



COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

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COUNTY OF NELSON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2014

BOARD OF SUPERVISORS

Constance Brennan, Chairman
Larry D. Saunders, Vice-Chairman
Allen M. Hale, East District
Thomas D. Harvey, North District
Thomas H. Bruguire, Jr., West District

COUNTY SCHOOL BOARD

	David Parr, Chairperson Janet Turner-Giles, Vice-Chairperson	
David Francis		Debbie Harvey Jane Mays

COUNTY SOCIAL SERVICES BOARD

	Joe Williamson, Chairperson Joan Giles, Vice-Chairperson	
Connie Brennan Cliff Savell		Pauline Page Donald Gray

OTHER OFFICIALS

Michael Gamble Judy Smythers Anthony Martin Jean W. Payne Angela F. Johnson David Brooks Roger D. Collins Michael Kohl Stephen A. Carter	Judge of the Circuit Court Clerk of the Circuit Court Commonwealth's Attorney Commissioner of the Revenue Treasurer Sheriff Superintendent of Schools Director of Social Services County Administrator
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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

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 County of Nelson, Virginia, as of and for the year ended Financial June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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 June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress on pages 4-12, 62, and 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Nelson, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 29, 2014

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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, 2014.

Financial Highlights

Government-wide Financial Statements

The assets of the County of Nelson, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$32,690,245. Of this amount, \$22,775,898 is unrestricted (an increase of \$1,623,233 from the previous fiscal year), and may be used to meet the government's ongoing obligations to creditors and citizens. Of the total net position, there is \$9,879,132 invested in capital assets net of related debt (a decrease of \$365,431 from the previous fiscal year). The School Board's net position was \$13,884,295 of which there are unrestricted net position in the deficit amount of \$246,839 (an increase of \$63,381 from the previous year). (See Exhibit 1.)

The net position of the Primary Government increased by \$1,264,109. The School Board's net position increased by \$590,289 (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$20,334,752. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2013-14 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,270,144 of which \$20,334,752 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 and liabilities 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.

Overview of the Financial Statements: (Continued)

Government-wide Financial Statements: (Continued)

The statement of net position presents all of 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.

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

Overview of the Financial Statements: (Continued)

Governmental funds: (Continued)

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

Proprietary funds

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

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

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position (Exhibit 10). Fiduciary funds are not reflected in the government-wide financial statements because the funds are not available to support the County's own activities. These funds consist of the Special Welfare and EMS Loan Funds.

Notes to the financial statements

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

Other Information

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

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Nelson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,690,245 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, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 35,248,096	\$ 35,338,307	\$ 540,745	\$ 439,571	\$ 35,788,841	\$ 35,777,878
Capital assets	31,273,243	31,653,018	8,146,087	8,420,670	39,419,330	40,073,688
Total assets	<u>\$ 66,521,339</u>	<u>\$ 66,991,325</u>	<u>\$ 8,686,832</u>	<u>\$ 8,860,241</u>	<u>\$ 75,208,171</u>	<u>\$ 75,851,566</u>
Deferred Outflows of Resources	<u>\$ 372,775</u>	<u>\$ 421,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,775</u>	<u>\$ 421,576</u>
Long-term liabilities	\$ 30,065,241	\$ 32,452,384	\$ 1,102,556	\$ 1,116,838	\$ 31,167,797	\$ 33,569,222
Other liabilities	1,204,729	1,082,855	50,145	24,833	1,254,874	1,107,688
Total liabilities	<u>\$ 31,269,970</u>	<u>\$ 33,535,239</u>	<u>\$ 1,152,701</u>	<u>\$ 1,141,671</u>	<u>\$ 32,422,671</u>	<u>\$ 34,676,910</u>
Deferred Inflows of Resources	<u>\$ 10,468,030</u>	<u>\$ 10,170,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,468,030</u>	<u>\$ 10,170,096</u>
Net Position:						
Invested in capital assets, net of related debt	\$ 2,835,601	\$ 2,940,731	\$ 7,043,531	\$ 7,303,832	\$ 9,879,132	\$ 10,244,563
Restricted for:						
Debt service and bond covenants	-	-	35,215	28,908	35,215	28,908
Unrestricted	<u>\$ 22,320,513</u>	<u>\$ 20,766,835</u>	<u>\$ 455,385</u>	<u>\$ 385,830</u>	<u>\$ 22,775,898</u>	<u>\$ 21,152,665</u>
Total net position	<u>\$ 25,156,114</u>	<u>\$ 23,707,566</u>	<u>\$ 7,534,131</u>	<u>\$ 7,718,570</u>	<u>\$ 32,690,245</u>	<u>\$ 31,426,136</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 30.2 percent of total net position. The County uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from assets restricted for that purpose or other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has restricted net position for debt service and bond covenants (\$35,215) at June 30, 2014. The remaining balance of unrestricted net position, which is \$22,775,898 or 69.6 percent of total net position, may be used to meet government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report a positive balance in total net position. The governmental activities reported positive balances of \$2,835,601 in net position invested in capital assets, net of related debt and \$22,320,513 in unrestricted net position. The business-type activities reported positive balances of \$7,043,531 in net position invested in capital assets, net of related debt and \$455,385 in unrestricted net position.

The government's total net position increased by \$1,264,109 during the current fiscal year, compared to an increase of \$2,198,048 in FY 2012-2013.

Government-wide Financial Analysis: (Continued)

Governmental and Business-type Activities

Governmental activities increased the County's net position by \$1,448,548. Business-type activities decreased the County's net position by \$184,439. Key elements of these changes are as follows:

**County of Nelson's Changes in Net Position
For the Year Ended June 30, 2014**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 883,247	\$ 680,137	\$ 380,850	\$ 132,451	\$ 1,264,097	\$ 812,588
Operating grants & contributions	2,924,866	2,725,650	-	-	2,924,866	2,725,650
Capital grants & contributions	431,654	651,166	-	476,944	431,654	1,128,110
General revenues:						
General property taxes	21,779,423	21,421,597	-	-	21,779,423	21,421,597
Other local taxes	4,022,028	3,912,469	-	-	4,022,028	3,912,469
Use of money and property	125,442	110,011	-	-	125,442	110,011
Miscellaneous	80,201	120,335	-	-	80,201	120,335
Grants and contributions not restricted to specific programs	2,458,708	2,526,847	-	-	2,458,708	2,526,847
Transfers	(176,035)	(1,228,667)	176,035	1,228,667	-	-
Total revenues	\$ <u>32,529,534</u>	\$ <u>30,919,545</u>	\$ <u>556,885</u>	\$ <u>1,838,062</u>	\$ <u>33,086,419</u>	\$ <u>32,757,607</u>
Expenses:						
General government	\$ 2,024,078	\$ 2,218,102	\$ -	\$ -	\$ 2,024,078	\$ 2,218,102
Judicial administration	760,170	725,905	-	-	760,170	725,905
Public safety	5,037,123	4,204,470	-	-	5,037,123	4,204,470
Public works	2,121,760	2,068,094	741,324	620,876	2,863,084	2,688,970
Health and welfare	2,506,489	2,418,330	-	-	2,506,489	2,418,330
Education	16,169,175	14,983,417	-	-	16,169,175	14,983,417
Parks, recreation and cultural	565,861	534,768	-	-	565,861	534,768
Community development	928,029	1,411,994	-	-	928,029	1,411,994
Interest on long-term debt	968,301	1,373,603	-	-	968,301	1,373,603
Total expenses	\$ <u>31,080,986</u>	\$ <u>29,938,683</u>	\$ <u>741,324</u>	\$ <u>620,876</u>	\$ <u>31,822,310</u>	\$ <u>30,559,559</u>
Increase (decrease) in net assets	\$ 1,448,548	\$ 980,862	\$ (184,439)	\$ 1,217,186	\$ 1,264,109	\$ 2,198,048
Beginning net assets	<u>23,707,566</u>	<u>22,726,704</u>	<u>7,718,570</u>	<u>6,501,384</u>	<u>31,426,136</u>	<u>29,228,088</u>
Ending net position	\$ <u>25,156,114</u>	\$ <u>23,707,566</u>	\$ <u>7,534,131</u>	\$ <u>7,718,570</u>	\$ <u>32,690,245</u>	\$ <u>31,426,136</u>

- Overall revenues increased by \$328,812. The most significant increases in revenue was due to increased general property tax revenues of \$357,826 and other local taxes of \$109,559. Additionally, charges for services increased by \$451,509. These increases in revenues were offset by a reduction in grants and contributions in the amount of \$497,240 and normal fluctuations in other revenue categories.
- Operating and capital grants reflect a net decrease of \$497,240. The most significant factor in this reduction is the grant from the National Telecommunications and Information Administration for the broadband project. This project was completed in Fiscal Year 2012-2013. Capital grants included in program revenues for Business-type Activities reflect this reduction of \$476,944.
- The revenues from general property taxes increased by \$357,826 primarily due to an increase in the personal property tax rate for 2014. The real property tax rate also increased but is mitigated by the reduction in 2014 real property values as established by the reassessment.

Government-wide Financial Analysis: (Continued)

Governmental and Business-type Activities: (Continued)

- The revenues from other local taxes increased by \$109,559. This is primarily due to increases in taxes on recordation and wills in the amount of \$72,209 and meals tax in the amount of \$52,520.
- The revenues from charges for services increased by \$451,509. Of this amount, \$203,110 is attributable to governmental activities and \$248,399 is attributable to business-type activities. Within governmental activities, the most significant factor is the increase of \$157,608 in court fines and forfeitures. Within business-type activities, the most significant factor is the increase of \$205,936 from the operation of the broadband network. FY2013-2014 is the first full year of operation for the network. Within business-type activities, the balance of the increase is relative to water and sewer revenues from the Piney River system.
- Expenses reflected an overall net increase of \$1,262,751. Of this amount, \$1,142,303 is attributable to governmental activities and \$120,448 is from business-type activities.
- The increase in expenses for governmental activities includes an increase of \$1,185,758 in education expense and an increase of \$832,653 in public safety expense. These increases were offset by a decrease of \$483,965 in community development expense and a decrease of \$405,302 in interest expense for long-term debt.
- The community development function reported an increase in expenditures of \$599,808 in FY2012-2013 attributable to the CDBG Dental Center renovation project, the Blue Ridge Railway Trail project and USDA Specialty Crop Grant expenditures. These expenditures were not recurring in FY2013-2014 and are the significant factors relative to the reduction of \$483,965.
- The business activities reported an increase in operational expenses of \$120,448. Of this amount \$23,724 is attributable to the Piney River water and sewer operations and \$96,724 is attributable to the Nelson County broadband network which had its first full year of operation in FY2013-2014.

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of 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 \$22,270,144, a decrease of \$384,812 from the prior year. Approximately, 91.3 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 \$89,816
- Restricted fund balance of \$8,266
- Committed fund balance of \$1,837,310

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

Financial Analysis of the Government's Funds: (Continued)

The general fund is the chief operating fund of the County. As of June 30, 2014, total fund balance of the general fund was \$20,507,836, of which \$20,334,752 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 unassigned fund balance represents 67.5 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$14,536,957. Total fund balance represents 68.0 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$164,726 during the current fiscal year. Key factors in this increase are as follows:

- Overall General Fund revenues increased by \$1,076,470. Local revenues increased by \$585,539 of which \$474,511 can be attributed to general property taxes and other local taxes. State revenues increased by \$178,048 and federal revenues increased by \$312,883.
- However, expenditures increased by \$2,874,475. The increased expenditures are attributable primarily to increases in public safety expenditures (\$386,506), education expenditures (\$1,300,507) and capital projects expense (\$1,147,783).
- Transfers out for debt service and support of business-type activities (broadband network and Piney River water and sewer) decreased by 992,281 in FY2013-2014. Transfers in increased by \$350,000 from the Capital Fund to be utilized in the General Fund for school buses and other miscellaneous capital projects for the school division.
- General Fund balance restricted in FY2012-2013 in the amount of \$1,645,080 provided for \$850,863 of capital project expenditures in FY2013-2014.

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 \$84,874. This is an increase from the prior year of \$5,882.

Unrestricted net position of the Broadband Authority at the end of the fiscal year was \$370,511 as compared to \$306,838 in the prior year. This is primarily attributable to growth in the subscriber base during the network's first full year of operation.

General Fund Budgetary Highlights

The final amended budgeted appropriations for the General Fund were \$675,878 more than the original budgeted expenditure appropriations, which is 2 percent of the total original budget, and can be briefly summarized as follows:

- A supplemental appropriation was approved to provide funding for the public safety radio project in the amount of \$296,240. These funds had been allocated in a prior year but had not been expended.
- Supplemental appropriations to the Sheriff's department were approved in the amount of \$91,311 for expenditure of both state and federal asset forfeiture receipts.
- Supplemental appropriations for education expense were approved in the amount of \$195,000 which included \$170,000 for various school capital projects and \$25,000 to provide the local match for a school security equipment grant.

General Fund Budgetary Highlights: (Continued)

- The Board approved various other supplemental appropriations. Refer to Schedule 2 for details of the increases and decreases by department.
- Contingency reserves also provided for various transfers within the General Fund appropriated budget.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2014 is \$31,273,243 (net of accumulated depreciation and is a decrease of \$379,775 from the previous fiscal year). This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, and construction in progress.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 573,234	\$ 425,761	\$ 40,000	\$ 40,000	\$ 613,234	\$ 465,761
Infrastructure	-	-	5,103,217	5,289,086	5,103,217	5,289,086
Buildings and improvements	25,572,161	27,088,285	-	-	25,572,161	27,088,285
Machinery and equipment	1,986,269	2,154,196	3,002,870	3,091,584	4,989,139	5,245,780
Construction in progress	3,141,579	1,984,776	-	-	3,141,579	1,984,776
Total	\$ 31,273,243	\$ 31,653,018	\$ 8,146,087	\$ 8,420,670	\$ 39,419,330	\$ 40,073,688

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

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

**County of Nelson's Outstanding Debt
For the Year Ended June 30, 2014**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Lease Revenue Refunding	\$ 9,045,000	\$ 9,510,000	\$ -	\$ -	\$ 9,045,000	\$ 9,510,000
General Obligation Bonds	8,940,000	9,645,000	-	-	8,940,000	9,645,000
Revenue Bonds	2,360,000	2,765,000	1,102,556	1,116,838	3,462,556	3,881,838
Refunding Revenue Bonds	6,740,000	7,305,000	-	-	6,740,000	7,305,000
Retirement Incentive Loan	239,824	290,563	-	-	239,824	290,563
Total	\$ 27,324,824	\$ 29,515,563	\$ 1,102,556	\$ 1,116,838	\$ 28,427,380	\$ 30,632,401

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 can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County was 4.8 percent (June 2014), which is a decrease from the rate of 5.8 percent a year ago (June 2013). This compares favorably to the state's average unemployment rate of 5.4 percent (June 2014) and the national average rate of 6.1 percent (June 2014). These rates were obtained from the Virginia Employment Commission's Labor Market Data.
- Due to current housing market conditions, the County continues steady decline in building permit fees but anticipates this will become more stable going forward. The County does not anticipate recovery of the housing market to generate building permit fees at the level realized in fiscal year 2007-2008. Recordation taxes, also impacted by housing market conditions, remain fairly level with the exception of Fiscal Year 2013-2014 which reflects the impact of an unusually large transaction.
- The County anticipates some reductions in state aid to localities at least in the next two fiscal years due to shortfalls in projected state revenues. The reduction in Fiscal Year 2014-2015 is anticipated to be \$29,697 with a similar reduction anticipated in Fiscal Year 2015-2016.
- A property reassessment effective for 2014 has been completed and reflects an 18.6% decline in property values. Tax rates for both real estate and personal property were adjusted to compensate for this decline in real property values.

