



COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

COUNTY OF NELSON, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

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COUNTY OF NELSON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2015

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

David Francis	Janet Turner-Giles, Chairperson Debbie Harvey, Vice-Chairperson	David Parr Ceasar Perkins
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COUNTY SOCIAL SERVICES BOARD

Connie Brennan Joe Williamson	Joan Giles, Chairperson Cliff Savell, Vice-Chairperson	Pauline Page Diane Harvey
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OTHER OFFICIALS

Michael Gamble	Judge of the Circuit Court
Judy Smythers	Clerk of the Circuit Court
Anthony Martin	Commonwealth's Attorney
Jean W. Payne	Commissioner of the Revenue
Angela F. Johnson	Treasurer
David Brooks	Sheriff
Jeff Comer	Superintendent of Schools
Angela A. Rose	Director of Social Services
Stephen A. Carter	County Administrator

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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-12, 84, and 85-90 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.

Other Matters

Other Information: (Continued)

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 28, 2015, 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 28, 2015

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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, 2015.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the County of Nelson, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,282,784. Of this amount, \$22,159,443 is unrestricted, and may be used to meet the government's ongoing obligations to creditors and citizens. Of the total net position, there is \$11,081,819 invested in capital assets net of related debt (an increase of \$1,202,687 from the previous year). The School Board's net position is a deficit of \$5,303,483, of which the unrestricted net position was a deficit of \$19,844,048. (See Exhibit 1.)

The County implemented new accounting standards related to reporting net pension liability and associated measurements for the first time for the year ended June 30, 2015, as required. This resulted in a restatement of beginning net position per the Statement of Activities. However, due to the lack of available information to categorize these changes in the data presented for the prior year, the comparative tables included in this narrative do not reflect the detail of the restatement in the 2014 data. The details of the impact of this implementation are identified in Note 22 of the financial statements. The net result was a reduction in beginning net position of the Governmental Activities of \$2,590,025 and a reduction in beginning net position of the Component Unit - School Board of \$19,813,805.

The total net position of the Primary Government increased by \$3,182,564. The School Board's net position increased by \$626,027. (See Exhibit 2.) However, when comparing the individual components of net position, the Unrestricted portion of the Primary Government's net position decreased \$616,455, and the School Board's decreased by \$19,597,209. Both of these reductions were largely due to the reporting of net pension liability as noted above.

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$22,421,509. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2014-15 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$23,988,684 of which \$22,421,509 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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 \$33,282,784 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, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 36,595,383	\$ 35,248,096	\$ 755,748	\$ 540,745	\$ 37,351,131	\$ 35,788,841
Capital assets	30,407,581	31,273,243	7,846,636	8,146,087	38,254,217	39,419,330
Total assets	<u>\$ 67,002,964</u>	<u>\$ 66,521,339</u>	<u>\$ 8,602,384</u>	<u>\$ 8,686,832</u>	<u>\$ 75,605,348</u>	<u>\$ 75,208,171</u>
Deferred Outflows of Resources	\$ 790,542	\$ 372,775	\$ -	\$ -	\$ 790,542	\$ 372,775
Long-term liabilities	\$ 29,502,784	\$ 30,065,241	\$ 1,087,636	\$ 1,102,556	\$ 30,590,420	\$ 31,167,797
Other liabilities	1,003,753	1,204,729	23,756	50,145	1,027,509	1,254,874
Total liabilities	<u>\$ 30,506,537</u>	<u>\$ 31,269,970</u>	<u>\$ 1,111,392</u>	<u>\$ 1,152,701</u>	<u>\$ 31,617,929</u>	<u>\$ 32,422,671</u>
Deferred Inflows of Resources	\$ 11,495,177	\$ 10,468,030	\$ -	\$ -	\$ 11,495,177	\$ 10,468,030
Net Position:						
Invested in capital assets, net of related debt	\$ 4,322,819	\$ 2,835,601	\$ 6,759,000	\$ 7,043,531	\$ 11,081,819	\$ 9,879,132
Restricted for:						
Debt service and bond covenants	\$ -	\$ -	\$ 41,522	\$ 35,215	\$ 41,522	\$ 35,215
Unrestricted	21,468,973	22,320,513	690,470	455,385	22,159,443	22,775,898
Total net position	<u>\$ 25,791,792</u>	<u>\$ 25,156,114</u>	<u>\$ 7,490,992</u>	<u>\$ 7,534,131</u>	<u>\$ 33,282,784</u>	<u>\$ 32,690,245</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 33.3 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 (\$41,522) at June 30, 2015. The remaining balance of unrestricted net position, which is \$22,159,443 or 66.6 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County's Primary Government is able to report a positive balance in total net position. The governmental activities reported positive balances of \$4,322,819 in net position invested in capital assets, net of related debt and \$21,468,973 in unrestricted net position. The business-type activities reported positive balances of \$6,759,000 in net position invested in capital assets, net of related debt and \$690,470 in unrestricted net position.

