
Net cash provided by (used for) by operating activities	\$ <u>(2,654)</u>
Cash flows from noncapital financing activities	
Contribution to Nelson County	\$ <u>(1,142)</u>
Cash flows from investing activities	
Interest revenue	\$ <u>505</u>
Net increase (decrease) in cash and cash equivalents	\$ (3,291)
Cash and cash equivalents, beginning of year	<u>15,274</u>
Cash and cash equivalents, end of year	<u><u>\$ 11,983</u></u>
Reconciliation of operating income (loss) to net cash	
Operating income (loss)	\$ <u>(2,654)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (2,654)</u></u>

Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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	\$ 20,890,068	\$ 20,890,068	\$ 21,024,917	\$ 134,849
Real and personal public service corporation taxes	1,008,000	1,008,000	1,058,861	50,861
Personal property taxes	4,305,738	4,305,738	4,501,878	196,140
Mobile home taxes	-	-	16,437	16,437
Machinery and tools taxes	75,000	75,000	82,089	7,089
Penalties	255,613	255,613	236,062	(19,551)
Interest	162,800	162,800	179,804	17,004
Total general property taxes	\$ 26,697,219	\$ 26,697,219	\$ 27,100,048	\$ 402,829
Other local taxes:				
Local sales and use taxes	\$ 2,190,076	\$ 2,190,076	\$ 2,280,307	\$ 90,231
Consumers' utility taxes	537,266	537,266	516,418	(20,848)
Business license taxes	48,510	48,510	54,822	6,312
Utility franchise taxes	80,000	80,000	74,932	(5,068)
Motor vehicle licenses	740,090	740,090	738,377	(1,713)
Bank franchise tax	109,728	109,728	89,283	(20,445)
Taxes on recordation and wills	350,000	350,000	372,574	22,574
Transient occupancy tax	2,268,000	2,268,000	2,617,495	349,495
Meals tax	1,589,026	1,589,026	1,472,477	(116,549)
Total other local taxes	\$ 7,912,696	\$ 7,912,696	\$ 8,216,685	\$ 303,989
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,200	\$ 13,200	\$ 11,679	\$ (1,521)
Dog pound fees	3,300	3,300	1,719	(1,581)
Land use application fees & Short Term Rental Registration	12,500	12,500	9,011	(3,489)
Transfer fees	1,200	1,200	1,093	(107)
Zoning & Subdivision fees	22,500	22,500	16,600	(5,900)
Building permits	349,079	416,167	440,359	24,192
Building inspection fees	16,000	16,000	10,848	(5,152)
Well & Septic fees	7,000	26,675	19,675	(7,000)
Land disturbing fees	7,500	7,500	23,095	15,595
Levy fees	-	-	8,994	8,994
Tourism collections	500	500	-	(500)
Total permits, privilege fees, and regulatory licenses	\$ 432,779	\$ 519,542	\$ 543,073	\$ 23,531
Fines and forfeitures:				
Court fines and forfeitures	\$ 241,150	\$ 282,863	\$ 355,592	\$ 72,729
Total fines and forfeitures	\$ 241,150	\$ 282,863	\$ 355,592	\$ 72,729
Revenue from use of money and property:				
Revenue from use of money	\$ 1,345,860	\$ 1,345,860	\$ 1,100,104	\$ (245,756)
Revenue from use of property	4,150	4,150	5,078	928
Sale of general property	-	-	8,700	8,700
Real estate tax sale proceeds	-	-	23,159	23,159
Total revenue from use of money and property	\$ 1,350,010	\$ 1,350,010	\$ 1,137,041	\$ (212,969)
Charges for services:				
Sheriff's fees	\$ 12,500	\$ 12,500	\$ 10,955	\$ (1,545)
Law library fees	2,500	2,500	2,729	229
Courthouse maintenance fees	6,000	6,000	8,257	2,257
Document reproduction fees	3,500	3,500	2,579	(921)
Excess fees paid to Circuit Court	30	30	-	(30)
Court appointed attorney fees	1,000	1,000	1,150	150
Fingerprint/Report fees	250	250	81	(169)
Cost of postage - Circuit Court	250	250	176	(74)
Charges for Commonwealth's Attorney	2,200	2,200	1,861	(339)
Charges for sanitation and waste removal	222,000	222,000	224,194	2,194
Charges for parks and recreation	42,000	42,000	50,167	8,167
Sale of literature	202	202	271	69
Total charges for services	\$ 292,432	\$ 292,432	\$ 302,420	\$ 9,988