All of these factors were considered in preparing the County's budget for the 2014-2015 fiscal year.

Requests for Information

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

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2014

	Governmental Activities	Business-type Activities	Total	Component Units	
				School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 20,008,821	\$ 429,487	20,438,308	\$ 1,901,925	\$ 31,344
Restricted cash	-	35,215	35,215	-	-
Investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,608,669	-	12,608,669	-	-
Accounts receivable	325,770	41,174	366,944	22,497	58,240
Notes receivable	-	-	-	-	128,000
Connection fees receivable	-	34,869	34,869	-	-
Due from component unit	567,956	-	567,956	-	-
Due from other governmental units	1,647,064	-	1,647,064	561,215	-
Inventories	-	-	-	61,893	-
Prepaid items	89,816	-	89,816	17,734	-
Capital assets (net of accumulated depreciation):					
Land and improvements	573,234	40,000	613,234	851,210	-
Buildings and improvements	25,572,161	-	25,572,161	14,021,219	-
Infrastructure and equipment	-	8,106,087	8,106,087	-	-
Machinery and equipment	1,986,269	-	1,986,269	1,323,678	-
Construction in progress	3,141,579	-	3,141,579	-	-
Total assets	\$ 66,521,339	\$ 8,686,832	\$ 75,208,171	\$ 18,761,371	\$ 217,584
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	\$ 372,775	\$ -	\$ 372,775	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ 630,809	\$ 47,225	\$ 678,034	\$ 63,315	\$ 4,168
Accrued liabilities	-	-	-	1,585,395	-
Amounts held for others	105,153	-	105,153	-	-
Accrued interest payable	412,300	2,920	415,220	-	-
Due to primary government	-	-	-	567,956	-
Unearned revenue	56,467	-	56,467	-	-
Long-term liabilities:					
Due within one year	2,441,314	14,915	2,456,229	138,971	-
Due in more than one year	27,623,927	1,087,641	28,711,568	2,521,439	-
Total liabilities	\$ 31,269,970	\$ 1,152,701	\$ 32,422,671	\$ 4,877,076	\$ 4,168
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - taxes	\$ 10,468,030	\$ -	\$ 10,468,030	\$ -	\$ -
NET POSITION					
Net investment in capital assets	\$ 2,835,601	\$ 7,043,531	\$ 9,879,132	\$ 14,131,134	\$ -
Restricted for:					
Debt service and bond covenants	-	35,215	35,215	-	-
Unrestricted (deficit)	22,320,513	455,385	22,775,898	(246,839)	213,416
Total net position	\$ 25,156,114	\$ 7,534,131	\$ 32,690,245	\$ 13,884,295	\$ 213,416

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

COUNTY OF NELSON, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,024,078	\$ -	\$ 298,312	\$ -
Judicial administration	760,170	460,349	439,182	-
Public safety	5,037,123	197,562	934,783	-
Public works	2,121,760	163,764	6,890	-
Health and welfare	2,506,489	-	1,240,699	-
Education	16,169,175	-	-	-
Parks, recreation, and cultural	565,861	57,248	5,000	-
Community development	928,029	4,324	-	431,654
Interest on long-term debt	968,301	-	-	-
Total governmental activities	\$ 31,080,986	\$ 883,247	\$ 2,924,866	\$ 431,654
Business-type activities:				
Piney River Water & Sewer	358,242	148,844	-	-
Nelson County Broadband Authority	383,082	232,006	-	-
Total primary government	\$ 31,822,310	\$ 1,264,097	\$ 2,924,866	\$ 431,654
COMPONENT UNITS:				
School Board	\$ 25,179,072	\$ 424,703	\$ 9,507,514	\$ -
Nelson County Economic Development Authority	16,503	9,132	-	-
Total component units	\$ 25,195,575	\$ 433,835	\$ 9,507,514	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Meals taxes				
Transient occupancy tax				
Motor vehicle licenses				
Other local taxes				
Payment from County of Nelson -- Education				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
\$ (1,725,766)	\$ -	\$ (1,725,766)		
139,361	-	139,361		
(3,904,778)	-	(3,904,778)		
(1,951,106)	-	(1,951,106)		
(1,265,790)	-	(1,265,790)		
(16,169,175)	-	(16,169,175)		
(503,613)	-	(503,613)		
(492,051)	-	(492,051)		
(968,301)	-	(968,301)		
<u>\$ (26,841,219)</u>	<u>\$ -</u>	<u>\$ (26,841,219)</u>		
-	(209,398)	(209,398)		
-	(151,076)	(151,076)		
<u>\$ (26,841,219)</u>	<u>\$ (360,474)</u>	<u>\$ (27,201,693)</u>		
			\$ (15,246,855)	\$ -
			<u>-</u>	<u>(7,371)</u>
			<u>\$ (15,246,855)</u>	<u>\$ (7,371)</u>
\$ 21,779,423	\$ -	\$ 21,779,423	\$ -	\$ -
1,059,452	-	1,059,452	-	-
469,621	-	469,621	-	-
879,731	-	879,731	-	-
417,453	-	417,453	-	-
692,264	-	692,264	-	-
503,507	-	503,507	-	-
-	-	-	15,596,207	-
125,442	-	125,442	36	8,969
80,201	-	80,201	240,901	-
2,458,708	-	2,458,708	-	-
(176,035)	176,035	-	-	-
<u>\$ 28,289,767</u>	<u>\$ 176,035</u>	<u>\$ 28,465,802</u>	<u>\$ 15,837,144</u>	<u>\$ 8,969</u>
\$ 1,448,548	\$ (184,439)	\$ 1,264,109	\$ 590,289	\$ 1,598
<u>23,707,566</u>	<u>7,718,570</u>	<u>31,426,136</u>	<u>13,294,006</u>	<u>211,818</u>
<u>\$ 25,156,114</u>	<u>\$ 7,534,131</u>	<u>\$ 32,690,245</u>	<u>\$ 13,884,295</u>	<u>\$ 213,416</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 At June 30, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 18,221,270	\$ 185,235	\$ 1,602,266	\$ 50	\$ 20,008,821
Receivables (net of allowance):					
Property taxes receivable, net	12,608,669	-	-	-	12,608,669
Accounts receivable	325,770	-	-	-	325,770
Due from component unit	567,956	-	-	-	567,956
Due from other governmental units	1,647,064	-	-	-	1,647,064
Prepaid items	89,816	-	-	-	89,816
Total assets	\$ 33,460,545	\$ 185,235	\$ 1,602,266	\$ 50	\$ 35,248,096
Liabilities					
Accounts payable	\$ 605,566	\$ -	\$ 25,243	\$ -	\$ 630,809
Amounts held for others	105,153	-	-	-	105,153
Unearned revenue	56,467	-	-	-	56,467
Total liabilities	\$ 767,186	\$ -	\$ 25,243	\$ -	\$ 792,429
Deferred Inflows of Resources					
Unavailable revenue - prepaid taxes	\$ 218,341	\$ -	\$ -	\$ -	\$ 218,341
Unavailable revenue - taxes	11,967,182	-	-	-	11,967,182
Total deferred inflows of resources	\$ 12,185,523	\$ -	\$ -	\$ -	\$ 12,185,523
Fund balance					
Nonspendable	\$ 89,816	\$ -	\$ -	\$ -	\$ 89,816
Restricted	-	8,266	-	-	8,266
Committed	83,268	176,969	1,577,023	50	1,837,310
Unassigned	20,334,752	-	-	-	20,334,752
Total fund balances	\$ 20,507,836	\$ 185,235	\$ 1,577,023	\$ 50	\$ 22,270,144
Total liabilities, deferred inflows of resources, and fund balances	\$ 33,460,545	\$ 185,235	\$ 1,602,266	\$ 50	\$ 35,248,096

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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	22,270,144
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land and improvements	\$	573,234	
Construction in progress		3,141,579	
Buildings and improvements, net of depreciation		11,345,912	
Equipment, net of depreciation		1,986,269	
School Board capital assets, net of depreciation		<u>14,226,249</u>	31,273,243

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	1,717,493
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Compensated absences are not payable with current assets and accordingly are not reported as fund liabilities.	(342,496)
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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	\$	(412,300)	
Bonds, notes and capital leases payable		(27,085,000)	
Bond premiums		(1,352,642)	
Deferred charge on refunding		372,775	
Early retirement incentive obligation		(239,824)	
Accrued landfill remediation costs		<u>(1,021,331)</u>	(29,738,322)

Net OPEB obligation not reported in the funds	<u>(23,948)</u>
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Net position of governmental activities	\$	<u><u>25,156,114</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 21,894,598	\$ -	\$ -	\$ -	\$ 21,894,598
Other local taxes	4,022,028	-	-	-	4,022,028
Permits, privilege fees, and regulatory licenses	188,116	-	-	-	188,116
Fines and forfeitures	436,296	-	-	-	436,296
Revenue from the use of money and property	125,392	-	50	-	125,442
Charges for services	258,835	-	-	-	258,835
Miscellaneous	80,201	-	-	-	80,201
Recovered costs	621,462	-	-	-	621,462
Intergovernmental revenues:					
Revenue from the Commonwealth	4,781,049	-	-	-	4,781,049
Revenue from the Federal Government	1,031,479	-	-	2,700	1,034,179
Total revenues	\$ 33,439,456	\$ -	\$ 50	\$ 2,700	\$ 33,442,206
Expenditures					
Current:					
General government administration	\$ 1,721,530	\$ -	\$ -	\$ -	\$ 1,721,530
Judicial administration	757,806	-	-	-	757,806
Public safety	4,838,651	-	-	-	4,838,651
Public works	2,057,624	-	-	-	2,057,624
Health and welfare	2,517,465	-	-	-	2,517,465
Education	14,539,674	-	-	-	14,539,674
Parks, recreation, and cultural	459,772	-	-	-	459,772
Community development	789,983	-	-	-	789,983
Nondepartmental	65,419	-	-	-	65,419
Capital projects	2,372,463	-	220,822	-	2,593,285
Debt service:					
Principal retirement	-	2,190,739	-	-	2,190,739
Interest and other fiscal charges	-	1,119,035	-	-	1,119,035
Total expenditures	\$ 30,120,387	\$ 3,309,774	\$ 220,822	\$ -	\$ 33,650,983
Excess (deficiency) of revenues over (under) expenditures	\$ 3,319,069	\$ (3,309,774)	\$ (220,772)	\$ 2,700	\$ (208,777)
Other financing sources (uses)					
Transfers in	\$ 350,000	\$ 3,331,008	\$ -	\$ -	\$ 3,681,008
Transfers out	(3,504,343)	-	(350,000)	(2,700)	(3,857,043)
Total other financing sources (uses)	\$ (3,154,343)	\$ 3,331,008	\$ (350,000)	\$ (2,700)	\$ (176,035)
Net change in fund balances	\$ 164,726	\$ 21,234	\$ (570,772)	\$ -	\$ (384,812)
Fund balance, beginning of year	20,343,110	164,001	2,147,795	50	22,654,956
Fund balance, end of year	\$ 20,507,836	\$ 185,235	\$ 1,577,023	\$ 50	\$ 22,270,144

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, 2014

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

Net change in fund balances - total governmental funds - Exhibit 5 \$ (384,812)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 2,185,731	
Depreciation expense	(1,404,006)	
Adjustment for jointly owned capital assets	<u>(1,059,250)</u>	(277,525)

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. (102,250)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (115,175)

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.

Increase in landfill liability	\$ (14,101)	
Repayments:		
Lease revenue refunding bonds	465,000	
Less: Amortization of deferred charge on refunding	(48,801)	
General obligation school bonds	705,000	
Plus: Amortization of issuance premium	45,965	
Lease revenue bonds	565,000	
Plus: Amortization of issuance premium	116,457	
Infrastructure revenue bonds	405,000	
Plus: Amortization of issuance premium	47,145	
Early retirement incentive obligation	<u>50,739</u>	
Net adjustment		2,337,404

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	\$ (1,113)	
Net OPEB obligation	2,051	
Accrued interest payable	<u>(10,032)</u>	(9,094)

Change in net position of governmental activities \$ 1,448,548

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 68,516	\$ 360,971	\$ 429,487
Restricted cash	35,215	-	35,215
Accounts receivable, net	30,953	10,221	41,174
Connection fees receivable, current portion	-	8,596	8,596
Total current assets	\$ 134,684	\$ 379,788	\$ 514,472
Noncurrent assets:			
Capital Assets:			
Land	\$ 40,000	\$ -	\$ 40,000
Other capital assets, net of accumulated depreciation	5,103,217	3,002,870	8,106,087
Total capital assets	\$ 5,143,217	\$ 3,002,870	\$ 8,146,087
Connection fees receivable, net of current portion	\$ -	\$ 26,273	\$ 26,273
Total noncurrent assets	\$ 5,143,217	\$ 3,029,143	\$ 8,172,360
Total assets	\$ 5,277,901	\$ 3,408,931	\$ 8,686,832
Liabilities:			
Current liabilities:			
Accounts payable	\$ 11,675	\$ 35,550	\$ 47,225
Accrued interest payable	2,920	-	2,920
Current portion of bonds payable	14,915	-	14,915
Total current liabilities	\$ 29,510	\$ 35,550	\$ 65,060
Long-term liabilities			
Bonds payable, net of current portion	\$ 1,087,641	\$ -	\$ 1,087,641
Total long-term liabilities	1,087,641	-	1,087,641
Total liabilities	\$ 1,117,151	\$ 35,550	\$ 1,152,701
Net Position:			
Net investment in capital assets	\$ 4,040,661	\$ 3,002,870	\$ 7,043,531
Restricted for:			
Debt service and bond covenants	35,215	-	35,215
Unrestricted	84,874	370,511	455,385
Total net position	\$ 4,160,750	\$ 3,373,381	\$ 7,534,131

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, 2014

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Piney River Water & Sewer Fund</u>	<u>Nelson County Broadband Authority</u>	<u>Total</u>
Operating revenues:			
Charges for services, net	\$ 148,844	\$ 232,006	\$ 380,850
Total operating revenues	<u>\$ 148,844</u>	<u>\$ 232,006</u>	<u>\$ 380,850</u>
Operating expenses:			
Water & sewer service	\$ 42,005	\$ -	\$ 42,005
Maintenance & repairs	44,976	450	45,426
Other charges	29,282	203,115	232,397
Depreciation expense	193,226	179,517	372,743
Total operating expenses	<u>\$ 309,489</u>	<u>\$ 383,082</u>	<u>\$ 692,571</u>
Operating income (loss)	<u>\$ (160,645)</u>	<u>\$ (151,076)</u>	<u>\$ (311,721)</u>
Nonoperating expense:			
Interest expense	\$ 48,753	\$ -	\$ 48,753
Net nonoperating expense	<u>\$ 48,753</u>	<u>\$ -</u>	<u>\$ 48,753</u>
Income(loss) before transfers	<u>\$ (209,398)</u>	<u>\$ (151,076)</u>	<u>\$ (360,474)</u>
Transfers:			
Transfers in	\$ 50,000	\$ 126,035	\$ 176,035
Total transfers	<u>\$ 50,000</u>	<u>\$ 126,035</u>	<u>\$ 176,035</u>
Change in net position	\$ (159,398)	\$ (25,041)	\$ (184,439)
Net position, beginning of year	<u>4,320,148</u>	<u>3,398,422</u>	<u>7,718,570</u>
Net position, end of year	<u>\$ 4,160,750</u>	<u>\$ 3,373,381</u>	<u>\$ 7,534,131</u>

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

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2014

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Piney River Water & Sewer Fund</u>	<u>Nelson County Broadband Authority</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers	\$ 140,720	\$ 197,477	\$ 338,197
Payments to suppliers	<u>(109,828)</u>	<u>(184,650)</u>	<u>(294,478)</u>
Net cash provided by (used for) operating activities	<u>\$ 30,892</u>	<u>\$ 12,827</u>	<u>\$ 43,719</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	\$ (7,357)	\$ (90,803)	\$ (98,160)
Principal repayments on bonds payable	(14,282)	-	(14,282)
Interest paid on bonds payable	<u>(48,791)</u>	<u>-</u>	<u>(48,791)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (70,430)</u>	<u>\$ (90,803)</u>	<u>\$ (161,233)</u>
Cash flows from noncapital financing activities			
Transfers from local government	<u>\$ 50,000</u>	<u>\$ 126,035</u>	<u>\$ 176,035</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 10,462</u>	<u>\$ 48,059</u>	<u>\$ 58,521</u>
Cash and cash equivalents, beginning of year	<u>93,269</u>	<u>312,912</u>	<u>406,181</u>
Cash and cash equivalents, end of year (including restricted cash of \$35,215)	<u><u>\$ 103,731</u></u>	<u><u>\$ 360,971</u></u>	<u><u>\$ 464,702</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (160,645)	\$ (151,076)	\$ (311,721)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	193,226	179,517	372,743
Changes in assets and liabilities:			
Accounts receivable	(8,124)	(34,529)	(42,653)
Accounts payable	<u>6,435</u>	<u>18,915</u>	<u>25,350</u>
Net cash provided by (used for) operating activities	<u><u>\$ 30,892</u></u>	<u><u>\$ 12,827</u></u>	<u><u>\$ 43,719</u></u>
Supplemental information:			
Interest paid during year	\$ 48,791	\$ -	\$ 48,791
Change in accrued interest payable	<u>(38)</u>	<u>-</u>	<u>(38)</u>
Interest expense for year	<u><u>\$ 48,753</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 48,753</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
 At June 30, 2014

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 409,582
Other receivables	<u>1,203</u>
Total assets	<u>\$ 410,785</u>
Liabilities:	
Amounts held for others	<u>\$ 410,785</u>
Total liabilities	<u>\$ 410,785</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, 2014

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 15,161 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 Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

A. Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). 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, 2014.