The government's total net position increased by \$3,182,564 during the current fiscal year (taking into consideration the restatement of beginning net position as mentioned previously), compared to an increase of \$1,264,109 in FY 2013-2014.

Government-wide Financial Analysis: (Continued)

Governmental and Business-type Activities

Governmental activities increased the County's net position by \$3,225,703. Business-type activities decreased the County's net position by \$43,139. Key elements of these changes are as follows:

County of Nelson's Changes in Net Position For the Year Ended June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 934,970	\$ 883,247	\$ 500,091	\$ 380,850	\$ 1,435,061	\$ 1,264,097
Operating grants & contributions	2,868,264	2,924,866	-	-	2,868,264	2,924,866
Capital grants & contributions	753,001	431,654	-	-	753,001	431,654
General revenues:						
General property taxes	22,191,371	21,779,423	-	-	22,191,371	21,779,423
Other local taxes	4,256,941	4,022,028	-	-	4,256,941	4,022,028
Use of money and property	59,213	125,442	-	-	59,213	125,442
Miscellaneous	71,605	80,201	-	-	71,605	80,201
Grants and contributions not restricted to specific programs	2,412,973	2,458,708	-	-	2,412,973	2,458,708
Transfers	(140,000)	(176,035)	140,000	176,035	-	-
Total revenues	\$ 33,408,338	\$ 32,529,534	\$ 640,091	\$ 556,885	\$ 34,048,429	\$ 33,086,419
Expenses:						
General government	\$ 1,931,016	\$ 2,024,078	\$ -	\$ -	\$ 1,931,016	\$ 2,024,078
Judicial administration	709,914	760,170	-	-	709,914	760,170
Public safety	5,130,442	5,037,123	-	-	5,130,442	5,037,123
Public works	2,051,142	2,121,760	683,230	741,324	2,734,372	2,863,084
Health and welfare	2,366,870	2,506,489	-	-	2,366,870	2,506,489
Education	15,784,538	16,169,175	-	-	15,784,538	16,169,175
Parks, recreation and cultural	568,093	565,861	-	-	568,093	565,861
Community development	773,915	928,029	-	-	773,915	928,029
Interest on long-term debt	866,705	968,301	-	-	866,705	968,301
Total expenses	\$ 30,182,635	\$ 31,080,986	\$ 683,230	\$ 741,324	\$ 30,865,865	\$ 31,822,310
Increase (decrease) in net assets	\$ 3,225,703	\$ 1,448,548	\$ (43,139)	\$ (184,439)	\$ 3,182,564	\$ 1,264,109
Beginning net position, as restated	22,566,089	23,707,566	7,534,131	7,718,570	30,100,220	31,426,136
Ending net position	\$ 25,791,792	\$ 25,156,114	\$ 7,490,992	\$ 7,534,131	\$ 33,282,784	\$ 32,690,245

Note: Due to the implementation in fiscal year 2015 of Accounting Pronouncements issued by the Governmental Accounting Standards Board, beginning net position was restated for items related to net pension liability and its measurement. However, due to lack of available information to categorize these changes, comparative tables included in this discussion and analysis do not reflect this in the fiscal year 2014 data. This accounts for the tables reporting a lower restated net position as compared to the previous year's ending net position.

The statements causing this impact were GASB No. 68, Accounting and Financial Reporting for Pensions, and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of Statement No. 68. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information about pensions are also addressed. The requirements of these statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions (see Note 22).