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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)				
Miscellaneous:				
Expenditure refunds	\$ 12,600	\$ 133,194	\$ 165,209	\$ 32,015
Other miscellaneous	104,411	369,975	309,480	(60,495)
Total miscellaneous	<u>\$ 117,011</u>	<u>\$ 503,169</u>	<u>\$ 474,689</u>	<u>\$ (28,480)</u>
Recovered costs:				
DSS Reimbursement	\$ 65,000	\$ 65,000	\$ 53,314	\$ (11,686)
School Resource officer and other costs	-	-	425	425
Water and sewer connection fees	-	100,000	100,000	-
DMV stop fees	36,000	36,000	34,809	(1,191)
EMS revenue recovery	781,000	796,204	1,139,402	343,198
Forest Service Coop. agreement	4,400	4,400	-	(4,400)
UVA-MOU special events	-	39,114	39,114	-
Shared network maintenance fee	8,000	8,000	-	(8,000)
Recycling	18,500	18,500	18,577	77
Other recovered costs	4,300	4,945	27,758	22,813
Total recovered costs	<u>\$ 917,200</u>	<u>\$ 1,072,163</u>	<u>\$ 1,413,399</u>	<u>\$ 341,236</u>
Total revenue from local sources	<u>\$ 37,960,497</u>	<u>\$ 38,630,094</u>	<u>\$ 39,542,947</u>	<u>\$ 912,853</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 104,661	\$ 113,525	\$ 113,114	\$ (411)
Mobile home titling tax	37,000	37,000	29,469	(7,531)
Vehicle rental tax	-	-	459	459
Moped/ATV State Sales Tax	350	350	1,284	934
Communication sales & use tax	330,000	330,000	307,420	(22,580)
Personal property tax relief funds	1,708,030	1,708,030	1,708,030	-
Total noncategorical aid	<u>\$ 2,180,041</u>	<u>\$ 2,188,905</u>	<u>\$ 2,159,776</u>	<u>\$ (29,129)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 426,457	\$ 426,457	\$ 423,010	\$ (3,447)
Sheriff	1,109,952	1,109,952	1,164,581	54,629
Commissioner of revenue	143,401	143,401	143,170	(231)
Treasurer	166,104	166,104	151,947	(14,157)
Registrar/electoral board	89,199	89,199	72,779	(16,420)
Clerk of the Circuit Court	266,550	266,550	276,712	10,162
Total shared expenses	<u>\$ 2,201,663</u>	<u>\$ 2,201,663</u>	<u>\$ 2,232,199</u>	<u>\$ 30,536</u>
Welfare:				
Public assistance and welfare administration	<u>\$ 693,146</u>	<u>\$ 693,146</u>	<u>\$ 615,485</u>	<u>\$ (77,661)</u>
Other categorical aid:				
E911 wireless grant	\$ 70,000	\$ 70,000	\$ 71,437	\$ 1,437
PSAP grant	-	93,890	62,640	(31,250)
DMV animal friendly plates	450	450	311	(139)
Fire programs	-	75,721	75,721	-
Four for life	-	18,153	18,153	-
Litter control grant	-	11,490	11,490	-
Victim-witness grant	21,000	26,968	23,331	(3,637)
VJCCA Dept - Juvenile Justice	10,364	10,364	10,364	-