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, 2014 (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 issuance 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 proprietary fund type. A copy of the Authority's financial statements may be obtained from the Nelson County Administrator's office.

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 2014 and provides space for its administrative offices. The County also paid \$162,812 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 \$260,408 for operations to the Jefferson-Madison Regional Library, \$92,586 to the Region Ten Community Services Board, \$17,740 to the Thomas Jefferson Planning District Commission, \$693,776 to the Albemarle-Charlottesville Regional Jail Authority, and \$96,500 to the Jefferson Area Board for Aging.

In June 2008, the County entered into a Use Agreement with the Region 2000 Services Authority to make use of its facilities. The Region 2000 Services Authority was formed by five participating jurisdictions to operate solid waste disposal landfills. The operating and debt service costs of the Region 2000 Services Authority are funded through the charging of tipping fees. In 2014, the County paid the Region 2000 Services Authority \$273,243 in tipping fees. See Note 19 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.

COUNTY OF NELSON, VIRGINIA

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

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

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

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

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

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

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

COUNTY OF NELSON, VIRGINIA

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

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 agency). 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 2014.

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.

The following is a brief description of the specific funds used by the County in fiscal year 2014.

- 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.
- 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.

COUNTY OF NELSON, VIRGINIA

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

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 Agency Funds):

Fiduciary Funds (Trust and Agency 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.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency 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 an agency capacity. The Agency Funds consist of the Special Welfare and EMS Loan Funds.

The County has no Trust Funds.

4. Component Units:

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

– Governmental Fund:

- ~ 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.

COUNTY OF NELSON, VIRGINIA

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

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

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

4. Component Units: (Continued)

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

E. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments for the County, as well as for its component units, are reported at fair value.

G. Restricted Cash:

Restricted cash has been recorded for funds held for restricted purposes.

The Piney River Water and Sewer Fund has recorded \$35,215 in restricted cash. This amount represents the reserve required to be established by the loan agreement. See Note 7 for further discussion.

H. 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.

I. 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.

COUNTY OF NELSON, VIRGINIA

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

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

I. Budgets and Budgetary Accounting: (Continued)

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

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Housing Improvement Fund, the Piney River Water & Sewer Fund, the Street Lights 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, 2014, as adopted, appropriated and legally amended.

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

J. 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 \$373,092 at June 30, 2014. The allowance is comprised of property taxes, landfill fees, EMS charges, and sewer charges.

COUNTY OF NELSON, VIRGINIA

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

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

K. Capital Assets

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

Maintenance, repairs, and minor equipment and infrastructure are charged to operations when incurred. Expenses that materially change the capacities or extend the useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Property, plant, and equipment and infrastructure of the primary government, as well as the component units, are depreciated 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

L. Compensated Absences

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

M. 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.

N. Long-Term Obligations

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

COUNTY OF NELSON, VIRGINIA

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

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

N. Long-Term Obligations: (Continued)

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.

O. 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.

Under GASB 54, 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 sale, and long-term receivables.

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

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

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

COUNTY OF NELSON, VIRGINIA

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

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

O. Fund Equity: (Continued)

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

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

Category	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Primary Government	Component Unit School Board
Nonspendable:						
Prepaid items	\$ 89,816	\$ -	\$ -	\$ -	\$ 89,816	\$ 17,734
Inventory	-	-	-	-	-	61,893
Total Nonspendable	<u>\$ 89,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,816</u>	<u>\$ 79,627</u>
Restricted:						
Unexpended Bond Proceeds	\$ -	\$ 8,266	\$ -	\$ -	\$ 8,266	-
Total Restricted	<u>\$ -</u>	<u>\$ 8,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,266</u>	<u>\$ -</u>
Committed:						
Ryan School Reserve	\$ 39,071	\$ -	\$ -	\$ -	\$ 39,071	-
Reassessment	44,197	-	-	-	44,197	-
Debt Service	-	176,969	-	-	176,969	-
Community Development	-	-	-	50	50	-
Textbooks	-	-	-	-	-	181,155
Cafeteria	-	-	-	-	-	167,443
Courthouse Construction	-	-	679,079	-	679,079	-
Capital Projects	-	-	897,944	-	897,944	-
Total Committed	<u>\$ 83,268</u>	<u>\$ 176,969</u>	<u>\$ 1,577,023</u>	<u>\$ 50</u>	<u>\$ 1,837,310</u>	<u>\$ 348,598</u>
Unassigned	<u>\$ 20,334,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,334,752</u>	<u>\$ (79,627)</u>
Total Fund Balance	<u>\$ 20,507,836</u>	<u>\$ 185,235</u>	<u>\$ 1,577,023</u>	<u>\$ 50</u>	<u>\$ 22,270,144</u>	<u>\$ 348,598</u>

P. Net Position

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

COUNTY OF NELSON, VIRGINIA

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

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

Q. Inventory

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

R. Net Position Flow Assumption

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

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The statement of financial position also reports deferred inflows of resources. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of 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. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, 2nd half installments and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

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.

COUNTY OF NELSON, VIRGINIA

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

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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 and certain corporate notes, 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, 2014 were held in the County’s name by the County’s custodial banks.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2014 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	
Local Government	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Money Market Mutual Fund	\$ 8,266
Local Government Investment Pool	48,435
Total	\$ 56,701
Component Unit -- Economic Development Authority	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 8,802

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair values of the positions in the Local Government Investment Pool (LGIP) and in SNAP are the same as the value of the pool shares. The LGIP is not SEC registered; regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF NELSON, VIRGINIA

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

NOTE 3—RECEIVABLES:

Receivables at June 30, 2014 consist of the following:

	Primary Government		Component Units	
	Governmental	Business- Type Activities	School	Economic
	Activities		Board	Development Authority
	General Fund			
Property taxes	\$ 12,853,486	\$ -	\$ -	\$ -
Penalties	56,194	-	-	-
Utility taxes	43,248	-	-	-
Recordation taxes	13,568	-	-	-
Court fines and fees	1,261	-	-	-
Lodging fees	31,756	-	-	-
Meals taxes	74,311	-	-	-
Landfill fees	16,925	-	-	-
EMS revenue recovery	191,378	-	-	-
Note receivable	-	-	-	128,000
E-rate reimbursement	-	-	17,713	-
Sewer charges	-	32,205	-	-
Broadband charges	-	10,221	-	-
Broadband connection fees	-	34,869	-	-
Other	24,152	-	4,784	58,240
Total receivables	\$ 13,306,279	\$ 77,295	\$ 22,497	\$ 186,240
Allowance for uncollectibles	(371,840)	(1,252)	-	-
Net receivables	\$ 12,934,439	\$ 76,043	\$ 22,497	\$ 186,240

A note receivable in the amount of \$128,000 was obtained in connection with the sale of land held by the Economic Development Authority (EDA) in December, 2007. The note and accrued interest were payable in full in June 2014. The note accrues interest at 7% per annum and is secured by a deed of trust. During 2013, the Board of the EDA agreed to extend the maturity date of the note to June 2014.

COUNTY OF NELSON, VIRGINIA

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

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government			Component
	Governmental			Unit
	Activities			
	General	Other		School
Fund	Governmental	Total	Board	
	Funds			
Commonwealth of Virginia:				
Local sales taxes	\$ 170,411	\$ -	\$ 170,411	-
State sales taxes	-	-	-	340,820
Personal property tax relief act	734,930	-	734,930	-
Comprehensive Services Act	69,195	-	69,195	-
Public assistance	29,566	-	29,566	-
Communications tax	80,307	-	80,307	-
Rolling stock tax	107,141	-	107,141	-
Shared expenses and grants	112,870	-	112,870	-
Other	54,180	-	54,180	-
Federal government:				
Public assistance	47,059	-	47,059	-
TEA-21 grant	234,495	-	234,495	-
Other	6,910	-	6,910	-
Federal pass-through school funds	-	-	-	220,395
Total	\$ 1,647,064	\$ -	\$ 1,647,064	\$ 561,215

COUNTY OF NELSON, VIRGINIA

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

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	\$ (3,331,008)
Transfer from the Capital projects fund	350,000
Transfer to the Broadband Fund	(123,335)
Transfer to the Piney River Water & Sewer fund to support operations	<u>(50,000)</u>
Net transfers from General Fund	<u>\$ (3,154,343)</u>
Transfer from the General Fund to pay principal and interest on long-term debt	<u>\$ 3,331,008</u>
Net transfers to Debt Service Fund	<u>\$ 3,331,008</u>
Transfer to the General Fund	<u>\$ (350,000)</u>
Net transfers to the Capital Projects Fund	<u>\$ (350,000)</u>
Transfer to the Broadband Fund	<u>\$ (2,700)</u>
Net transfers from the Housing Improvement Fund	<u>\$ (2,700)</u>
Transfer from the General Fund to support operations	<u>\$ 50,000</u>
Net transfers to the Piney River Water & Sewer Fund	<u>\$ 50,000</u>
Transfer from the General Fund to pay for broadband project	\$ 123,335
Transfer from the Housing Improvement Fund to pay for broadband project	<u>2,700</u>
Net transfers to the Broadband Authority Fund	<u>\$ 126,035</u>

The component unit School Board consists of only one fund.

COUNTY OF NELSON, VIRGINIA

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

NOTE 6—CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land and land improvements	\$ 425,761	\$ 151,473	\$ 4,000	\$ 573,234
Construction in progress	1,984,776	1,801,255	644,452	3,141,579
Total capital assets not being depreciated	<u>\$ 2,410,537</u>	<u>\$ 1,952,728</u>	<u>\$ 648,452</u>	<u>\$ 3,714,813</u>
Other capital assets:				
Buildings and improvements	\$ 14,484,055	\$ 644,452	\$ 288,303	\$ 14,840,204
Furniture, equipment and vehicles	4,573,003	233,003	66,405	4,739,601
School buildings, improvements and equipment *	20,585,000	-	1,420,000	19,165,000
Total other capital assets	<u>\$ 39,642,058</u>	<u>\$ 877,455</u>	<u>\$ 1,774,708</u>	<u>\$ 38,744,805</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 3,160,394	\$ 523,951	\$ 190,053	\$ 3,494,292
Furniture, equipment and vehicles	2,418,807	400,930	66,405	2,753,332
School buildings, improvements and equipment *	4,820,376	479,125	360,750	4,938,751
Total accumulated depreciation	<u>\$ 10,399,577</u>	<u>\$ 1,404,006</u>	<u>\$ 617,208</u>	<u>\$ 11,186,375</u>
Other capital assets, net	<u>\$ 29,242,481</u>	<u>\$ (526,551)</u>	<u>\$ 1,157,500</u>	<u>\$ 27,558,430</u>
Net capital assets	<u>\$ 31,653,018</u>	<u>\$ 1,426,177</u>	<u>\$ 1,805,952</u>	<u>\$ 31,273,243</u>
Depreciation expense was allocated as follows:				
General government administration		\$ 282,585		
Public safety		268,497		
Public works		253,836		
Health and welfare		15,111		
Education		479,125		
Parks, recreation and cultural		104,852		
Total depreciation expense		<u>\$ 1,404,006</u>		

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

COUNTY OF NELSON, VIRGINIA

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

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2013, as restated	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land and land improvements	\$ 851,210	\$ -	\$ -	\$ 851,210
Total capital assets not being depreciated	<u>\$ 851,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,210</u>
Other capital assets:				
Buildings and improvements	\$ 46,080,069	\$ 272,296	\$ -	\$ 46,352,365
Furniture, equipment and vehicles	4,524,547	237,349	-	4,761,896
School buildings, improvements and equipment allocated to County *	<u>(20,585,000)</u>	<u>1,420,000</u>	<u>-</u>	<u>(19,165,000)</u>
Total other capital assets	<u>\$ 30,019,616</u>	<u>\$ 1,929,645</u>	<u>\$ -</u>	<u>\$ 31,949,261</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 16,784,876	\$ 1,320,021	\$ -	\$ 18,104,897
Furniture, equipment and vehicles	3,148,139	290,079	-	3,438,218
School buildings, improvements and equipment allocated to County *	<u>(4,820,376)</u>	<u>(479,125)</u>	<u>(360,750)</u>	<u>(4,938,751)</u>
Total accumulated depreciation	<u>\$ 15,112,639</u>	<u>\$ 1,130,975</u>	<u>\$ (360,750)</u>	<u>\$ 16,604,364</u>
Other capital assets, net	<u>\$ 14,906,977</u>	<u>\$ 798,670</u>	<u>\$ 360,750</u>	<u>\$ 15,344,897</u>
Net capital assets	<u>\$ 15,758,187</u>	<u>\$ 798,670</u>	<u>\$ 360,750</u>	<u>\$ 16,196,107</u>
Depreciation expense allocated to education		<u>\$ 1,130,975</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 investment in capital assets.