Government-wide Financial Analysis: (Continued)

- Overall revenues increased by \$962,010. The most significant increases in revenue were due to increased general property tax revenues of \$411,948 and other local taxes of \$234,913. Additionally, charges for services increased by \$170,964 as well as capital grants and contributions increased by \$321,347. These increases in revenues were offset by a reduction of \$177,162 in other categories of revenues, primarily due to fluctuations in certain grants and contributions.
- Overall grants and contributions reflect a net increase of \$219,010. The most significant factor in this increase is the County received \$422,447 more in federal Transportation Enhancement Act grant funds for the Crozet Tunnel and Blue Ridge Trail capital projects in FY15 than it did in FY14. The County had received \$98,400 in state grants for the trail in FY14 that it did not receive in FY15.
- The revenues from general property taxes increased by \$411,948 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.
- The revenues from other local taxes increased by \$234,913. This is due to increases in local sales and use taxes in the amount of \$66,359 and increases in motor vehicle license fees of \$24,366. Additionally, revenue from meals tax increased by \$96,759 and transient occupancy tax increased by \$97,126. These increases were offset by a reduction of \$65,831 in revenue from taxes on recordation and wills.
- The revenues from charges for services increased by \$170,964. Of this amount, \$51,723 is attributable to governmental activities and \$119,241 is attributable to business-type activities. Within governmental activities, the most significant factor is the increase of \$101,067 in permits, privilege fees, and regulatory licenses (in particular, land use application fees increased by \$64,614 and building permits increased by \$36,875) and an increase of \$19,092 in other charges for services, in particular charges for sanitation and waste removal. These increases were offset by a decrease of \$68,436 in court fines and forfeitures. Within business-type activities, the most significant factor is an increase of \$79,625 from the operation of the broadband network. FY2014-2015 is the second full year of operation for the network. Within business-type activities, the balance of the increase in the amount of \$39,616 is relative to water and sewer revenues from the Piney River system.
- Expenses reflected an overall net decrease of \$956,445. Of this amount, expense from governmental activities decreased by \$898,351 and business-type activities decreased by \$58,094.
- All areas of expenses for governmental activities reflected reductions with the exception of public safety and recreation with respective increases of \$93,319 and \$2,232. The most significant categories of reduction include Health and Welfare with a decrease of \$139,619, education with a decrease of \$384,637 and a decrease of community development expense in the amount of \$154,114. It is also pertinent to note the reduction of interest expense relative to long term debt in the amount of \$101,596.
- The education function reported a decrease in expenditures of \$384,637 which is mainly attributable to budgeted funds that remained unexpended at the end of FY2014-2015.
- The business activities reported a decrease in operational expenses of \$58,094. Of this amount a reduction of \$11,631 is attributable to the Piney River water and sewer operations and a reduction of \$46,463 is attributable to the Nelson County broadband network which had its second full year of operation in FY2014-2015.

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 \$23,988,684, an increase of \$1,718,540 from the prior year. Approximately, 93.5 percent of this total amount constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified to indicate that it is not available for new spending because it is constrained as follows:

- Nonspendable fund balance of \$33,577
- Restricted fund balance of \$8,266
- Committed fund balance of \$1,525,332

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

The general fund is the chief operating fund of the County. As of June 30, 2015, total fund balance of the general fund was \$22,638,607, of which \$22,421,509 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 77.3 percent of total general fund expenditures which includes transfers to the School Board component unit of \$14,295,439. Total fund balance represents 78.1 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$2,130,771 during the current fiscal year. Key factors in this increase are as follows:

- Overall General Fund revenues increased by \$1,089,883. Local revenues increased by \$868,173 of which \$803,091 can be attributed to general property taxes and other local taxes. Federal revenues also increased by \$362,033. These increases are offset by decreased state revenues in the amount of \$140,323.
- However, expenditures decreased by \$1,128,379. The decreased expenditures are attributable primarily to decreases in public safety expenditures (\$122,708), education expenditures (\$241,635), public works expenditures (\$221,686) and capital projects expense (\$422,686).
- Transfers out for debt service and support of business-type activities (broadband network and Piney River water and sewer) decreased by \$97,783 in FY2014-2015. Transfers in decreased by \$350,000. In FY2013-2014, \$350,000 was transferred in from the Capital Fund for school buses and other miscellaneous capital projects. There were no transfers into the General Fund during FY2014-2015.