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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):				
Other categorical aid: (continued)				
Comprehensive services act	\$ 1,373,600	\$ 1,820,360	\$ 1,578,976	\$ (241,384)
Sheriff's department grant	64,683	120,261	55,578	(64,683)
Asset forfeiture proceeds	-	6,710	7,754	1,044
Virginia Tourism Corp grant	-	40,000	68,000	28,000
Performance arts grant	4,500	4,500	4,500	-
Forest sustainability grant	-	95,321	95,321	-
Library grant	-	33,787	10,310	(23,477)
Other categorical	26,357	86,033	54,921	(31,112)
Total other categorical aid	<u>\$ 1,570,954</u>	<u>\$ 2,514,008</u>	<u>\$ 2,148,807</u>	<u>\$ (365,201)</u>
Total categorical aid	<u>\$ 4,465,763</u>	<u>\$ 5,408,817</u>	<u>\$ 4,996,491</u>	<u>\$ (412,326)</u>
Total revenue from the Commonwealth	<u>\$ 6,645,804</u>	<u>\$ 7,597,722</u>	<u>\$ 7,156,267</u>	<u>\$ (441,455)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 62,150</u>	<u>\$ 62,150</u>	<u>\$ 87,181</u>	<u>\$ 25,031</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,068,209	\$ 1,068,209	\$ 960,323	\$ (107,886)
ARPA grants	-	81,185	12,830	(68,355)
Victim witness program	44,100	53,125	42,332	(10,793)
Sheriff's grants	-	72,375	28,290	(44,085)
Recovery court implementation grant	172,000	172,000	116,453	(55,547)
Other federal categorical	-	69,206	66,874	(2,332)
Total categorical aid	<u>\$ 1,284,309</u>	<u>\$ 1,516,100</u>	<u>\$ 1,227,102</u>	<u>\$ (288,998)</u>
Total revenue from the federal government	<u>\$ 1,346,459</u>	<u>\$ 1,578,250</u>	<u>\$ 1,314,283</u>	<u>\$ (263,967)</u>
Total General Fund	<u>\$ 45,952,760</u>	<u>\$ 47,806,066</u>	<u>\$ 48,013,497</u>	<u>\$ 207,431</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 122,633	\$ 122,633
Total revenue from use of money and property	<u>-</u>	<u>-</u>	<u>122,633</u>	<u>122,633</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,633</u>	<u>\$ 122,633</u>
Total Primary Government	<u>\$ 45,952,760</u>	<u>\$ 47,806,066</u>	<u>\$ 48,136,130</u>	<u>\$ 330,064</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 36	\$ 36	\$ 285	\$ 249
Total revenue from use of money and property	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 285</u>	<u>\$ 249</u>
Charges for services:				
Charges for cafeteria	\$ -	\$ -	\$ 147,608	\$ 147,608
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,608</u>	<u>\$ 147,608</u>
Miscellaneous:				
Other miscellaneous	\$ 501,208	\$ 501,208	\$ 78,267	\$ (422,941)
Total miscellaneous	<u>\$ 501,208</u>	<u>\$ 501,208</u>	<u>\$ 78,267</u>	<u>\$ (422,941)</u>
Recovered costs:				
Other recovered costs	\$ 31,482	\$ 31,482	\$ 7,625	\$ (23,857)
Total recovered costs	<u>\$ 31,482</u>	<u>\$ 31,482</u>	<u>\$ 7,625</u>	<u>\$ (23,857)</u>
Total revenue from local sources	<u>\$ 532,726</u>	<u>\$ 532,726</u>	<u>\$ 233,785</u>	<u>\$ (298,941)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nelson, Virginia	\$ 19,154,772	\$ 19,543,285	\$ 18,558,602	\$ (984,683)
Total revenues from local governments	\$ 19,154,772	\$ 19,543,285	\$ 18,558,602	\$ (984,683)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,419,362	\$ 2,419,362	\$ 2,372,278	\$ (47,084)
Basic school aid	3,356,015	3,356,015	3,379,598	23,583
GED funding	16,405	16,405	16,054	(351)
Remedial summer education	27,240	27,240	40,522	13,282
Regular foster care	26,635	26,635	33,012	6,377
English as a second language	48,262	48,262	79,863	31,601
Gifted and talented	30,225	30,225	30,155	(70)
Salary supplement	143,155	143,155	143,701	546
Special education	430,829	430,829	429,823	(1,006)
Vocational standards of quality payments	309,928	309,928	309,204	(724)
Fringe benefits	651,042	651,042	649,521	(1,521)
School food program grant	-	-	27,017	27,017
State lottery payments	205,927	205,927	213,613	7,686
Early reading intervention	29,993	29,993	27,136	(2,857)
VPSA technology	154,000	308,000	154,000	(154,000)
Construction grant	1,400,000	1,841,729	1,082,063	(759,666)
Homebound education	2,965	2,965	7,140	4,175