Net capital assets	\$ 31,273,243
Less: Long-term debt applicable to capital assets at June 30, 2014	<u>28,437,642</u>
Net position investment in capital assets	<u>\$ 2,835,601</u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Business Type Activities:

Piney River Water & Sewer Operations

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</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	\$ 6,557,827	\$ 7,357	\$ -	\$ 6,565,184
Equipment	25,619	-	-	25,619
Total other capital assets	<u>\$ 6,583,446</u>	<u>\$ 7,357</u>	<u>\$ -</u>	<u>\$ 6,590,803</u>
Less: Accumulated depreciation for:				
Infrastructure	\$ 1,273,863	\$ 188,104	\$ -	\$ 1,461,967
Equipment	20,497	5,122	-	25,619
Total accumulated depreciation	<u>\$ 1,294,360</u>	<u>\$ 193,226</u>	<u>\$ -</u>	<u>\$ 1,487,586</u>
Other capital assets, net	<u>\$ 5,289,086</u>	<u>\$ (185,869)</u>	<u>\$ -</u>	<u>\$ 5,103,217</u>
Net capital assets	<u>\$ 5,329,086</u>	<u>\$ (185,869)</u>	<u>\$ -</u>	<u>\$ 5,143,217</u>

Nelson County Broadband Authority

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Other capital assets:				
Equipment	\$ 3,261,339	\$ 90,803	\$ -	\$ 3,352,142
Total other capital assets	<u>\$ 3,261,339</u>	<u>\$ 90,803</u>	<u>\$ -</u>	<u>\$ 3,352,142</u>
Less: Accumulated depreciation for:				
Equipment	\$ 169,755	\$ 179,517	\$ -	\$ 349,272
Total accumulated depreciation	<u>\$ 169,755</u>	<u>\$ 179,517</u>	<u>\$ -</u>	<u>\$ 349,272</u>
Other capital assets, net	<u>\$ 3,091,584</u>	<u>\$ (88,714)</u>	<u>\$ -</u>	<u>\$ 3,002,870</u>
Net capital assets	<u>\$ 3,091,584</u>	<u>\$ (88,714)</u>	<u>\$ -</u>	<u>\$ 3,002,870</u>

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

Net capital assets	\$ 8,146,087
Less: Long-term debt applicable to capital assets at June 30, 2014	<u>1,102,556</u>
Net position investment in capital assets	<u>\$ 7,043,531</u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Capital assets were restated as of July 1, 2013 as follows:

Component Unit School Board

	<u>Balance June 30, 2013</u>	<u>Restatement</u>	<u>Balance July 1, 2013, as restated</u>
Capital assets not being depreciated:			
Land and land improvements	\$ 851,210	\$ -	\$ 851,210
Total capital assets not being depreciated	<u>\$ 851,210</u>	<u>\$ -</u>	<u>\$ 851,210</u>
Other capital assets:			
Buildings and improvements	\$ 43,926,109	\$ 2,153,960	\$ 46,080,069
Furniture, equipment and vehicles	4,524,547	-	4,524,547
School buildings, improvements and equipment allocated to County	<u>(20,585,000)</u>	<u>-</u>	<u>(20,585,000)</u>
Total other capital assets	<u>\$ 27,865,656</u>	<u>\$ 2,153,960</u>	<u>\$ 30,019,616</u>
Less: Accumulated depreciation for:			
Buildings and improvements	\$ 16,784,876	-	\$ 16,784,876
Furniture, equipment and vehicles	3,148,139	-	3,148,139
School buildings, improvements and equipment *	<u>(4,820,376)</u>	<u>-</u>	<u>(4,820,376)</u>
Total accumulated depreciation	<u>\$ 15,112,639</u>	<u>\$ -</u>	<u>\$ 15,112,639</u>
Other capital assets, net	<u>\$ 12,753,017</u>	<u>\$ 2,153,960</u>	<u>\$ 14,906,977</u>
Net capital assets	<u>\$ 13,604,227</u>	<u>\$ 2,153,960</u>	<u>\$ 15,758,187</u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 7—LONG-TERM OBLIGATIONS:

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

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2014</u>
Primary Government:				
Governmental activities:				
Lease revenue refunding bonds	\$ 9,510,000	\$ -	\$ 465,000	\$ 9,045,000
General obligation bonds:				
School	9,645,000	-	705,000	8,940,000
Premium on issuance	285,082	-	45,965	239,117
Virginia Resource Authority:				
Infrastructure Revenue bonds:				
General	2,765,000	-	405,000	2,360,000
Premium on issuance	250,129	-	47,145	202,984
Refunding Revenue bonds:				
General	7,305,000	-	565,000	6,740,000
Premium on issuance	1,026,998	-	116,457	910,541
Retirement incentive obligation loan	290,563	-	50,739	239,824
Compensated absences	341,383	1,113	-	342,496
Net OPEB obligation	25,999	41,549	43,600	23,948
Landfill liability	1,007,230	14,101	-	1,021,331
	<u>32,452,384</u>	<u>56,763</u>	<u>2,443,906</u>	<u>30,065,241</u>
Total	\$	\$	\$	\$
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year			\$ 2,441,314	
Long-term liabilities due in more than one year			<u>27,623,927</u>	
Total			<u>\$ 30,065,241</u>	

COUNTY OF NELSON, VIRGINIA

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

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

	<u>Balance July 1, 2013</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2014</u>
Business-type activities:				
USDA Water Revenue Bond	\$ 473,554	-	\$ 6,226	\$ 467,328
USDA Sewer Revenue Bond	<u>643,284</u>	<u>-</u>	<u>8,056</u>	<u>635,228</u>
	<u>\$ 1,116,838</u>	<u>\$ -</u>	<u>\$ 14,282</u>	<u>\$ 1,102,556</u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 14,915
Long-term liabilities due in more than one year				<u>1,087,641</u>
Total				<u>\$ 1,102,556</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,214,099	\$ 1,109,282
2016	2,293,446	1,016,906
2017	2,393,073	921,239
2018	2,142,999	825,851
2019	2,162,774	728,819
2020-2024	11,056,554	2,290,537
2025-2029	5,371,447	549,935
2030-2034	157,448	157,912
2035-2039	196,056	119,304
2040-2044	244,140	71,220
2045-2048	<u>195,344</u>	<u>15,217</u>
Total	<u>\$ 28,427,380</u>	<u>\$ 7,806,222</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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>		
\$14,280,000 School Bonds, 2003, issued November 2003, due in various installments of \$420,000 to \$1,110,000 through January 2024, interest rates from 3.1% to 5.35%	\$ 8,940,000	\$ 700,000
Unamortized premium on issuance of 2003 School Bonds	<u>239,117</u>	<u>42,578</u>
Total general obligation school bonds	<u>\$ 9,179,117</u>	<u>\$ 742,578</u>
<u>Lease Revenue Refunding Bonds:</u>		
\$9,990,000 Lease Revenue Refunding Bonds Series 2012, issued March 2012, due in various semi-annual installments ranging from \$480,000 to \$860,000, through August 2027, interest rates at 2.75%	\$ <u>9,045,000</u>	\$ <u>480,000</u>
Total lease revenue refunding bonds	<u>\$ 9,045,000</u>	<u>\$ 480,000</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%.	\$ 6,740,000	\$ 540,000
Unamortized premium on issuance of 2013 VRA Bonds	<u>910,541</u>	<u>122,736</u>
Total VRA refunding revenue bonds	<u>\$ 7,650,541</u>	<u>\$ 662,736</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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>		
\$2,460,000 issued June 7, 2007 due in semi-annual installments of interest only through April, 2008, interest at 4.48%; annual installments of principal and semi-annual payments of interest thereafter through September, 2016 with principal installments in amounts ranging from \$230,000 to \$325,000 and interest rates ranging from 4.1% to 4.625%.	\$ 930,000	\$ 295,000
Unamortized premium	5,880	3,498
\$1,555,000 issued May 23, 2012 due in various installments of principal and interest through October 2022, interest payable semi-annually ranging from 3.445% to 5.125%.	1,430,000	130,000
Unamortized premium	<u>197,104</u>	<u>39,068</u>
Total Virginia Resource Authority Infrastructure Revenue Bonds	<u>\$ 2,562,984</u>	<u>\$ 467,566</u>
<u>Loan Payable - Early Retirement Incentive Costs:</u>		
The County School Board adopted the early retirement incentive program. The School Board's share of the liability for those employees who elected to participate totaled \$761,771. This obligation was refinanced with a loan from a bank in August, 1999. This liability is not included in the pension benefit obligation disclosed in Note 9. The loan is payable in annual installments of \$70,468 (including principal and interest) due May 1, 2018, interest at 6.79%.	\$ 239,824	\$ 54,184
Total governmental activities loans and bonds	<u>\$ 28,677,466</u>	<u>\$ 2,407,064</u>
Compensated absences	<u>\$ 342,496</u>	<u>\$ 34,250</u>
Net OPEB obligation	<u>\$ 23,948</u>	<u>\$ -</u>
Landfill liability	<u>\$ 1,021,331</u>	<u>\$ -</u>
Total governmental activities obligations	<u><u>\$ 30,065,241</u></u>	<u><u>\$ 2,441,314</u></u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Business-type activities:		
<u>USDA Revenue Bonds:</u>		
\$499,000 Water Revenue Bond, Series 2007, issued November 8, 2007, interest only due on November 8, 2008, and then monthly principal and interest payments of \$2,186 through October, 2047; interest at 4.25%	\$ 467,328	\$ 6,493
\$676,000 Water Revenue Bond, Series 2007, issued November 8, 2007, interest only due on November 8, 2008, and then monthly principal and interest payments of \$3,070 through October, 2047; interest at 4.5%	<u>635,228</u>	<u>8,422</u>
Total business-type activities long-term obligations	<u>\$ 1,102,556</u>	<u>\$ 14,915</u>

USDA Revenue Bonds

Under the terms of the USDA Water and Sewer Revenue Bonds, the County is required to establish a reserve equal to 10% of the monthly installments of principal and interest until an amount equal to twelve monthly installments has been established. The requirement to establish the reserve commences with the first scheduled monthly installment of principal and interest. The funds are not required to be held in a separate bank account.

The reserve was established in December 2008, and has a balance of \$35,215 at June 30, 2014. The reserve has been reflected as restricted cash in the accompanying financial statements.

The County paid \$48,753 in interest on the USDA Water and Sewer Bonds in fiscal 2014, of which \$0 has been capitalized in the accompanying financial statements.

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.

COUNTY OF NELSON, VIRGINIA

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

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Federal Arbitrage Regulations: (Continued)

The following is summary of long-term obligations transactions of the School Board for the year ended June 30, 2014:

	<u>Balance July 1, 2013, as restated *</u>	<u>Additions</u>	<u>Retirements & Other Reductions</u>	<u>Balance June 30, 2014</u>
School Board				
Compensated absences	\$ 384,870	\$ -	\$ 29,634	\$ 355,236
Energy improvement lease	2,162,010	-	97,037	2,064,973
Net OPEB obligation	<u>183,301</u>	<u>133,000</u>	<u>76,100</u>	<u>240,201</u>
Total	<u>\$ 2,730,181</u>	<u>\$ 133,000</u>	<u>\$ 202,771</u>	<u>\$ 2,660,410</u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 138,971
Long-term liabilities due in more than one year				<u>2,521,439</u>
Total				<u>\$ 2,660,410</u>

* The balance as of July 1, 2013 was restated in the amount of \$2,162,010 for the Energy Improvement Lease.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 103,447	\$ 43,844
2016	110,126	41,584
2017	117,082	39,179
2018	124,326	36,623
2019	131,868	33,910
2020-2024	783,663	122,877
2025-2029	<u>694,461</u>	<u>30,805</u>
Total	<u>\$ 2,064,973</u>	<u>\$ 348,822</u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
School Board		
<u>Energy Improvement Lease:</u>		
\$2,162,010 equipment lease/purchase agreement for energy improvements dated April 15, 2013. The lease is to be repaid in annual installments ranging from \$71,500 on October 15, 2013 to \$113,431 on October 15, 2027. Interest charged at a rate of 2.15%. Energy improvements of \$2,153,960 are included in buildings and improvements at year end.	\$ <u>2,064,973</u>	\$ <u>103,447</u>
Compensated absences	\$ <u>355,236</u>	\$ <u>35,524</u>
Net OPEB obligation	\$ <u>240,201</u>	\$ <u>-</u>
Total School Board long-term obligations	\$ <u><u>2,660,410</u></u>	\$ <u><u>138,971</u></u>

NOTE 8—COMPENSATED ABSENCES:

In accordance with GASB Statement 16, *Accounting for Compensated Absences*, the County and its components units have accrued the liability arising from all outstanding compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions.

The County's policy is to pay accrued vacation and compensatory time upon termination. Vacation time earned is limited to a maximum of 24 to 54 days, depending on years of service. Compensatory leave credits lapse after twelve months following the performance of work. School Board employees are paid up to 36 days of accrued vacation upon termination and at a rate of \$10 per day for sick leave only at retirement. Social Services employees are paid up to a maximum of 24 to 54 days of accrued vacation upon termination. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or \$2,500.

	<u>Balance July 1, 2013</u>	<u>Net Increase/ (Decrease)</u>	<u>Balance June 30, 2014</u>
Primary Government:			
Governmental activities	\$ <u>341,383</u>	\$ <u>1,113</u>	\$ <u>342,496</u>
Component Unit School Board	\$ <u>384,870</u>	\$ <u>(29,634)</u>	\$ <u>355,236</u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 9—PENSION PLAN:

A. Plan Description

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

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

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

VRS – PLAN 1

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

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

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

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

- 4. Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

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

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

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

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

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

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

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

VRS – PLAN 2

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

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

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

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

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers’ Retirement System (SPORS)
 - Members of the Virginia Law Officers’ Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

3. *Non-Eligible Members: (Continued)

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

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

5. Creditable Service

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

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

6. Vesting

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

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

6. Vesting (Continued)

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

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

Distribution is not required by law until age 70½.

7. Calculating the Benefit

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

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

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

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

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

10. Normal Retirement Age

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

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

11. Earliest Unreduced Retirement Eligibility

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

12. Earliest Reduced Retirement Eligibility

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

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

13. Cost-of-Living Adjustment (COLA) in Retirement

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

Defined Contribution Component - Not Applicable.

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

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

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

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

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

17. Purchase of Prior Service

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

Defined Contribution Component - Not Applicable.

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

COUNTY OF NELSON, VIRGINIA

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

NOTE 9—PENSION PLAN: (CONTINUED)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were **13.15%** and **9.21%** of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,307,433, \$1,241,762, and \$1,175,937, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of **\$489,444** was equal to the County's required and actual contributions.

Three-Year Trend Information for the County

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2012	\$ 360,280	100%	-
June 30, 2013	474,882	100%	-
June 30, 2014	489,444	100%	-

(1) Employer portion only

COUNTY OF NELSON, VIRGINIA

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

NOTE 9—PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

For fiscal year 2014, School Board’s annual pension cost of \$146,880 was equal to the School Board’s required and actual contributions.

Three-Year Trend Information for the School Board:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
School Board Non-Professional:			
June 30, 2012	116,455	100%	-
June 30, 2013	141,101	100%	-
June 30, 2014	146,880	100%	-

(1) Employer portion only

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

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County’s plan was 77.59% funded. The actuarial accrued liability for benefits was \$16,752,433, and the actuarial value of assets was \$12,997,433, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,755,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,599,440 and ratio of the UAAL to the covered payroll was 104.32%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board’s plan was 82.29% funded. The actuarial accrued liability for benefits was \$6,196,006, and the actuarial value of assets was \$5,098,543, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,097,463. The covered payroll (annual payroll of active employees covered by the plan) was \$1,524,912 and ratio of the UAAL to the covered payroll was 71.97%.

COUNTY OF NELSON, VIRGINIA

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

NOTE 9—PENSION PLAN: (CONTINUED)

D. Funding Status and Progress: (Continued)

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

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE:

A. Plan Descriptions

County

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 200 - 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.

School Board

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

Eligible retirees under the age of 65 may choose one of the following health insurance options: (a) Local Choice Expanded Benefits --PPO, (b) Local Choice 2000 - PPO, or (c) Local Choice High Deductible - 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 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.