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 \$133,598. This is an increase from the prior year of \$48,724.

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

Unrestricted net position of the Broadband Authority at the end of the fiscal year was \$556,872 as compared to \$370,511 in the prior year, for an increase of \$186,361. This is primarily attributable to growth in the subscriber base during the network's second full year of operation.

General Fund Budgetary Highlights

The final amended budgeted appropriations for the General Fund were \$402,021 more than the original budgeted expenditure appropriations, which is 1.3 percent of the total original budget, and can be briefly summarized as follows:

- A supplemental appropriation was approved for the Crozet Tunnel project in the amount of \$284,589. The appropriation was supported with grant funding.
- Supplemental appropriations to the Sheriff's department were approved in the amount of \$55,621 for expenditure of both state and federal asset forfeiture receipts. A supplemental appropriation of \$16,889 was also approved for expenditure of a grant from the Division of Motor Vehicles to provide selective alcohol law enforcement patrols.
- 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, 2015 is \$30,407,581 (net of accumulated depreciation and is a decrease of \$865,662 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 693,157	\$ 573,234	\$ 40,000	\$ 40,000	\$ 733,157	\$ 613,234
Infrastructure	-	-	4,915,115	5,103,217	4,915,115	5,103,217
Buildings and improvements	23,655,167	25,572,161	-	-	23,655,167	25,572,161
Machinery and equipment	4,215,422	1,986,269	2,891,521	3,002,870	7,106,943	4,989,139
Construction in progress	1,843,835	3,141,579	-	-	1,843,835	3,141,579
Total	<u>\$ 30,407,581</u>	<u>\$ 31,273,243</u>	<u>\$ 7,846,636</u>	<u>\$ 8,146,087</u>	<u>\$ 38,254,217</u>	<u>\$ 39,419,330</u>

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

Capital Asset and Debt Administration: (Continued)

Long-term debt

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

County of Nelson's Outstanding Debt For the Year Ended June 30, 2015

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Lease Revenue Refunding	\$ 8,565,000	\$ 9,045,000	\$ -	\$ -	\$ 8,565,000	\$ 9,045,000
General Obligation Bonds	8,240,000	8,940,000	-	-	8,240,000	8,940,000
Revenue Bonds	1,935,000	2,360,000	1,102,556	1,087,636	3,037,556	3,447,636
Refunding Revenue Bonds	6,200,000	6,740,000	-	-	6,200,000	6,740,000
Retirement Incentive Loan	185,640	239,824	-	-	185,640	239,824
Total	<u>\$ 25,125,640</u>	<u>\$ 27,324,824</u>	<u>\$ 1,102,556</u>	<u>\$ 1,087,636</u>	<u>\$ 26,228,196</u>	<u>\$ 28,412,460</u>

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

Additional information on the County's long-term debt, including other long-term obligations such as compensated absences, other post-employment benefits and net pension liability, can be found in Notes 7-10, in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County was 4.5 percent (June 2015), which is a decrease from the rate of 5.0 percent a year ago (June 2014). This compares favorably to the state's average unemployment rate of 5.0 percent (June 2015) and the national average rate of 5.5 percent (June 2015). These rates were obtained from the Virginia Employment Commission's Labor Market Data.
- Due to current housing market conditions, the County incurred an increase in building permit fees of 34% for FY14-15, whereas in recent previous years the County had seen steady declines in similar fees. The County does anticipate slow recovery of the housing market but does not expect 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 an unusually large transaction in Fiscal Year 2013-2014.
- The County anticipates some reductions in state aid to localities at least in the next fiscal year due to shortfalls in projected state revenues. The reduction in Fiscal Year 2014-2015 is was \$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 2015-2016 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, 2015