Regional program tuition	64,719	64,719	55,622	(9,097)
Positive behavioral intervention and support	-	-	30,000	30,000
Vocational education - equipment	-	-	5,379	5,379
Vocational education - occupational/tech ed	45,559	45,559	35,270	(10,289)
Project graduation	3,371	3,371	3,371	-
School security equipment grant	-	76,071	128,873	52,802
Mentor teacher program	785	785	1,002	217
Free textbooks	76,830	76,830	76,650	(180)
All in VA	-	-	81,474	81,474
At risk payments	895,483	895,483	299,083	(596,400)
Algebra readiness	14,605	14,605	14,607	2
Grocery hold harmless	362,738	362,738	362,738	-
Pre-school initiative	159,488	159,488	760,572	601,084
Primary class size	92,815	92,815	98,496	5,681
Other state funds	-	160,043	186,790	26,747
Total categorical aid	\$ 10,968,376	\$ 11,800,219	\$ 11,134,627	\$ (665,592)
Total revenue from the Commonwealth	\$ 10,968,376	\$ 11,800,219	\$ 11,134,627	\$ (665,592)
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 3,864	\$ 3,864	\$ 2,809	\$ (1,055)
School safety and security grant	-	52,802	-	(52,802)
ESSER	504,993	1,553,120	-	(1,553,120)
CARES Act Funding ESSER/GEER	-	-	1,178,837	1,178,837
Title 1/A grants to LEAs	545,914	545,914	563,072	17,158
Title 1 - Carl Perkins vocational	-	-	27,807	27,807
Preschool grants/special ed	13,820	13,820	13,455	(365)
Title III language acquisition	11,170	11,170	2,828	(8,342)
Title II part A	73,348	73,348	54,122	(19,226)
Title II - Carl Perkins tech prep	38,678	38,678	-	(38,678)
Title IV	37,374	37,374	261,091	223,717
Title V	455,885	455,885	-	(455,885)
Title VI-B	63,021	63,021	633,587	570,566
IDEA 611 flow-through (Title VI-B)	17,967	17,967	-	(17,967)
School food	1,344,204	1,344,204	967,357	(376,847)
School food commodities	-	-	113,274	113,274
Total revenue from the federal government	\$ 3,110,238	\$ 4,211,167	\$ 3,818,239	\$ (392,928)
Total School Operating Fund	\$ 33,766,112	\$ 36,087,397	\$ 33,745,253	\$ (2,342,144)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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	\$ 173,472	\$ 184,295	\$ 181,026	\$ 3,269
General and financial administration:				
County administrator	\$ 379,892	\$ 395,725	\$ 389,583	\$ 6,142
County attorney	100,000	113,432	100,653	12,779
Commissioner of revenue	325,693	340,131	353,088	(12,957)
Reassessment	-	409,000	259,297	149,703
Treasurer	426,179	426,179	390,864	35,315
Finance and accounting	400,676	474,085	462,241	11,844
Technology	367,576	375,486	354,820	20,666
Land use panel	1,077	1,077	1,005	72
Total general and financial administration	\$ 2,001,093	\$ 2,535,115	\$ 2,311,551	\$ 223,564
Board of elections:				
Board of elections	\$ 66,612	\$ 131,822	\$ 105,013	\$ 26,809
Registrar	288,758	309,933	299,209	10,724
Total board of elections	\$ 355,370	\$ 441,755	\$ 404,222	\$ 37,533
Total general government administration	\$ 2,529,935	\$ 3,161,165	\$ 2,896,799	\$ 264,366
Judicial administration:				
Courts:				
Circuit court	\$ 90,957	\$ 100,248	\$ 96,322	\$ 3,926
General district court	6,809	6,809	5,177	1,632
VJCCA	65,566	83,961	75,744	8,217
Juvenile and domestic relations court	4,793	4,793	2,767	2,026
Adult Drug Court	171,794	171,794	116,453	55,341
Magistrate	175	175	1	174
Clerk of the circuit court	453,073	504,448	465,515	38,933
Total courts	\$ 793,167	\$ 872,228	\$ 761,979	\$ 110,249
Commonwealth's attorney:				
Commonwealth's attorney	\$ 677,586	\$ 745,114	\$ 702,812	\$ 42,302
Total commonwealth's attorney	\$ 677,586	\$ 745,114	\$ 702,812	\$ 42,302
Total judicial administration	\$ 1,470,753	\$ 1,617,342	\$ 1,464,791	\$ 152,551
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,833,173	\$ 3,244,987	\$ 2,935,821	\$ 309,166
E-911	698,319	770,529	723,643	46,886
Emergency services council	628,279	722,153	694,671	27,482
Public safety and emergency services	729,409	793,054	714,433	78,621
T.J. EMS Council	10,000	10,000	10,000	-
Fire protection	156,000	156,000	156,000	-
Paid EMS	1,618,223	1,618,223	1,772,480	(154,257)
Forestry service	20,986	20,986	20,095	891