COUNTY OF NELSON, VIRGINIA

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

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

B. Funding Policies

County

The contribution requirements of plan members and the County are established and may be amended by the County Board of Supervisors. For eligible retirees, 100% of the nominal premium is the responsibility of the retiree. As of July 1, 2013, monthly required premiums were as follows:

	<u>Monthly premium owed by retiree</u>		
	<u>Retiree</u>	<u>Retiree and one dependent</u>	<u>Family</u>
Key Advantage 200 -- PPO	\$ 507	\$ 938	\$ 1,369
Key Advantage Expanded Benefits -- PPO	\$ 526	\$ 973	\$ 1,420
Key Advantage 65 -- PPO	\$ 152	\$ 304	N/A

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.

School Board

The contribution requirements of plan members and the School Board are established and may be amended by the School Board. For eligible retirees, 100% of the nominal premium is the responsibility of the retiree. For the year beginning October 1, 2013, monthly required premiums were as follows:

	<u>Monthly premium owed by retiree</u>		
	<u>Retiree</u>	<u>Retiree and one dependent</u>	<u>Family</u>
Local Choice Expanded Benefits -- PPO	\$ 444	\$ 821	\$ 1,199
Local Choice 200 -- PPO	\$ 429	\$ 794	\$ 1,158
Local Choice High Deductible -- PPO	\$ 324	\$ 599	\$ 875
Advantage 65 -- PPO	\$ 176	\$ 352	N/A

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.

COUNTY OF NELSON, VIRGINIA

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

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

C. Annual OPEB Cost and Net OPEB Obligation

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

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and the School Board. The following table presents the components of the County’s and the School Board’s annual OPEB cost for the year, the estimated contributions to the Plans, and changes in the County’s and the School Board’s net obligations for the Plans:

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 41,600	\$ 136,600
Interest on OPEB obligation	910	6,400
Adjustment to ARC	<u>(961)</u>	<u>(10,000)</u>
Annual OPEB cost	\$ 41,549	\$ 133,000
Estimated contributions made	<u>(43,600)</u>	<u>(76,100)</u>
Increase in net OPEB obligation	\$ (2,051)	\$ 56,900
Net OPEB obligation at beginning of year	<u>25,999</u>	<u>183,301</u>
Net OPEB obligation at end of year	<u>\$ 23,948</u>	<u>\$ 240,201</u>

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

<u>Fiscal Year Ending:</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
June 30, 2012	\$ 30,487	93.15%	\$ 23,445
June 30, 2013	40,754	93.73%	25,999
June 30, 2014	41,549	104.94%	23,948
School Board:			
Non-professional			
June 30, 2012	\$ 124,069	73.10%	\$ 130,501
June 30, 2013	133,400	60.42%	183,301
June 30, 2014	133,000	57.22%	240,201

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

D. Funded Status and Funding Progress

At January 1, 2013, the most recent actuarial valuation date, the County Plan was unfunded. The actuarial accrued liability for benefits was \$545,700, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$545,700. The covered payroll (annual payroll of active employees covered by the plan) was \$3,270,200, and the ratio of the UAAL to the covered payroll was 16.69%.

At January 1, 2013, the most recent actuarial valuation date, the School Board Plan was unfunded. The actuarial accrued liability for benefits was \$1,274,900, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,274,000. The covered payroll (annual payroll of active employees covered by the plan) was \$12,329,100, and the ratio of the UAAL to the covered payroll was 10.34%.

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

E. Actuarial Methods and Assumptions

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

County

In the January 1, 2013, most recent actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.50% investment rate of return, and an annual healthcare cost trend rate based on the Getzen Trend Model (7.70% graded to 4.80% graded over 70 years). The payroll growth rate was assumed to be 3.00%, which reflects a 2.50% inflation rate and a productivity component of 1.25%. The payroll growth rate also incorporates a step rate/ promotional rate of increase ranging from .50% to 1.25% based on years of service.

The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at January 1, 2013 was 30 years.

COUNTY OF NELSON, VIRGINIA

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

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

E. Actuarial Methods and Assumptions: (Continued)

School Board

In the January 1, 2013, most recent actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.50% investment rate of return, and an annual healthcare cost trend rate based on the Getzen Trend Model (7.70% graded to 4.80% graded over 70 years). The payroll growth rate was assumed to be 3.00%.

The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at January 1, 2013 was 30 years.

NOTE 11—VRS HEALTH INSURANCE CREDIT - OTHER POSTEMPLOYMENT BENEFITS:

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$124,464, \$118,212, and \$62,099, respectively and equaled the required contributions for each year.

NOTE 12—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, 2014.

COUNTY OF NELSON, VIRGINIA

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

NOTE 13—DEFERRED/UNAVAILABLE/UNEARNED:

	<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.	\$ 10,249,689	\$ 11,967,182
Prepaid property taxes have been recorded as deferred revenue. Prepaid taxes collected are available for the funding of current expenditures.	<u>218,341</u>	<u>218,341</u>
Total primary government	<u>\$ 10,468,030</u>	<u>\$ 12,185,523</u>

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

NOTE 14—CONNECTION FEES RECEIVABLE:

When customers connect to the broadband network, the customer is charged a connection fee. The County agreed to collect a portion of these fees over a period up to five years. At June 30, 2014, the County had connection fees receivable in the amount of \$34,869. The following is a schedule of the annual repayments.

Year Ending June 30,	Amount
<u> </u>	<u> </u>
2015	\$ 8,596
2016	8,523
2017	7,709
2018	7,709
2019	<u>2,332</u>
Total	<u>\$ 34,869</u>

COUNTY OF NELSON, VIRGINIA

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

NOTE 15—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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Operating Leases:

The County is leasing space at area locations in the County. None of the lease agreements have terms of more than one year. Total rent expenditures were \$75,060.

NOTE 16—LITIGATION:

At June 30, 2014 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 17—SURETY BONDS:

	<u>Amount</u>
Virginia Department of Risk Management - Surety	
Judy Smythers, Clerk of the Circuit Court	\$ 450,000
Angela F. Johnson, Treasurer	400,000
Jean W. Payne, Commissioner of the Revenue	3,000
David Brooks, 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	
Thomas H. Bruguiera, Jr., Supervisor	1,000
Constance Brennan, Supervisor	1,000
Stephen A. Carter, County Administrator	2,000
Thomas D. Harvey, Supervisor	1,000
Allen M. Hale, Supervisor	1,000
Larry D. Saunders, Supervisor	1,000

COUNTY OF NELSON, VIRGINIA

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

NOTE 18—RISK MANAGEMENT:

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

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

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

Unemployment Insurance:

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

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 19—ACCRUED LANDFILL REMEDIATION COST:

The County closed its landfill operation on October 8, 1993, and contracted with private contractors to dispose of its solid waste. The landfill closure commenced in July, 1994, and, in accordance with federal and state laws and regulations, the County is required to monitor the landfill for 10 years or until released by the Department of Environmental Quality. The original postclosure care liability of \$387,865 was determined by engineers. The revised cost estimate has been estimated at \$1,021,331 as of June 30, 2014. This cost may be revised in the future depending on changes in regulations and applicable environmental laws.

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

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

COUNTY OF NELSON, VIRGINIA

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

NOTE 20—RELATED PARTY TRANSACTIONS:

The County had certain transactions with the Nelson County Service Authority during fiscal year 2014. In addition to purchasing water from the Authority at its normal rates, the County provides office space for the Authority's administrative operations free of charge, and appropriated \$156,000 to the Authority for fire protection services. The County also paid \$162,812 to the Authority for debt service requirements for the Colleen water line.

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

NOTE 21—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 \$16,500 in 2014. Eligible employees age 50 and over may defer up to \$22,000 in 2014. 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 22—UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

Required Supplementary Information

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General Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 20,717,143	\$ 20,717,143	\$ 21,894,598	\$ 1,177,455
Other local taxes	3,872,436	3,872,436	4,022,028	149,592
Permits, privilege fees, and regulatory licenses	153,950	156,638	188,116	31,478
Fines and forfeitures	366,618	366,618	436,296	69,678
Revenue from the use of money and property	116,017	116,017	125,392	9,375
Charges for services	220,350	223,500	258,835	35,335
Miscellaneous	30,800	35,800	80,201	44,401
Recovered costs	572,411	580,111	621,462	41,351
Intergovernmental revenues:				
Commonwealth	4,684,025	4,710,138	4,781,049	70,911
Federal	1,601,743	1,742,545	1,031,479	(711,066)
Total revenues	\$ 32,335,493	\$ 32,520,946	\$ 33,439,456	\$ 918,510
EXPENDITURES				
Current:				
General government administration	\$ 1,776,555	\$ 1,853,338	\$ 1,721,530	\$ 131,808
Judicial administration	751,156	817,498	757,806	59,692
Public safety	4,741,301	5,199,822	4,838,651	361,171
Public works	2,050,050	2,165,112	2,057,624	107,488
Health and welfare	2,436,177	2,439,486	2,517,465	(77,979)
Education	14,508,824	14,703,824	14,539,674	164,150
Parks, recreation, and cultural	476,887	479,927	459,772	20,155
Community development	793,417	809,834	789,983	19,851
Nondepartmental	1,776,410	1,058,789	65,419	993,370
Capital projects	3,167,849	3,626,874	2,372,463	1,254,411
Total expenditures	\$ 32,478,626	\$ 33,154,504	\$ 30,120,387	\$ 3,034,117
Excess (deficiency) of revenues over (under) expenditures	\$ (143,133)	\$ (633,558)	\$ 3,319,069	\$ 3,952,627
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 180,000	\$ 350,000	\$ 350,000	\$ -
Transfers out	(3,504,343)	(3,504,343)	(3,504,343)	-
Issuance of long-term debt	900,000	900,000	-	(900,000)
Total other financing sources (uses)	\$ (2,424,343)	\$ (2,254,343)	\$ (3,154,343)	\$ (900,000)
Net change in fund balances	\$ (2,567,476)	\$ (2,887,901)	\$ 164,726	\$ 3,052,627
Fund balances - beginning	2,567,476	2,887,901	20,343,110	17,455,209
Fund balances - ending	\$ -	\$ -	\$ 20,507,836	\$ 20,507,836

Schedule of Pension and OPEB Funding Progress
At June 30, 2014

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2011	\$ 12,657,287	\$ 16,214,067	\$ 3,556,780	78.06%	\$ 3,291,886	108.05%
June 30, 2012	12,548,691	16,526,361	3,977,670	75.93%	3,398,629	117.04%
June 30, 2013	12,997,433	16,752,433	3,755,000	77.59%	3,599,440	104.32%

County Retiree Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
January 1, 2009	\$ -	\$ 447,900	\$ 447,900	0.00%	\$ 3,370,800	13.29%
January 1, 2011	-	422,000	422,000	0.00%	3,213,000	13.13%
January 1, 2013	-	545,700	545,700	0.00%	3,270,200	16.69%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2011	\$ 4,914,403	\$ 6,094,432	\$ 1,180,029	80.64%	\$ 1,552,895	75.99%
June 30, 2012	4,932,376	6,316,276	1,383,900	78.09%	1,477,219	93.68%
June 30, 2013	5,098,543	6,196,006	1,097,463	82.29%	1,524,912	71.97%

School Board Retiree Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
January 1, 2009	\$ -	\$ 1,094,200	\$ 1,094,200	0.00%	\$ 12,354,600	8.86%
January 1, 2011	-	1,151,100	1,151,100	0.00%	12,281,000	9.37%
January 1, 2013	-	1,274,900	1,274,900	0.00%	12,329,100	10.34%

Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Debt Service Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,200,739	\$ 2,200,739	\$ 2,190,739	\$ 10,000
Interest and other fiscal charges	1,130,269	1,130,269	1,119,035	11,234
Total expenditures	\$ 3,331,008	\$ 3,331,008	\$ 3,309,774	\$ 21,234
Excess (deficiency) of revenues over (under) expenditures	\$ (3,331,008)	\$ (3,331,008)	\$ (3,309,774)	\$ 21,234
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,331,008	\$ 3,331,008	\$ 3,331,008	\$ -
Total other financing sources (uses)	\$ 3,331,008	\$ 3,331,008	\$ 3,331,008	\$ -
Net change in fund balances	\$ -	\$ -	\$ 21,234	\$ 21,234
Fund balances - beginning	-	-	164,001	164,001
Fund balances - ending	\$ -	\$ -	\$ 185,235	\$ 185,235

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 75	\$ 75	\$ 50	\$ (25)
Total revenues	\$ 75	\$ 75	\$ 50	\$ (25)
EXPENDITURES				
Capital projects	\$ 290,000	\$ 290,000	\$ 220,822	\$ 69,178
Total expenditures	\$ 290,000	\$ 290,000	\$ 220,822	\$ 69,178
Excess (deficiency) of revenues over (under) expenditures	\$ (289,925)	\$ (289,925)	\$ (220,772)	\$ 69,153
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (180,000)	\$ (350,000)	\$ (350,000)	\$ -
Total other financing sources (uses)	\$ (180,000)	\$ (350,000)	\$ (350,000)	\$ -
Net change in fund balances	\$ (469,925)	\$ (639,925)	\$ (570,772)	\$ 69,153
Fund balances - beginning	469,925	639,925	2,147,795	1,507,870
Fund balances - ending	\$ -	\$ -	\$ 1,577,023	\$ 1,577,023

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

	Housing Improvement Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal	\$ 11,700	\$ 11,700	\$ 2,700	\$ (9,000)
Total revenues	\$ 11,700	\$ 11,700	\$ 2,700	\$ (9,000)
EXPENDITURES				
Current:				
Community development	\$ 9,000	\$ 9,000	\$ -	\$ 9,000
Total expenditures	\$ 9,000	\$ 9,000	\$ -	\$ 9,000
Excess (deficiency) of revenues over (under) expenditures	\$ 2,700	\$ 2,700	\$ 2,700	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,700)	\$ (2,700)	\$ (2,700)	\$ -
Total other financing sources (uses)	\$ (2,700)	\$ (2,700)	\$ (2,700)	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	50	50
Fund balances - ending	\$ -	\$ -	\$ 50	\$ 50

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2014

	Agency Funds		Total
	Special Welfare	EMS Loan Fund	
Assets			
Cash and cash equivalents	\$ 35,573	\$ 374,009	\$ 409,582
Other receivables	1,203	-	1,203
Total assets	<u>\$ 36,776</u>	<u>\$ 374,009</u>	<u>\$ 410,785</u>
Liabilities			
Amounts held for others	\$ 36,776	\$ 374,009	\$ 410,785
Total liabilities	<u>\$ 36,776</u>	<u>\$ 374,009</u>	<u>\$ 410,785</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets				
Cash and cash equivalents	\$ 25,796	\$ 25,092	\$ 15,315	\$ 35,573
Other receivables	5,903	1,203	5,903	1,203
Total assets	<u>31,699</u>	<u>26,295</u>	<u>21,218</u>	<u>36,776</u>
Liabilities				
Amounts held for others	\$ <u>31,699</u>	\$ <u>26,295</u>	\$ <u>21,218</u>	\$ <u>36,776</u>
EMS Loan Fund:				
Assets				
Cash and cash equivalents	\$ <u>687,930</u>	\$ <u>141,079</u>	\$ <u>455,000</u>	\$ <u>374,009</u>
Liabilities				
Amounts held for others	\$ <u>687,930</u>	\$ <u>141,079</u>	\$ <u>455,000</u>	\$ <u>374,009</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 713,726	\$ 166,171	\$ 470,315	\$ 409,582
Other receivables	5,903	1,203	5,903	1,203
Total assets	<u>719,629</u>	<u>167,374</u>	<u>476,218</u>	<u>410,785</u>
Liabilities				
Amounts held for others	\$ <u>719,629</u>	\$ <u>167,374</u>	\$ <u>476,218</u>	\$ <u>410,785</u>