	Governmental Activities	Business-type Activities	Total	Component Units	
				School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 21,860,717	\$ 552,336	22,413,053	\$ 1,293,043	\$ 39,527
Restricted cash	-	41,522	41,522	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,199,420	-	12,199,420	-	-
Accounts receivable	357,000	50,843	407,843	103,238	67,200
Notes receivable	-	-	-	-	128,000
Connection fees receivable	-	111,047	111,047	-	-
Due from component unit	564,135	-	564,135	-	-
Due from other governmental units	1,580,534	-	1,580,534	531,584	-
Inventories	-	-	-	41,718	-
Prepaid items	33,577	-	33,577	18,175	-
Capital assets (net of accumulated depreciation):					
Land and improvements	693,157	40,000	733,157	851,210	-
Buildings and improvements	23,655,167	-	23,655,167	14,185,113	-
Infrastructure and equipment	-	7,806,636	7,806,636	-	-
Machinery and equipment	4,215,422	-	4,215,422	1,465,768	-
Construction in progress	1,843,835	-	1,843,835	-	-
Total assets	\$ 67,002,964	\$ 8,602,384	\$ 75,605,348	\$ 18,489,849	\$ 234,727
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	\$ 326,459	\$ -	\$ 326,459	\$ -	\$ -
Pension contributions subsequent to measurement date	464,083	-	464,083	2,312,838	-
Total deferred outflows of resources	\$ 790,542	\$ -	\$ 790,542	\$ 2,312,838	\$ -
Total assets and deferred outflows of resources	\$ 67,793,506	\$ 8,602,384	\$ 76,395,890	\$ 20,802,687	\$ 234,727
LIABILITIES					
Accounts payable	\$ 497,554	\$ 20,875	\$ 518,429	\$ 107,058	\$ 12,462
Accrued liabilities	-	-	-	825,145	-
Amounts held for others	85,688	-	85,688	-	-
Accrued interest payable	379,444	2,881	382,325	-	-
Due to primary government	-	-	-	564,135	-
Unearned revenue	41,067	-	41,067	-	-
Long-term liabilities:					
Due within one year	2,500,143	15,583	2,515,726	144,259	-
Due in more than one year	27,002,641	1,072,053	28,074,694	21,337,135	-
Total liabilities	\$ 30,506,537	\$ 1,111,392	\$ 31,617,929	\$ 22,977,732	\$ 12,462
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - taxes	\$ 10,536,302	\$ -	\$ 10,536,302	\$ -	\$ -
Items related to measurement of net pension liability	958,875	-	958,875	3,128,438	-
Total deferred inflows of resources	\$ 11,495,177	\$ -	\$ 11,495,177	\$ 3,128,438	\$ -
NET POSITION					
Net investment in capital assets	\$ 4,322,819	\$ 6,759,000	\$ 11,081,819	\$ 14,540,565	\$ -
Restricted:					
Debt service and bond covenants	-	41,522	41,522	-	-
Unrestricted (deficit)	21,468,973	690,470	22,159,443	(19,844,048)	222,265
Total net position	\$ 25,791,792	\$ 7,490,992	\$ 33,282,784	\$ (5,303,483)	\$ 222,265
Total liabilities, deferred inflows of resources and net position	\$ 67,793,506	\$ 8,602,384	\$ 76,395,890	\$ 20,802,687	\$ 234,727