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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	\$ 1,591,980	\$ 1,591,980	\$ 1,591,932	\$ 48
Building inspector	405,433	411,499	379,813	31,686
Animal control	364,841	384,677	377,063	7,614
American Rescue Plan Act	128,138	128,138	-	128,138
OAR/Jefferson Area Community Corrections	12,907	12,907	12,907	-
Medical examiner	160	160	160	-
Total law enforcement and traffic control	<u>\$ 9,197,848</u>	<u>\$ 9,865,293</u>	<u>\$ 9,389,018</u>	<u>\$ 476,275</u>
Total public safety	<u>\$ 9,197,848</u>	<u>\$ 9,865,293</u>	<u>\$ 9,389,018</u>	<u>\$ 476,275</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Automotive/motor pool	\$ 247,000	\$ 266,000	\$ 251,604	\$ 14,396
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 247,000</u>	<u>\$ 266,000</u>	<u>\$ 251,604</u>	<u>\$ 14,396</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,541,632	\$ 1,541,632	\$ 1,347,367	\$ 194,265
Total sanitation and waste removal	<u>\$ 1,541,632</u>	<u>\$ 1,541,632</u>	<u>\$ 1,347,367</u>	<u>\$ 194,265</u>
Maintenance of general buildings and grounds:				
General properties	\$ 955,339	\$ 963,959	\$ 965,324	\$ (1,365)
Total maintenance of general buildings and grounds	<u>\$ 955,339</u>	<u>\$ 963,959</u>	<u>\$ 965,324</u>	<u>\$ (1,365)</u>
Total public works	<u>\$ 2,743,971</u>	<u>\$ 2,771,591</u>	<u>\$ 2,564,295</u>	<u>\$ 207,296</u>
Health and welfare:				
Health:				
Health department	\$ 357,637	\$ 357,637	\$ 357,637	\$ -
Total health	<u>\$ 357,637</u>	<u>\$ 357,637</u>	<u>\$ 357,637</u>	<u>\$ -</u>
Mental health and mental retardation:				
Region Ten community services board	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total mental health and mental retardation	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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	\$ 2,111,235	\$ 2,111,235	\$ 1,814,837	\$ 296,398
MACAA	36,000	36,000	36,000	-
Senior center meals	27,367	27,367	27,367	-
At risk youth program	2,032,511	2,683,006	2,519,393	163,613
Shelter for help	8,926	8,926	8,926	-
JAUNT	90,179	90,179	90,179	-
JABA	111,904	111,904	111,904	-
Foothills Child Advocacy Center	9,255	11,755	11,755	-
CASA of Central Virginia	3,500	3,500	3,500	-
Tax relief	-	-	358,822	(358,822)
Total welfare	<u>\$ 4,430,877</u>	<u>\$ 5,083,872</u>	<u>\$ 4,982,683</u>	<u>\$ 101,189</u>
Total health and welfare	<u>\$ 4,938,514</u>	<u>\$ 5,591,509</u>	<u>\$ 5,490,320</u>	<u>\$ 101,189</u>
Education:				
Other instructional costs:				
Community College	\$ 2,117	\$ 2,117	\$ 2,117	\$ -
Appropriation to public school system	<u>19,154,772</u>	<u>19,543,285</u>	<u>18,558,602</u>	<u>984,683</u>
Total education	<u>\$ 19,156,889</u>	<u>\$ 19,545,402</u>	<u>\$ 18,560,719</u>	<u>\$ 984,683</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	<u>\$ 360,283</u>	<u>\$ 472,604</u>	<u>\$ 373,194</u>	<u>\$ 99,410</u>
Total parks and recreation	<u>\$ 360,283</u>	<u>\$ 472,604</u>	<u>\$ 373,194</u>	<u>\$ 99,410</u>
Cultural enrichment:				
Wintergreen Performing Arts	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
Total cultural enrichment	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
Library:				
Regional library	<u>\$ 382,965</u>	<u>\$ 382,965</u>	<u>\$ 382,515</u>	<u>\$ 450</u>
Total library	<u>\$ 382,965</u>	<u>\$ 382,965</u>	<u>\$ 382,515</u>	<u>\$ 450</u>
Total parks, recreation, and cultural	<u>\$ 752,248</u>	<u>\$ 864,569</u>	<u>\$ 764,709</u>	<u>\$ 99,860</u>
Community development:				
Planning and community development:				
Planning	\$ 235,994	\$ 241,727	\$ 188,058	\$ 53,669
Community development	533,506	659,763	558,711	101,052
Thomas Jefferson Planning District Commission	20,912	30,912	30,912	-
Virginia Institute of Government	1,000	1,000	1,000	-
Colleen water/sewer subsidy	50,000	50,000	50,000	-
Community Investment Collaborative	8,708	8,708	8,708	-
Anti-litter program	-	11,490	-	11,490
Nelson County Economic Development Authority	3,100	3,100	-	3,100
Central Virginia Partnership for Economic Development	10,000	10,000	10,000	-
Nelson County Community Development Foundation	<u>69,661</u>	<u>69,661</u>	<u>69,661</u>	<u>-</u>
Total planning and community development	<u>\$ 932,881</u>	<u>\$ 1,086,361</u>	<u>\$ 917,050</u>	<u>\$ 169,311</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