Component Unit School Board
 Balance Sheet
 At June 30, 2014

	<u>School Operating Fund</u>
Assets	
Cash and cash equivalents	\$ 1,901,925
Receivables:	
Accounts receivable	22,497
Due from other governments	561,215
Inventories	61,893
Prepaid items	<u>17,734</u>
Total assets	<u>\$ 2,565,264</u>
Liabilities	
Accounts payable	\$ 63,315
Accrued liabilities	1,585,395
Due to primary government	<u>567,956</u>
Total liabilities	<u>\$ 2,216,666</u>
Fund balance	
Nonspendable	\$ 79,627
Committed	348,598
Unassigned	<u>(79,627)</u>
Total fund balances	<u>\$ 348,598</u>
Total liabilities and fund balance	<u>\$ 2,565,264</u>

Component Unit School Board
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 At June 30, 2014

Total fund balance for governmental fund (Exhibit 20) \$ 348,598

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

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

Land and improvements	\$	851,210	
Buildings and improvements, net of depreciation		28,247,468	
Equipment, net of depreciation		1,323,678	
School Board capital assets in primary government, net of depreciation		<u>(14,226,249)</u>	16,196,107

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	\$	(355,236)	
Energy improvement lease		(2,064,973)	
Net OPEB obligation		<u>(240,201)</u>	<u>(2,660,410)</u>

Total net position of governmental activities (Exhibit 1) \$ 13,884,295

Component Unit School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2014

	<u>School Operating Fund</u>
Revenues	
Revenue from the use of money and property	\$ 36
Charges for services	424,703
Miscellaneous	240,901
Recovered costs	457,260
Intergovernmental revenues:	
Appropriations from primary government	14,536,957
Commonwealth	7,762,540
Federal	<u>1,744,974</u>
Total revenues	<u>\$ 25,167,371</u>
Expenditures	
Current:	
Education	
Instruction	\$ 15,897,004
Administration, attendance and health	1,243,175
Transportation	2,480,505
Facilities operations	2,946,217
School food services	1,088,618
Technology	1,232,167
Debt service:	
Principal retirement	97,037
Interest and other fiscal charges	<u>45,964</u>
Total expenditures	<u>\$ 25,076,723</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 90,648
Fund balance, beginning of year	<u>257,950</u>
Fund balance, end of year	<u><u>\$ 348,598</u></u>

Component Unit School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended June 30, 2014

Net change in fund balance - total governmental fund (Exhibit 22) \$ 90,648

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 509,645	
Depreciation expense	(1,130,975)	
Adjustment for jointly owned capital assets	1,059,250	437,920

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	\$ 29,634	
Energy improvement lease	88,987	
Net OPEB obligation	(56,900)	61,721

Change in net position of governmental activities (Exhibit 2) \$ 590,289

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 25	\$ -	\$ 36	\$ 36
Charges for services	564,154	564,154	424,703	(139,451)
Miscellaneous	448,983	448,983	240,901	(208,082)
Recovered costs	103,101	103,101	457,260	354,159
Intergovernmental revenues:				
Local government	14,506,107	14,701,107	14,536,957	(164,150)
Commonwealth	7,981,280	8,084,788	7,762,540	(322,248)
Federal	1,867,295	1,863,787	1,744,974	(118,813)
Total revenues	<u>\$ 25,470,945</u>	<u>\$ 25,765,920</u>	<u>\$ 25,167,371</u>	<u>\$ (598,549)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ 16,894,203	\$ 16,446,788	\$ 15,897,004	\$ 549,784
Administration, attendance and health	1,302,996	1,306,885	1,243,175	63,710
Transportation	2,511,444	2,537,948	2,480,505	57,443
Facilities operations	2,908,990	3,083,911	2,946,217	137,694
School food services	1,104,822	1,112,022	1,088,618	23,404
Facilities	-	40,906	46,036	(5,130)
Technology	1,069,132	1,241,394	1,232,167	9,227
Debt service:				
Principal retirement	-	-	97,037	(97,037)
Interest and other fiscal charges	-	-	45,964	(45,964)
Total expenditures	<u>\$ 25,791,587</u>	<u>\$ 25,769,854</u>	<u>\$ 25,076,723</u>	<u>\$ 693,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (320,642)</u>	<u>\$ (3,934)</u>	<u>\$ 90,648</u>	<u>\$ 94,582</u>
Fund balances - beginning	<u>320,642</u>	<u>3,934</u>	<u>257,950</u>	<u>254,016</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,598</u>	<u>\$ 348,598</u>

Supporting Schedules

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

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	\$ 17,229,876	\$ 17,229,876	\$ 17,679,424	\$ 449,548
Real and personal public service corporation taxes	660,296	660,296	646,946	(13,350)
Personal property taxes	2,501,471	2,501,471	3,153,367	651,896
Mobile home taxes	30,000	30,000	29,069	(931)
Machinery and tools taxes	5,500	5,500	10,891	5,391
Penalties	150,000	150,000	196,788	46,788
Interest	140,000	140,000	178,113	38,113
Total general property taxes	<u>\$ 20,717,143</u>	<u>\$ 20,717,143</u>	<u>\$ 21,894,598</u>	<u>\$ 1,177,455</u>
Other local taxes:				
Local sales and use taxes	\$ 1,059,005	\$ 1,059,005	\$ 1,059,452	\$ 447
Consumers' utility taxes	460,711	460,711	469,621	8,910
Business license taxes	30,000	30,000	31,140	1,140
Utility franchise taxes	101,000	101,000	103,074	2,074
Motor vehicle licenses	691,720	691,720	692,264	544
Bank franchise tax	60,000	60,000	76,659	16,659
Taxes on recordation and wills	200,000	200,000	292,634	92,634
Transient occupancy tax	420,000	420,000	417,453	(2,547)
Meals tax	850,000	850,000	879,731	29,731
Total other local taxes	<u>\$ 3,872,436</u>	<u>\$ 3,872,436</u>	<u>\$ 4,022,028</u>	<u>\$ 149,592</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 10,896	\$ 2,896
Dog pound fees	2,000	2,000	3,030	1,030
Land use application fees	12,000	12,000	18,677	6,677
Transfer fees	750	750	767	17
Zoning & Subdivision fees	1,000	1,000	11,980	10,980
Building permits	105,000	105,000	107,085	2,085
Building inspection fees	7,000	7,000	9,036	2,036
Special use permits	1,000	1,000	4,190	3,190
Well & Septic fees	5,000	5,000	6,150	1,150
Land disturbing fees	7,200	7,200	8,505	1,305
Tourism collections	5,000	7,688	7,800	112
Total permits, privilege fees, and regulatory licenses	<u>\$ 153,950</u>	<u>\$ 156,638</u>	<u>\$ 188,116</u>	<u>\$ 31,478</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 366,618	\$ 366,618	\$ 436,296	\$ 69,678
Total fines and forfeitures	<u>\$ 366,618</u>	<u>\$ 366,618</u>	<u>\$ 436,296</u>	<u>\$ 69,678</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 115,000	\$ 115,000	\$ 43,288	\$ (71,712)
Revenue from use of property	562	562	16,338	15,776
Sale of general property	-	-	5,026	5,026
Real estate tax sale proceeds	455	455	60,740	60,285
Total revenue from use of money and property	<u>\$ 116,017</u>	<u>\$ 116,017</u>	<u>\$ 125,392</u>	<u>\$ 9,375</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 6,000	\$ 6,000	\$ 9,446	\$ 3,446
Law library fees	2,500	2,500	3,055	555
Courthouse maintenance fees	8,000	8,000	11,715	3,715
Document reproduction fees	3,000	6,150	6,635	485
Excess fees paid to Circuit Court	-	-	15	15
Court appointed attorney fees	200	200	1,244	1,044
Fingerprint/Report fees	200	200	272	72
Cost of postage - Circuit Court	-	-	72	72
Charges for Commonwealth's Attorney	650	650	1,045	395
Charges for sanitation and waste removal	150,000	150,000	163,764	13,764
Charges for parks and recreation	48,800	48,800	57,248	8,448
Sale of literature	1,000	1,000	4,324	3,324
	<u>220,350</u>	<u>223,500</u>	<u>258,835</u>	<u>35,335</u>
Total charges for services	\$ 220,350	\$ 223,500	\$ 258,835	\$ 35,335
Miscellaneous revenue:				
Expenditure refunds	\$ 15,000	\$ 15,000	\$ 29,004	\$ 14,004
Other miscellaneous	15,800	20,800	51,197	30,397
	<u>30,800</u>	<u>35,800</u>	<u>80,201</u>	<u>44,401</u>
Total miscellaneous revenue	\$ 30,800	\$ 35,800	\$ 80,201	\$ 44,401
Recovered costs:				
DSS Reimbursement	\$ 75,000	\$ 75,000	\$ 76,038	\$ 1,038
School Resource officer and other costs	30,000	30,000	23,780	(6,220)
Jaunt Wintergreen	20,411	20,411	20,808	397
Colleen water & sewer connection fees	4,000	4,000	-	(4,000)
DMV stop fees	18,000	25,700	29,316	3,616
EMS revenue recovery	420,000	420,000	468,095	48,095
Forest Service Coop. agreement	5,000	5,000	3,425	(1,575)
	<u>572,411</u>	<u>580,111</u>	<u>621,462</u>	<u>41,351</u>
Total recovered costs	\$ 572,411	\$ 580,111	\$ 621,462	\$ 41,351
Total revenue from local sources	\$ 26,049,725	\$ 26,068,263	\$ 27,626,928	\$ 1,558,665
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 93,000	\$ 93,000	\$ 108,799	\$ 15,799
Mobile home titling tax	13,000	13,000	12,179	(821)
Tax on deeds	73,397	73,397	93,000	19,603
Communication sales & use tax	480,000	480,000	476,581	(3,419)
Personal property tax relief funds	1,708,030	1,708,030	1,709,004	974
	<u>2,367,427</u>	<u>2,367,427</u>	<u>2,399,563</u>	<u>32,136</u>
Total noncategorical aid	\$ 2,367,427	\$ 2,367,427	\$ 2,399,563	\$ 32,136

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 210,998	\$ 210,998	\$ 211,275	\$ 277
Sheriff	774,410	774,410	770,924	(3,486)
Commissioner of revenue	83,274	83,274	82,766	(508)
Treasurer	90,749	90,749	89,988	(761)
Registrar/electoral board	34,109	34,109	36,334	2,225
Clerk of the Circuit Court	196,672	196,672	207,247	10,575
Total shared expenses	<u>\$ 1,390,212</u>	<u>\$ 1,390,212</u>	<u>\$ 1,398,534</u>	<u>\$ 8,322</u>
Welfare:				
Public assistance and welfare administration	\$ 319,354	\$ 319,354	\$ 312,637	\$ (6,717)
Other categorical aid:				
E911 wireless grant	\$ 40,000	\$ 40,000	\$ 40,941	\$ 941
Fire programs	42,000	44,679	45,109	430
Four for life	18,000	18,000	16,963	(1,037)
Litter control grant	6,000	6,702	6,702	-
Victim-witness grant	21,990	21,990	8,943	(13,047)
VJCCA Dept - Juvenile Justice	9,788	9,788	10,364	576
Comprehensive services act	463,854	463,854	402,862	(60,992)
Performance arts grant	5,000	5,000	5,000	-
Recreational trails program	-	-	98,400	98,400
Other categorical	400	23,132	35,031	11,899
Total other categorical aid	<u>\$ 607,032</u>	<u>\$ 633,145</u>	<u>\$ 670,315</u>	<u>\$ 37,170</u>
Total categorical aid	<u>\$ 2,316,598</u>	<u>\$ 2,342,711</u>	<u>\$ 2,381,486</u>	<u>\$ 38,775</u>
Total revenue from the Commonwealth	<u>\$ 4,684,025</u>	<u>\$ 4,710,138</u>	<u>\$ 4,781,049</u>	<u>\$ 70,911</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 44,864	\$ 44,864	\$ 59,145	\$ 14,281
Categorical aid:				
Public assistance and welfare administration	\$ 479,030	\$ 479,030	\$ 525,200	\$ 46,170
Victim witness program	-	-	11,717	11,717
Sheriff's grants	-	13,553	11,630	(1,923)
Asset forfeiture	-	89,224	89,224	-
FEMA disaster relief	-	7,500	188	(7,312)
Sheriff's Byrne Grant	-	30,525	2,221	(28,304)
Recreational trails program	-	-	1,600	1,600
Trail grant (TEA-21)	299,000	299,000	294,213	(4,787)
Tunnel Grant (TEA-21)	778,849	778,849	36,341	(742,508)
Total categorical aid	<u>\$ 1,556,879</u>	<u>\$ 1,697,681</u>	<u>\$ 972,334</u>	<u>\$ (725,347)</u>
Total revenue from the federal government	<u>\$ 1,601,743</u>	<u>\$ 1,742,545</u>	<u>\$ 1,031,479</u>	<u>\$ (711,066)</u>
Total General Fund	<u>\$ 32,335,493</u>	<u>\$ 32,520,946</u>	<u>\$ 33,439,456</u>	<u>\$ 918,510</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Housing Improvement Fund:				
Intergovernmental Revenue:				
Revenue from the Federal Government:				
Categorical aid:				
Community Development Block Grant	\$ 11,700	\$ 11,700	\$ 2,700	\$ (9,000)
Total categorical aid	<u>\$ 11,700</u>	<u>\$ 11,700</u>	<u>\$ 2,700</u>	<u>\$ (9,000)</u>
Total revenue from the Federal Government	\$ 11,700	\$ 11,700	\$ 2,700	\$ (9,000)
Total Housing Improvement Fund	<u>\$ 11,700</u>	<u>\$ 11,700</u>	<u>\$ 2,700</u>	<u>\$ (9,000)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 75	\$ 75	\$ 50	\$ (25)
Total revenue from local sources	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 50</u>	<u>\$ (25)</u>
Total Capital Improvements Fund	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 50</u>	<u>\$ (25)</u>
Total Primary Government	<u>\$ 32,347,268</u>	<u>\$ 32,532,721</u>	<u>\$ 33,442,206</u>	<u>\$ 909,485</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25	\$ -	\$ 36	\$ 36
Charges for services:				
Charges for education	\$ 14,000	\$ 14,000	\$ 5,000	\$ (9,000)
Charges for cafeteria	550,154	550,154	419,703	(130,451)
Total charges for services	<u>\$ 564,154</u>	<u>\$ 564,154</u>	<u>\$ 424,703</u>	<u>\$ (139,451)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 448,983	\$ 448,983	\$ 240,901	\$ (208,082)
Total miscellaneous revenue	<u>\$ 448,983</u>	<u>\$ 448,983</u>	<u>\$ 240,901</u>	<u>\$ (208,082)</u>
Recovered costs:				
Other recovered costs	\$ 103,101	\$ 103,101	\$ 457,260	\$ 354,159
Total recovered costs	<u>\$ 103,101</u>	<u>\$ 103,101</u>	<u>\$ 457,260</u>	<u>\$ 354,159</u>
Total revenue from local sources	<u>\$ 1,116,263</u>	<u>\$ 1,116,238</u>	<u>\$ 1,122,900</u>	<u>\$ 6,662</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Nelson, Virginia	\$ 14,506,107	\$ 14,701,107	\$ 14,536,957	\$ (164,150)
Total revenues from local governments	<u>\$ 14,506,107</u>	<u>\$ 14,701,107</u>	<u>\$ 14,536,957</u>	<u>\$ (164,150)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues (Continued):				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,021,486	\$ 2,021,486	\$ 1,950,738	\$ (70,748)
Basic school aid	3,494,919	3,494,919	3,410,166	(84,753)
GED funding	15,717	15,717	15,717	-
Remedial summer education	38,714	38,714	36,788	(1,926)
Regular foster care	109,340	74,340	50,201	(24,139)
Gifted and talented	36,266	36,266	35,415	(851)
Remedial education	111,164	111,164	108,553	(2,611)
Salary supplement	85,247	85,247	83,221	(2,026)
Special education	492,750	492,750	481,176	(11,574)
Textbook payment	70,743	70,743	69,081	(1,662)
Vocational standards of quality payments	111,953	111,953	109,323	(2,630)
Social security fringe benefits	217,598	217,598	212,487	(5,111)
Retirement fringe benefits	362,664	362,664	354,145	(8,519)
Group life insurance instructional	13,403	13,403	13,088	(315)
Early reading intervention	17,798	17,798	21,612	3,814
VPSA technology	154,000	154,000	100,000	(54,000)
Homebound education	6,624	6,624	10,158	3,534
Regional program tuition	85,408	85,408	98,335	12,927
Vocational education - equipment	-	-	6,401	6,401
Vocational education - occupational/tech ed	39,241	39,241	32,927	(6,314)
Special education - foster children	-	35,000	73,795	38,795
School food	19,493	19,493	17,549	(1,944)
At risk payments	114,076	114,076	111,388	(2,688)
Algebra readiness	15,619	15,619	15,619	-
Supplement support	69,859	69,859	69,859	-
Pre-school initiative	108,000	108,000	105,000	(3,000)
Primary class size	149,994	149,994	146,546	(3,448)
Other state funds	19,204	122,712	23,252	(99,460)
Total categorical aid	<u>\$ 7,981,280</u>	<u>\$ 8,084,788</u>	<u>\$ 7,762,540</u>	<u>\$ (322,248)</u>
Total revenue from the Commonwealth	<u>\$ 7,981,280</u>	<u>\$ 8,084,788</u>	<u>\$ 7,762,540</u>	<u>\$ (322,248)</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 5,500	\$ 5,500	\$ 4,144	\$ (1,356)
Title 1/A grants to LEAs	543,396	543,396	463,771	(79,625)
Title 1/C migrant education	12,129	12,129	-	(12,129)
IDEA 611 flow-through (Title VI-B)	542,826	542,826	502,004	(40,822)
Title 1 - Carl Perkins vocational	38,497	38,497	34,039	(4,458)
Preschool grants/special ed	20,839	20,839	7,845	(12,994)
Title III language acquisition	47,256	47,256	37,564	(9,692)
Title II part A	121,852	118,344	96,363	(21,981)
Advance placement grant	-	-	180	180
School food	535,000	535,000	539,110	4,110
School food commodities	-	-	59,954	59,954
Total categorical aid	<u>\$ 1,867,295</u>	<u>\$ 1,863,787</u>	<u>\$ 1,744,974</u>	<u>\$ (118,813)</u>
Total School Operating Fund	<u>\$ 25,470,945</u>	<u>\$ 25,765,920</u>	<u>\$ 25,167,371</u>	<u>\$ (598,549)</u>