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,931,016	\$ -	\$ 207,704	\$ -
Judicial administration	709,914	387,298	439,826	-
Public safety	5,130,442	296,601	950,410	-
Public works	2,051,142	194,609	8,528	-
Health and welfare	2,366,870	-	1,256,796	-
Education	15,784,538	-	-	-
Parks, recreation, and cultural	568,093	56,038	5,000	-
Community development	773,915	424	-	753,001
Interest on long-term debt	866,705	-	-	-
Total governmental activities	\$ 30,182,635	\$ 934,970	\$ 2,868,264	\$ 753,001
Business-type activities:				
Piney River Water & Sewer	346,611	188,460	-	-
Nelson County Broadband Authority	336,619	311,631	-	-
Total primary government	\$ 30,865,865	\$ 1,435,061	\$ 2,868,264	\$ 753,001
COMPONENT UNITS:				
School Board	\$ 25,491,339	\$ 431,808	\$ 10,065,602	\$ -
Nelson County Economic Development Authority	18,460	8,339	-	-
Total component units	\$ 25,509,799	\$ 440,147	\$ 10,065,602	\$ -
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				
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, as restated				
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
\$ (1,723,312)	\$ -	\$ (1,723,312)		
117,210	-	117,210		
(3,883,431)	-	(3,883,431)		
(1,848,005)	-	(1,848,005)		
(1,110,074)	-	(1,110,074)		
(15,784,538)	-	(15,784,538)		
(507,055)	-	(507,055)		
(20,490)	-	(20,490)		
(866,705)	-	(866,705)		
<u>\$ (25,626,400)</u>	<u>\$ -</u>	<u>\$ (25,626,400)</u>		
-	(158,151)	(158,151)		
-	(24,988)	(24,988)		
<u>\$ (25,626,400)</u>	<u>\$ (183,139)</u>	<u>\$ (25,809,539)</u>		
			\$ (14,993,929)	\$ -
			-	(10,121)
			<u>\$ (14,993,929)</u>	<u>\$ (10,121)</u>
\$ 22,191,371	\$ -	\$ 22,191,371	\$ -	\$ -
1,125,811	-	1,125,811	-	-
471,128	-	471,128	-	-
976,490	-	976,490	-	-
514,579	-	514,579	-	-
716,630	-	716,630	-	-
452,303	-	452,303	-	-
-	-	-	15,330,439	10,000
59,213	-	59,213	24	8,970
71,605	-	71,605	289,493	-
2,412,973	-	2,412,973	-	-
(140,000)	140,000	-	-	-
<u>\$ 28,852,103</u>	<u>\$ 140,000</u>	<u>\$ 28,992,103</u>	<u>\$ 15,619,956</u>	<u>\$ 18,970</u>
\$ 3,225,703	\$ (43,139)	\$ 3,182,564	\$ 626,027	\$ 8,849
<u>22,566,089</u>	<u>7,534,131</u>	<u>30,100,220</u>	<u>(5,929,510)</u>	<u>213,416</u>
<u>\$ 25,791,792</u>	<u>\$ 7,490,992</u>	<u>\$ 33,282,784</u>	<u>\$ (5,303,483)</u>	<u>\$ 222,265</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 At June 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 20,416,834	\$ 191,486	\$ 1,252,347	\$ 50	\$ 21,860,717
Receivables (net of allowance):					
Property taxes receivable, net	12,199,420	-	-	-	12,199,420
Accounts receivable	357,000	-	-	-	357,000
Due from component unit	564,135	-	-	-	564,135
Due from other governmental units	1,580,534	-	-	-	1,580,534
Prepaid items	33,577	-	-	-	33,577
Total assets	\$ 35,151,500	\$ 191,486	\$ 1,252,347	\$ 50	\$ 36,595,383
Liabilities					
Accounts payable	\$ 403,748	\$ -	\$ 93,806	\$ -	\$ 497,554
Amounts held for others	85,688	-	-	-	85,688
Unearned revenue	41,067	-	-	-	41,067
Total liabilities	\$ 530,503	\$ -	\$ 93,806	\$ -	\$ 624,309
Deferred Inflows of Resources					
Unavailable revenue - prepaid taxes	\$ 232,771	\$ -	\$ -	\$ -	\$ 232,771
Unavailable revenue - taxes	11,749,619	-	-	-	11,749,619
Total deferred inflows of resources	\$ 11,982,390	\$ -	\$ -	\$ -	\$ 11,982,390
Fund balance					
Nonspendable	\$ 33,577	\$ -	\$ -	\$ -	\$ 33,577
Restricted	-	8,266	-	-	8,266
Committed	183,521	183,220	1,158,541	50	1,525,332
Unassigned	22,421,509	-	-	-	22,421,509
Total fund balances	\$ 22,638,607	\$ 191,486	\$ 1,158,541	\$ 50	\$ 23,988,684
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,151,500	\$ 191,486	\$ 1,252,347	\$ 50	\$ 36,595,383

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, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 23,988,684