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	\$ 35,089	\$ 35,089	\$ 35,089	\$ -
Total environmental management	\$ 35,089	\$ 35,089	\$ 35,089	\$ -
Cooperative extension program:				
Extension office	\$ 57,216	\$ 57,216	\$ 45,048	\$ 12,168
Total cooperative extension program	\$ 57,216	\$ 57,216	\$ 45,048	\$ 12,168
Total community development	\$ 1,025,186	\$ 1,178,666	\$ 997,187	\$ 181,479
Nondepartmental:				
Refunds	\$ 51,497	\$ 51,497	\$ 38,623	\$ 12,874
Reserve for contingency	1,275,432	967,274	-	967,274
Other nondepartmental	587,093	264,932	89,208	175,724
Total nondepartmental	\$ 1,914,022	\$ 1,283,703	\$ 127,831	\$ 1,155,872
Capital projects:				
Emergency services vehicles	\$ 813,287	\$ 847,281	\$ 583,796	\$ 263,485
Other capital projects	1,212,250	1,637,402	834,096	803,306
Total capital projects	\$ 2,025,537	\$ 2,484,683	\$ 1,417,892	\$ 1,066,791
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 6,846	\$ (6,846)
Total debt service	\$ -	\$ -	\$ 6,846	\$ (6,846)
Total General Fund	\$ 45,754,903	\$ 48,363,923	\$ 43,680,407	\$ 4,683,516
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,702,000	\$ 1,702,000	\$ 3,261,464	\$ (1,559,464)
Interest and other fiscal charges	4,860,696	4,862,818	350,471	4,512,347
Total Debt Service Fund	\$ 6,562,696	\$ 6,564,818	\$ 3,611,935	\$ 2,952,883
Capital Projects Fund:				
Capital projects:				
DSS Building	\$ 1,656,071	\$ 2,075,801	\$ 1,626,099	\$ 449,702
School Capital Projects	2,456,071	2,456,071	4,093,876	(1,637,805)
Contingencies	720,230	300,500	-	\$ 300,500
Total capital projects	\$ 4,832,372	\$ 4,832,372	\$ 5,719,975	\$ (887,603)
Debt service:				
Bond issuance costs	\$ -	\$ -	\$ 504,058	\$ (504,058)
Total debt service	\$ -	\$ -	\$ 504,058	\$ (504,058)
Total Capital Projects Fund	\$ 4,832,372	\$ 4,832,372	\$ 6,224,033	\$ (1,391,661)
Total Primary Government	\$ 57,149,971	\$ 59,761,113	\$ 53,516,375	\$ 6,244,738