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

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	\$ 118,940	\$ 118,940	\$ 115,345	\$ 3,595
General and financial administration:				
County administrator	\$ 321,619	\$ 328,553	\$ 326,497	\$ 2,056
County attorney	85,000	99,322	101,734	(2,412)
Commissioner of revenue	243,550	250,059	246,606	3,453
Reassessment	98,577	107,078	87,400	19,678
Board of equalization	20,510	20,510	5,073	15,437
Treasurer	312,783	332,794	326,009	6,785
Finance and accounting	234,195	248,590	249,788	(1,198)
Technology	213,892	215,478	145,799	69,679
Land use panel	9,312	9,312	1,707	7,605
Total general and financial administration	\$ 1,539,438	\$ 1,611,696	\$ 1,490,613	\$ 121,083
Board of elections:				
Board of elections	\$ 31,784	\$ 34,577	\$ 29,243	\$ 5,334
Registrar	86,393	88,125	86,329	1,796
Total board of elections	\$ 118,177	\$ 122,702	\$ 115,572	\$ 7,130
Total general government administration	\$ 1,776,555	\$ 1,853,338	\$ 1,721,530	\$ 131,808
Judicial administration:				
Courts:				
Circuit court	\$ 29,550	\$ 43,050	\$ 36,426	\$ 6,624
General district court	6,328	9,228	7,387	1,841
VJCCA	41,785	41,785	20,405	21,380
Juvenile and domestic relations court	6,253	6,253	5,013	1,240
Magistrate	840	840	313	527
Clerk of the circuit court	334,102	353,589	337,290	16,299
Total courts	\$ 418,858	\$ 454,745	\$ 406,834	\$ 47,911
Commonwealth's attorney:				
Commonwealth's attorney	\$ 332,298	\$ 362,753	\$ 350,972	\$ 11,781
Total commonwealth's attorney	\$ 332,298	\$ 362,753	\$ 350,972	\$ 11,781
Total judicial administration	\$ 751,156	\$ 817,498	\$ 757,806	\$ 59,692
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,545,058	\$ 1,695,297	\$ 1,584,861	\$ 110,436
E-911	314,717	316,742	247,242	69,500
Emergency services council	615,446	692,625	689,038	3,587
Emergency services	357,412	373,492	369,579	3,913
T.J. EMS Council	19,629	19,629	19,629	-
Fire protection	156,000	156,000	156,000	-
Paid EMS	711,175	739,600	707,314	32,286
Forestry service	20,337	20,822	20,821	1

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

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	\$ 623,591	\$ 802,563	\$ 694,341	\$ 108,222
Building inspector	215,973	221,089	211,148	9,941
Animal control	158,534	158,534	135,289	23,245
OAR/Jefferson Area Community Corrections	3,269	3,269	3,269	-
Medical examiner	160	160	120	40
Total law enforcement and traffic control	<u>\$ 4,741,301</u>	<u>\$ 5,199,822</u>	<u>\$ 4,838,651</u>	<u>\$ 361,171</u>
Total public safety	<u>\$ 4,741,301</u>	<u>\$ 5,199,822</u>	<u>\$ 4,838,651</u>	<u>\$ 361,171</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Automotive/motor pool	\$ 343,000	\$ 439,972	\$ 407,201	\$ 32,771
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 343,000</u>	<u>\$ 439,972</u>	<u>\$ 407,201</u>	<u>\$ 32,771</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,012,101	\$ 1,022,773	\$ 954,543	\$ 68,230
Total sanitation and waste removal	<u>\$ 1,012,101</u>	<u>\$ 1,022,773</u>	<u>\$ 954,543</u>	<u>\$ 68,230</u>
Maintenance of general buildings and grounds:				
General properties	\$ 694,949	\$ 702,367	\$ 695,880	\$ 6,487
Total maintenance of general buildings and grounds	<u>\$ 694,949</u>	<u>\$ 702,367</u>	<u>\$ 695,880</u>	<u>\$ 6,487</u>
Total public works	<u>\$ 2,050,050</u>	<u>\$ 2,165,112</u>	<u>\$ 2,057,624</u>	<u>\$ 107,488</u>
Health and welfare:				
Health:				
Health department	\$ 244,301	\$ 246,312	\$ 246,311	\$ 1
Total health	<u>\$ 244,301</u>	<u>\$ 246,312</u>	<u>\$ 246,311</u>	<u>\$ 1</u>
Mental health and mental retardation:				
Region Ten community services board	\$ 92,586	\$ 92,586	\$ 92,586	\$ -
Total mental health and mental retardation	<u>\$ 92,586</u>	<u>\$ 92,586</u>	<u>\$ 92,586</u>	<u>\$ -</u>

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

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	\$ 1,138,354	\$ 1,138,354	\$ 1,138,867	\$ (513)
MACAA	29,914	29,914	29,914	-
Senior center meals	22,241	22,241	22,241	-
At risk youth program	713,700	713,700	615,129	98,571
Shelter for help	7,644	7,644	7,644	-
JAUNT	83,495	83,495	83,495	-
JABA	96,500	96,500	96,500	-
Sexual assault resource agency	765	765	765	-
CASA of Central Virginia	2,500	2,500	2,500	-
Community service	4,177	5,475	4,987	488
Tax relief for the elderly	-	-	176,526	(176,526)
Total welfare	<u>\$ 2,099,290</u>	<u>\$ 2,100,588</u>	<u>\$ 2,178,568</u>	<u>\$ (77,980)</u>
Total health and welfare	<u>\$ 2,436,177</u>	<u>\$ 2,439,486</u>	<u>\$ 2,517,465</u>	<u>\$ (77,979)</u>
Education:				
Other instructional costs:				
Community College	\$ 2,717	\$ 2,717	\$ 2,717	\$ -
Appropriation to public school system	<u>14,506,107</u>	<u>14,701,107</u>	<u>14,536,957</u>	<u>164,150</u>
Total education	<u>\$ 14,508,824</u>	<u>\$ 14,703,824</u>	<u>\$ 14,539,674</u>	<u>\$ 164,150</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 206,239	\$ 209,279	\$ 189,364	\$ 19,915
Total parks and recreation	<u>\$ 206,239</u>	<u>\$ 209,279</u>	<u>\$ 189,364</u>	<u>\$ 19,915</u>
Cultural enrichment:				
Wintergreen Performing Arts	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Library:				
Regional library	\$ 260,648	\$ 260,648	\$ 260,408	\$ 240
Total library	<u>\$ 260,648</u>	<u>\$ 260,648</u>	<u>\$ 260,408</u>	<u>\$ 240</u>
Total parks, recreation, and cultural	<u>\$ 476,887</u>	<u>\$ 479,927</u>	<u>\$ 459,772</u>	<u>\$ 20,155</u>
Community development:				
Planning and community development:				
Planning	\$ 155,582	\$ 158,960	\$ 141,313	\$ 17,647
Community development	290,708	300,357	316,879	(16,522)
Thomas Jefferson Planning District Commission	17,740	17,740	17,740	-
Virginia Institute of Government	1,000	1,000	1,000	-
Colleen water/sewer subsidy	162,812	162,812	162,812	-
Central Virginia Small Business Development Center	7,500	7,500	7,500	-
Anti-litter program	6,000	6,702	238	6,464
Nelson County Economic Development Authority	5,000	5,000	5,000	-
Central Virginia Partnership for Economic Development	10,000	10,000	10,000	-
Crozet Tunnel Foundation	-	2,688	2,688	-
Nelson County Community Development Foundation	55,729	55,729	55,729	-
Total planning and community development	<u>\$ 712,071</u>	<u>\$ 728,488</u>	<u>\$ 720,899</u>	<u>\$ 7,589</u>

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

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	\$ 31,500	\$ 31,500	\$ 31,500	\$ -
Total environmental management	\$ 31,500	\$ 31,500	\$ 31,500	\$ -
Cooperative extension program:				
Extension office	\$ 49,846	\$ 49,846	\$ 37,584	\$ 12,262
Total cooperative extension program	\$ 49,846	\$ 49,846	\$ 37,584	\$ 12,262
Total community development	\$ 793,417	\$ 809,834	\$ 789,983	\$ 19,851
Nondepartmental:				
Refunds	\$ 30,000	\$ 30,000	\$ 17,588	\$ 12,412
Reserve for contingency	1,556,400	943,688	4,001	939,687
Other nondepartmental	190,010	85,101	43,830	41,271
Total nondepartmental	\$ 1,776,410	\$ 1,058,789	\$ 65,419	\$ 993,370
Capital projects:				
Blue Ridge Tunnel (TEA-21)	\$ 778,849	\$ 828,849	\$ 186,264	\$ 642,585
Blue Ridge Railway Trail	299,000	299,000	278,647	20,353
Solid waste truck	90,000	90,000	-	90,000
Emergency services vehicles	320,000	320,000	420,000	(100,000)
Public safety radio project	1,600,000	2,009,025	1,321,958	687,067
Health Department demolition	80,000	80,000	67,336	12,664
MM Elementary demolition	-	-	91,126	(91,126)
Other capital projects	-	-	7,132	(7,132)
Total capital projects	\$ 3,167,849	\$ 3,626,874	\$ 2,372,463	\$ 1,254,411
Total General Fund	\$ 32,478,626	\$ 33,154,504	\$ 30,120,387	\$ 3,034,117
Special Revenue Funds:				
Housing Improvement Fund:				
Community development:				
Planning and community development:				
Dental center renovation	\$ 9,000	\$ 9,000	\$ -	\$ 9,000
Total community development	\$ 9,000	\$ 9,000	\$ -	\$ 9,000
Total Housing Improvement Fund	\$ 9,000	\$ 9,000	\$ -	\$ 9,000

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,200,739	\$ 2,200,739	\$ 2,190,739	\$ 10,000
Interest and other fiscal charges	1,130,269	1,130,269	1,119,035	11,234
Total Debt Service Fund	<u>\$ 3,331,008</u>	<u>\$ 3,331,008</u>	<u>\$ 3,309,774</u>	<u>\$ 21,234</u>
Capital Projects Fund:				
Capital projects expenditures:				
Courthouse construction	\$ 290,000	\$ 290,000	\$ 220,822	\$ 69,178
Total Capital Projects Fund	<u>\$ 290,000</u>	<u>\$ 290,000</u>	<u>\$ 220,822</u>	<u>\$ 69,178</u>
Total Primary Government	<u>\$ 36,108,634</u>	<u>\$ 36,784,512</u>	<u>\$ 33,650,983</u>	<u>\$ 3,133,529</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 16,894,203	\$ 16,446,788	\$ 15,897,004	\$ 549,784
Total instruction costs	<u>\$ 16,894,203</u>	<u>\$ 16,446,788</u>	<u>\$ 15,897,004</u>	<u>\$ 549,784</u>
Operating costs:				
Administration, attendance and health services	\$ 1,302,996	\$ 1,306,885	\$ 1,243,175	\$ 63,710
Pupil transportation	2,511,444	2,537,948	2,480,505	57,443
Operation and maintenance of school plant	2,908,990	3,083,911	2,946,217	137,694
School food	1,104,822	1,112,022	1,088,618	23,404
Facilities	-	40,906	46,036	(5,130)
Technology	1,069,132	1,241,394	1,232,167	9,227
Total operating costs	<u>\$ 8,897,384</u>	<u>\$ 9,323,066</u>	<u>\$ 9,036,718</u>	<u>\$ 286,348</u>
Total education	<u>\$ 25,791,587</u>	<u>\$ 25,769,854</u>	<u>\$ 24,933,722</u>	<u>\$ 836,132</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 97,037	\$ (97,037)
Interest and other fiscal charges	-	-	45,964	(45,964)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,001</u>	<u>\$ (143,001)</u>
Total School Fund	<u>\$ 25,791,587</u>	<u>\$ 25,769,854</u>	<u>\$ 25,076,723</u>	<u>\$ 693,131</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 25,791,587</u>	<u>\$ 25,769,854</u>	<u>\$ 25,076,723</u>	<u>\$ 693,131</u>