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

Land and improvements	\$ 693,157	
Construction in progress	1,843,835	
Buildings and improvements, net of depreciation	10,907,543	
Equipment, net of depreciation	4,215,422	
School Board capital assets, net of depreciation	<u>12,747,624</u>	30,407,581

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

Unavailable revenue - property taxes	\$ 1,446,088	
Items related to measurement of net pension liability	<u>(958,875)</u>	487,213

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	\$ (379,444)	
Bonds, notes and capital leases payable	(24,940,000)	
Bond premiums	(1,144,762)	
Deferred charge on refunding	326,459	
Early retirement incentive obligation	(185,640)	
Net pension liability	(1,854,745)	
Net OPEB obligation	(24,890)	
Compensated absences	(316,096)	
Accrued landfill remediation costs	<u>(1,036,651)</u>	(29,555,769)

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.

464,083

Net position of governmental activities \$ 25,791,792

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, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 22,462,776	\$ -	\$ -	\$ -	\$ 22,462,776
Other local taxes	4,256,941	-	-	-	4,256,941
Permits, privilege fees, and regulatory licenses	289,183	-	-	-	289,183
Fines and forfeitures	367,860	-	-	-	367,860
Revenue from the use of money and property	59,159	-	54	-	59,213
Charges for services	277,927	-	-	-	277,927
Miscellaneous	71,605	-	-	-	71,605
Recovered costs	709,650	-	-	-	709,650
Intergovernmental:					
Revenue from the Commonwealth	4,640,726	-	-	-	4,640,726
Revenue from the Federal Government	1,393,512	-	-	-	1,393,512
Total revenues	\$ 34,529,339	\$ -	\$ 54	\$ -	\$ 34,529,393
Expenditures					
Current:					
General government administration	\$ 1,633,671	\$ -	\$ -	\$ -	\$ 1,633,671
Judicial administration	731,991	-	-	-	731,991
Public safety	4,715,943	-	-	-	4,715,943
Public works	1,835,938	-	-	-	1,835,938
Health and welfare	2,502,319	-	-	-	2,502,319
Education	14,298,039	-	-	-	14,298,039
Parks, recreation, and cultural	468,588	-	-	-	468,588
Community development	771,534	-	-	-	771,534
Nondepartmental	84,208	-	-	-	84,208
Capital projects	1,949,777	-	418,536	-	2,368,313
Debt service:					
Principal retirement	-	2,199,184	-	-	2,199,184
Interest and other fiscal charges	-	1,061,125	-	-	1,061,125
Total expenditures	\$ 28,992,008	\$ 3,260,309	\$ 418,536	\$ -	\$ 32,670,853
Excess (deficiency) of revenues over (under) expenditures	\$ 5,537,331	\$ (3,260,309)	\$ (418,482)	\$ -	\$ 1,858,540
Other financing sources (uses)					
Transfers in	\$ -	\$ 3,266,560	\$ -	\$ -	\$ 3,266,560
Transfers out	(3,406,560)	-	-	-	(3,406,560)
Total other financing sources (uses)	\$ (3,406,560)	\$ 3,266,560	\$ -	\$ -	\$ (140,000)
Net change in fund balances	\$ 2,130,771	\$ 6,251	\$ (418,482)	\$ -	\$ 1,718,540
Fund balance, beginning of year	20,507,836	185,235	1,577,023	50	22,270,144
Fund balance, end of year	\$ 22,638,607	\$ 191,486	\$ 1,158,541	\$ 50	\$ 23,988,684

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, 2015

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

Net change in fund balances - total governmental funds - Exhibit 5 \$ 1,718,540

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

Capital asset additions	\$ 2,009,673	
Depreciation expense	<u>(1,790,338)</u>	219,335

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. (49,997)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board (1,035,000)

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

Unearned revenue - property taxes	\$ (271,405)	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	<u>(958,875)</u>	(1,230,280)

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	\$ (15,320)	
Repayments:		
Lease revenue refunding bonds	480,000	
Less: Amortization of deferred charge on refunding	(46,316)	
General obligation school bonds	700,000	
Plus: Amortization of issuance premium	42,578	
Lease revenue bonds	425,000	
Plus: Amortization of issuance premium	42,566	
Infrastructure revenue bonds	540,000	
Plus: Amortization of issuance premium	122,736	
Early retirement incentive obligation	<u>54,184</u>	
Net adjustment		2,345,428