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

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	\$ 21,771,102	\$ 23,358,854	\$ 20,481,259	\$ 2,877,595
Total instruction costs	<u>\$ 21,771,102</u>	<u>\$ 23,358,854</u>	<u>\$ 20,481,259</u>	<u>\$ 2,877,595</u>
Operating costs:				
Administration, attendance and health services	\$ 1,597,100	\$ 1,606,031	\$ 1,360,488	\$ 245,543
Pupil transportation	2,993,649	2,993,649	2,995,740	(2,091)
Operation and maintenance of school plant	3,132,693	3,261,566	2,904,266	357,300
School food	1,584,695	1,584,695	1,464,110	120,585
Facilities	1,400,000	1,841,729	2,363,373	(521,644)
Technology	1,829,417	1,983,417	2,372,702	(389,285)
Contingency	-	-	-	-
Total operating costs	<u>\$ 12,537,554</u>	<u>\$ 13,271,087</u>	<u>\$ 13,460,679</u>	<u>\$ (189,592)</u>
Total education	<u>\$ 34,308,656</u>	<u>\$ 36,629,941</u>	<u>\$ 33,941,938</u>	<u>\$ 2,688,003</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 48,660	\$ (48,660)
Interest and other fiscal charges	197,947	197,947	-	197,947
Total debt service	<u>\$ 197,947</u>	<u>\$ 197,947</u>	<u>\$ 48,660</u>	<u>\$ 149,287</u>
Total School Operating Fund	<u><u>\$ 34,506,603</u></u>	<u><u>\$ 36,827,888</u></u>	<u><u>\$ 33,990,598</u></u>	<u><u>\$ 2,837,290</u></u>

Other Statistical Information

COUNTY OF NELSON, VIRGINIA

Table 1

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

Fiscal Year	General Government Administration				Public Safety	Public Works	Health and Welfare		Parks, Recreation, and Cultural		Community Development	Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works			Health and Welfare	Education	Recreation, and Cultural				
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			
2025	3,838,041	1,452,283	8,781,982	2,559,296	5,376,776	19,021,394	1,031,394	893,539	879,700	43,834,405			

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 2

Government-Wide Revenues by Source

Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Use of Money and Property	Miscellaneous	Contributions Not Restricted to Specific Programs			
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		
2025	1,206,163	6,223,593	-	26,767,820	8,216,685	1,254,596	589,575	2,246,957	46,505,389		

(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
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
2025	27,100,048	8,216,685	543,073	355,592	1,259,959	450,028	1,397,860	1,421,024	23,441,742	64,186,011

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

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

COUNTY OF NELSON, VIRGINIA

Table 4

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare		Education (2)	Recreation and Cultural		Community Development	Nondepartmental	Capital Projects		Debt Service		Total
					Welfare	Education		Cultural	Projects			Service				
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				
2025	2,896,799	1,464,791	9,389,018	2,564,295	5,490,320	34,640,001	764,709	997,187	127,831	7,137,867	4,171,499	69,644,317				

(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) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax Collections	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Total Tax Collections		
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%	
2025	27,794,545	27,179,694	97.79%	1,212,518	28,392,212	102.15%	3,128,073	11.25%	

- (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
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
2025	3,221,931,800	219,335,900	5,460,239	6,494,190	156,745,469	3,609,967,598

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	
	Estate		Property		Homes		Tools	
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	
2025	0.65		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: Debt		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
				Service Monies Available					
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		
2025	14,766	3,609,967,598	33,206,204	-	33,206,204	0.92%	2,249		

(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
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%
2025		3,310,124		861,375		4,171,499		69,644,317	5.99%

(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, 2025 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 February 20, 2026. 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

February 20, 2026



**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, 2025. 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, 2025.