Statistical Tables

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COUNTY OF NELSON, VIRGINIA

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural		Community Development	Interest on Long-Term Debt		Total
					Wellfare	Education		Cultural	Development		Term Debt	Total	
2005	\$ 1,079,533	\$ 719,411	\$ 2,764,691	\$ 1,260,355	\$ 1,927,342	\$ 10,387,246	\$ 324,812	\$ 2,302,404	\$ 1,759,270	\$ 22,525,064			
2006	1,432,202	631,862	2,759,162	2,213,279	1,830,272	11,133,456	551,912	1,122,651	1,565,175	23,239,971			
2007	1,614,998	753,367	3,287,580	1,905,872	2,188,578	11,900,846	523,915	1,251,149	1,499,320	24,925,625			
2008	1,879,166	750,073	3,633,406	1,980,213	2,274,350	12,706,379	983,322	1,260,873	1,535,839	27,003,621			
2009	1,777,787	714,904	3,136,604	2,112,615	2,055,329	13,777,084	548,156	1,235,328	1,492,985	26,850,792			
2010	1,615,064	691,588	3,374,456	2,448,517	2,586,290	13,861,510	550,664	830,793	1,404,206	27,363,088			
2011	1,938,519	666,374	3,373,814	2,067,363	2,356,458	14,266,695	565,713	724,030	1,472,808	27,431,774			
2012	1,985,357	692,589	4,131,423	2,215,956	2,272,554	15,227,323	599,470	812,186	1,502,603	29,439,461			
2013	2,218,102	725,905	4,204,470	2,068,094	2,418,330	14,983,417	534,768	1,411,994	1,373,603	29,938,683			
2014	2,024,078	760,170	5,037,123	2,121,760	2,506,489	16,169,175	565,861	928,029	968,301	31,080,986			

(1) Primary Government only

COUNTY OF NELSON, VIRGINIA

Table 2

Government-Wide Revenues by Source
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	- \$	General Property Taxes	Other Local Taxes	Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2005	\$ 1,001,111	\$ 3,644,002	\$ -	\$ 12,267,305	\$ 3,170,478	\$ 248,884	\$ 31,176	\$ 1,911,689	\$ 22,274,645	
2006	936,052	2,798,169	291,992	12,879,059	3,464,371	544,498	301,915	2,105,442	23,321,498	
2007	896,876	3,141,611	140,524	13,654,498	3,551,448	739,478	58,374	2,058,042	24,240,851	
2008	838,119	3,301,632	3,095,040	16,116,702	3,776,293	535,958	216,226	1,923,332	29,803,302	
2009	838,161	2,978,055	1,212,338	18,681,477	3,612,363	264,340	136,135	1,946,684	29,669,553	
2010	829,726	3,183,247	931,093	18,800,138	3,867,866	180,395	169,732	1,900,031	29,862,228	
2011	982,162	2,979,948	509,872	19,270,265	3,496,429	331,077	84,056	2,670,871	30,324,680	
2012	741,776	2,659,104	2,753,439	20,120,918	3,610,714	154,369	68,990	2,395,975	32,505,285	
2013	680,137	2,721,650	655,166	21,421,597	3,912,469	110,011	120,335	2,526,847	32,148,212	
2014	883,247	2,924,866	431,654	21,779,423	4,022,028	125,442	80,201	2,458,708	32,705,569	

(1) Primary Government 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
	General Property Taxes	Other Local Taxes	Other Local Taxes	Other Local Taxes			Use of Money & Property	Charges for Services	Miscellaneous					
2005	\$ 12,440,512	\$ 3,170,478	\$ 3,170,478	\$ 423,339	\$ 121,926	\$ 249,197	\$ 1,006,955	\$ 375,196	\$ 327,882	\$ 15,909,302	\$ 34,024,787			
2006	13,080,374	3,464,371	3,464,371	444,230	102,747	544,808	957,699	591,632	411,339	16,031,950	35,629,150			
2007	13,360,735	3,551,448	3,551,448	322,328	75,834	744,056	1,149,394	362,870	458,634	17,076,773	37,102,072			
2008	15,866,348	3,776,293	3,776,293	313,533	59,473	542,196	934,725	442,172	520,374	17,883,642	40,338,756			
2009	18,493,456	3,566,133	3,566,133	276,174	179,627	264,942	838,092	437,519	789,033	15,891,311	40,736,287			
2010	18,581,322	3,651,556	3,651,556	171,420	301,608	180,510	711,513	409,099	639,925	15,945,385	40,592,338			
2011	19,527,884	3,538,978	3,538,978	243,522	358,244	331,246	711,271	341,485	715,060	15,906,458	41,674,148			
2012	19,964,116	3,610,714	3,610,714	177,207	237,993	154,542	677,916	403,542	640,168	16,549,968	42,416,166			
2013	21,529,646	3,912,469	3,912,469	176,921	278,688	110,098	675,143	471,690	774,339	15,399,851	43,328,845			
2014	21,894,598	4,022,028	4,022,028	188,116	436,296	125,478	683,538	321,102	1,078,722	15,322,742	44,072,620			

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

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
2005	\$ 1,165,325	\$ 527,428	\$ 2,811,894	\$ 1,564,083	\$ 1,908,228	\$ 19,625,267	\$ 381,880	\$ 1,967,806	\$ -	\$ 892,627	\$ 3,506,035	\$ 34,350,573
2006	1,377,453	625,426	2,767,839	1,942,203	1,816,350	20,941,942	714,483	1,196,540	-	1,001,588	3,354,562	35,738,386
2007	1,489,087	747,594	3,319,272	1,886,045	2,174,308	22,634,587	481,057	1,270,625	-	956,411	3,383,580	38,342,566
2008	1,814,008	753,803	3,787,098	2,030,006	2,333,862	23,311,305	1,094,156	1,272,646	-	2,765,619	3,469,550	42,632,053
2009	1,658,928	715,250	3,490,000	1,859,280	2,162,372	23,563,538	534,228	1,256,028	-	1,705,948	3,368,077	40,313,649
2010	1,474,397	705,391	3,854,484	1,580,185	2,625,881	22,960,454	428,721	734,577	97,360	4,775,336	3,305,908	42,542,694
2011	1,803,127	666,374	3,760,748	1,512,532	2,400,582	23,206,251	437,357	742,872	119,572	3,805,237	3,252,478	41,707,130
2012	1,684,480	692,589	3,902,854	1,701,133	2,326,951	23,717,607	448,611	941,321	62,459	3,011,998	4,083,263	42,573,266
2013	1,885,620	733,316	4,452,145	1,766,078	2,446,824	23,920,947	465,924	1,502,758	87,166	1,463,724	3,429,231	42,153,733
2014	1,721,530	757,806	4,838,651	2,057,624	2,517,465	25,079,440	459,772	789,983	65,419	2,593,285	3,309,774	44,190,749

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

(2) Does not include appropriation from primary government to School Board.

COUNTY OF NELSON, VIRGINIA

Table 5

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total (1) (2)		Current		Percent of Levy Collected		Delinquent (1)		Total Tax Collections		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)		Percent of Delinquent Taxes to Tax Levy	
	Tax Levy	Tax (1) (2)	Tax (1) (3)	Collections	of Levy	Collected	Tax Collections	Tax Collections	Total Tax Collections	Total Tax Collections	to Tax Levy	Total Tax Collections	to Tax Levy	Delinquent Taxes (1)	Delinquent Taxes (1)	Delinquent Taxes to Tax Levy
2005	\$ 11,950,617	\$ 11,239,161	11,239,161	11,239,161	94.05%	\$ 933,353	\$ 12,172,514	101.86%	\$ 1,670,318	13.98%						
2006	12,370,699	12,038,922	12,038,922	12,038,922	97.32%	776,181	12,815,103	103.59%	1,452,213	11.74%						
2007	13,128,010	12,579,789	12,579,789	12,579,789	95.82%	538,403	13,118,192	99.93%	1,734,181	13.21%						
2008	15,476,228	14,747,107	14,747,107	14,747,107	95.29%	859,787	15,606,894	100.84%	1,964,747	12.70%						
2009	18,330,136	17,460,606	17,460,606	17,460,606	95.26%	760,255	18,220,861	99.40%	2,055,591	11.21%						
2010	20,346,994	19,384,220	19,384,220	19,384,220	95.27%	675,464	20,059,684	98.59%	2,340,974	11.51%						
2011	20,358,566	19,585,235	19,585,235	19,585,235	96.20%	1,275,961	20,861,196	102.47%	2,390,679	11.74%						
2012	21,147,999	20,464,264	20,464,264	20,464,264	96.77%	883,820	21,348,084	100.95%	2,595,800	12.27%						
2013	22,371,562	21,912,219	21,912,219	21,912,219	97.95%	960,970	22,873,189	102.24%	2,520,749	11.27%						
2014	22,955,321	22,349,770	22,349,770	22,349,770	97.36%	878,931	23,228,701	101.19%	2,603,797	11.34%						

(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) For fiscal year 2004, does not include second half of tax year real estate taxes that were collected prior to year end.

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
2005	\$ 1,404,375,438	\$ 103,397,922	\$ 5,380,616	\$ 1,103,410	\$ 65,707,864	\$ 1,579,965,250
2006	1,446,732,528	119,346,836	5,518,958	1,091,610	61,254,854	1,633,944,786
2007	1,507,991,734	115,041,842	5,524,702	1,092,641	42,262,807	1,671,913,726
2008	2,845,613,076	123,677,866	5,389,338	1,116,973	42,226,210	3,018,023,463
2009	2,892,345,140	124,217,409	5,383,546	405,780	90,039,734	3,112,391,609
2010	2,897,808,640	131,092,255	5,375,658	429,315	95,139,502	3,129,845,370
2011	2,893,059,995	131,627,375	5,401,696	398,183	99,695,437	3,130,182,686
2012	2,899,427,265	133,865,528	5,371,407	456,903	99,614,737	3,138,735,840
2013	2,936,646,420	140,682,862	5,252,401	674,898	103,528,974	3,186,785,555
2014	2,698,994,105	147,214,790	4,769,312	901,110	102,178,904	2,954,058,221

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	
2005	0.72	0.72	2.95	0.72	1.25				
2006	0.72	0.72	2.95	0.72	1.25				
2007	0.72	0.72	2.95	0.72	1.25				
2008	0.55	0.55	2.95	0.55	1.25				
2009	0.55	0.55	2.95	0.55	1.25				
2010	0.55	0.55	2.95	0.55	1.25				
2011	0.55	0.55	2.95	0.55	1.25				
2012	.55/.60	.55/.60	2.95	.55/.60	1.25				
2013	0.60	0.60	2.95	0.60	1.25				
2014	0.60/.72	0.60/.72	2.95/3.45	0.60/.72	1.25				

(1) Per \$100 of assessed value

COUNTY OF NELSON, VIRGINIA

Table 8

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
				Debt Service Monies Available					
2005	14,445	1,579,965,250	32,641,021	1,236,349	31,404,672	1.99%	2,174		
2006	14,445	1,633,944,786	31,461,023	1,276,323	30,184,700	1.85%	2,090		
2007	15,161	1,671,913,726	32,668,988	1,490,684	31,178,304	1.86%	2,056		
2008	15,161	3,018,023,463	31,369,778	1,328,085	30,041,693	1.00%	1,982		
2009	15,161	3,112,391,609	29,788,245	1,301,739	28,486,506	0.92%	1,879		
2010	15,161	3,129,845,370	31,333,131	1,322,904	30,010,227	0.96%	1,979		
2011	15,161	3,130,182,686	33,211,918	1,613,157	31,598,761	1.01%	2,084		
2012	15,161	3,138,735,840	32,496,317	-	32,496,317	1.04%	2,143		
2013	15,161	3,186,785,555	30,656,196	-	30,656,196	0.96%	2,022		
2014	14,789	2,954,058,221	28,677,466	-	28,677,466	0.97%	1,939		

(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 capital 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
2005	\$ 1,147,650	\$ 1,739,856	\$ 2,887,506	\$ 34,350,573	8.41%
2006	1,150,000	1,549,909	2,699,909	35,738,386	7.55%
2007	1,220,000	1,494,468	2,714,468	38,342,566	7.08%
2008	1,506,583	1,554,613	3,061,196	42,632,053	7.18%
2009	1,545,000	1,479,738	3,024,738	40,313,649	7.50%
2010	1,644,015	1,435,923	3,079,938	42,542,694	7.24%
2011	1,806,406	1,446,072	3,252,478	41,707,130	7.80%
2012	2,187,022	1,896,241	4,083,263	42,573,266	9.59%
2013	2,037,867	1,391,364	3,429,231	42,153,733	8.14%
2014	2,190,739	1,119,035	3,309,774	44,190,749	7.49%

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

(2) Includes lease revenue bonds, general obligation debt, and Literary Fund loans, exclusive of fiscal charges, does not include capital leases, early retirement incentive obligation, repayment of bond anticipation loans, or debt on the Enterprise Fund.

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Board of Supervisors
County of Nelson, Virginia
Nelson, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nelson, Virginia, as of and for the year ended June 30, 2014, 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 December 29, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

December 29, 2014

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

To the Board of Supervisors of County of Nelson
County of Nelson, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Nelson, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Nelson Virginia's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farnell, Cox Associates
Charlottesville, Virginia
December 29, 2014

COUNTY OF NELSON, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 618
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	117,114
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	857
Low Income Home Energy Assistance	93.568	0600409/0600410	12,673
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	18,540
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	870
Foster Care - Title IV-E	93.658	1100109/1100110	40,797
Adoption Assistance	93.659	1120109/1120110	13,365
Social Services Block Grant	93.667	1000109/1000110	80,691
Chafee Foster Care Independence Program	93.674	9150108/9150109/9150110	889
Children's Health Insurance Program	93.767	0540109/0540110	4,033
Medical Assistance Program	93.778	1200109/1200110	<u>111,975</u>
Total Department of Health and Human Services			\$ <u>402,422</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ 59,954
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	<u>422,861</u>
			482,815
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	116,249
Schools and Roads - Grants to States	10.665	10.665	4,144
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110/0040109/0040110	<u>122,778</u>
Total Department of Agriculture			\$ <u>725,986</u>
Department of Housing and Urban Development:			
Pass-through payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	10-3	<u>\$ 2,700</u>
Total Department of Housing and Urban Development			\$ <u>2,700</u>

COUNTY OF NELSON, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victims Assistance	16.575	10VAGZ0095/11VAGX0001	\$ 11,717
Asset forfeiture	16.000	N/A	89,224
ARRA-Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government	16.804	N/A	<u>2,221</u>
Total Department of Justice			<u>\$ 103,162</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL1353100	\$ 11,630
Department of Transportation:			
Highway Planning and Construction	20.205	N/A	330,554
Department of Conservation and Recreation:			
Recreational Trails Program	20.219	N/A	<u>1,600</u>
Total Department of Transportation			<u>\$ 343,784</u>
Department of Homeland Security:			
Pass-through payments:			
Department of Emergency Services:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>\$ 188</u>
Total Department of Homeland Security			<u>\$ 188</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ 463,771
Special Education -- Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	502,004
Special Education -- Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	7,845
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	34,039
English Language Acquisition State Grants	84.365	T365A120046/S365A130046	37,564
Advanced Placement Grant	84.330	S330B130008	180
Improving Teacher Quality State Grants	84.367	S367A120044/S367A130044	<u>96,363</u>
Total Department of Education			<u>\$ 1,141,766</u>
Total Expenditures of Federal Awards			<u>\$ 2,720,008</u>

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, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Nelson, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,031,479
Housing Improvement Fund	2,700
Total primary government	<u>\$ 1,034,179</u>

Component Unit School Board:

School Operating Fund	\$ <u>1,744,974</u>
Total component unit school board	<u>\$ 1,744,974</u>

Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	\$ <u>(59,145)</u>
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Total federal expenditures per basic financial statements	<u>\$ 2,720,008</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,720,008</u></u>
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COUNTY OF NELSON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

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 Section 510(a) of
OMB Circular A-133? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
20.205	Highway Planning and Construction
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

COUNTY OF NELSON, VIRGINIA

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

There were no findings reported for the year ended June 30, 2013.

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