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

February 20, 2026

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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	\$ -	\$ 8,931
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400109/0400110	-	132,648
Title IV-E Prevention Program	93.472	1140122	-	3,835
Guardianship Assistance	93.090	1110121/1110122	-	179
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	-	2,658
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500109/0500110	-	410
Low Income Home Energy Assistance	93.568	0600409/0600410	-	27,986
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	-	27,601
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	-	476
Foster Care - Title IV-E	93.658	1100109/1100110	-	75,620
Adoption Assistance	93.659	1120109/1120110	-	174,791
Social Services Block Grant	93.667	1000109/1000110	-	122,635
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150108/9150109/9150110	-	1,021
Children's Health Insurance Program	93.767	0540109/0540110	-	2,420
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	184,307
Total Department of Health and Human Services			\$ -	\$ 765,518
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Education:				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	201818N109941	\$ -	\$ 28,582
School Breakfast Program (Child Nutrition Cluster)	10.553	201717N109941/201818N109941	-	264,341
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	-	656,593
Virginia Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	-	113,274
Total 10.555			\$ -	\$ 769,867
Total Child Nutrition Cluster			\$ -	\$ 1,062,790

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2025

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	\$ -	\$ 2,809
Child and Adult Care Food Program	10.558	202323N11994	-	15,841
State Administrative Expenses for Child Nutrition	10.560	202424N25334 1	-	2,000
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110/0040109/0040110	-	203,736
Total Department of Agriculture			\$ -	\$ 1,287,176
Department of Justice:				
Direct payments:				
Treatment Court Discretionary Grant Program	16.585	N/A	\$ -	\$ 116,453
Total Department of Justice - direct payments			\$ -	\$ 116,453
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victims Assistance	16.575	17VAGX0018/18VAGX0011/18V2GX0011	\$ -	\$ 42,332
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	-	15,731
Total Department of Justice - pass-through			\$ -	\$ 58,063
Total Department of Justice			\$ -	\$ 174,516
Pass Through Payments:				
Virginia Department of Elections:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	\$ -	\$ 12,830
Total Department of the Treasury			\$ -	\$ 12,830
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	BPT202353143	\$ -	\$ 11,715
Alcohol Open Container Requirements	20.607	154AL20202252033	-	12,559
Total Department of Transportation			\$ -	\$ 24,274

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2025

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:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not Available	\$ -	\$ 15,449
Homeland Security Grant Program	97.067	Not Available	-	32,210
Emergency Management Performance Grants	97.042	EMP-2022-EP-00006	-	7,500
Total Department of Homeland Security			\$ -	\$ 55,159
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ -	\$ 563,072
Special Education -- Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	-	633,587
Special Education -- Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	-	13,455
Total Special Education Cluster			\$ -	\$ 647,042
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	-	27,678
Rural Education	84.358	Not Available	-	2,957
Supporting Effective Instruction State Grants	84.367	S367A120044/S367A130044	-	54,122
Student Support and Academic Enrichment Program	84.424	Not Available	-	261,091
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	-	1,169,906
Total Department of Education			\$ -	\$ 2,725,868
Total Expenditures of Federal Awards			\$ -	\$ 5,045,341

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, 2025

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, 2025. 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 15-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	\$ 1,314,283
Total primary government	\$ 1,314,283

Component Unit School Board:

School Operating Fund	\$ 3,818,239
Total component unit school board	\$ 3,818,239

Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	\$ (87,181)
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Total federal expenditures per basic financial statements	\$ 5,045,341
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 5,045,341
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COUNTY OF NELSON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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	COVID-19 Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? 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, 2025

There were no findings reported for the year ended June 30, 2024.