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	\$ 26,400	
Net OPEB obligation	(942)	
Decrease (increase) in net pension liability	1,227,423	
Decrease (increase) in deferred outflows related to pension payments subsequent to the measurement date	(28,060)	
Accrued interest payable	<u>32,856</u>	1,257,677

Change in net position of governmental activities \$ 3,225,703

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 107,102	\$ 445,234	\$ 552,336
Restricted cash	41,522	-	41,522
Accounts receivable, net	39,790	11,053	50,843
Connection fees receivable, current portion	-	22,323	22,323
Total current assets	<u>\$ 188,414</u>	<u>\$ 478,610</u>	<u>\$ 667,024</u>
Noncurrent assets:			
Capital Assets:			
Land	\$ 40,000	\$ -	\$ 40,000
Other capital assets, net of accumulated depreciation	4,915,115	2,891,521	7,806,636
Total capital assets	<u>\$ 4,955,115</u>	<u>\$ 2,891,521</u>	<u>\$ 7,846,636</u>
Connection fees receivable, net of current portion	\$ -	\$ 88,724	\$ 88,724
Total noncurrent assets	<u>\$ 4,955,115</u>	<u>\$ 2,980,245</u>	<u>\$ 7,935,360</u>
Total assets	<u>\$ 5,143,529</u>	<u>\$ 3,458,855</u>	<u>\$ 8,602,384</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 10,413	\$ 10,462	\$ 20,875
Accrued interest payable	2,881	-	2,881
Current portion of bonds payable	15,583	-	15,583
Total current liabilities	<u>\$ 28,877</u>	<u>\$ 10,462</u>	<u>\$ 39,339</u>
Long-term liabilities			
Bonds payable, net of current portion	\$ 1,072,053	\$ -	\$ 1,072,053
Total long-term liabilities	<u>1,072,053</u>	<u>-</u>	<u>1,072,053</u>
Total liabilities	<u>\$ 1,100,930</u>	<u>\$ 10,462</u>	<u>\$ 1,111,392</u>
Net Position:			
Net investment in capital assets	\$ 3,867,479	\$ 2,891,521	\$ 6,759,000
Restricted:			
Debt service and bond covenants	41,522	-	41,522
Unrestricted	133,598	556,872	690,470
Total net position	<u>\$ 4,042,599</u>	<u>\$ 3,448,393</u>	<u>\$ 7,490,992</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
Operating revenues:			
Charges for services, net	\$ 188,460	\$ 311,631	\$ 500,091
Total operating revenues	\$ 188,460	\$ 311,631	\$ 500,091
Operating expenses:			
Water & sewer service	\$ 40,808	\$ -	\$ 40,808
Maintenance & repairs	17,159	400	17,559
Other charges	52,431	149,886	202,317
Depreciation expense	188,102	186,333	374,435
Total operating expenses	\$ 298,500	\$ 336,619	\$ 635,119
Operating income (loss)	\$ (110,040)	\$ (24,988)	\$ (135,028)
Nonoperating expense:			
Interest expense	\$ 48,111	\$ -	\$ 48,111
Net nonoperating expense	\$ 48,111	\$ -	\$ 48,111
Income(loss) before transfers	\$ (158,151)	\$ (24,988)	\$ (183,139)
Transfers:			
Transfers in	\$ 40,000	\$ 100,000	\$ 140,000
Total transfers	\$ 40,000	\$ 100,000	\$ 140,000
Change in net position	\$ (118,151)	\$ 75,012	\$ (43,139)
Net position, beginning of year	4,160,750	3,373,381	7,534,131
Net position, end of year	\$ 4,042,599	\$ 3,448,393	\$ 7,490,992

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, 2015

	<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	\$ 179,623	\$ 234,621	\$ 414,244
Payments to suppliers	<u>(111,660)</u>	<u>(175,374)</u>	<u>(287,034)</u>
Net cash provided by (used for) operating activities	<u>\$ 67,963</u>	<u>\$ 59,247</u>	<u>\$ 127,210</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	\$ -	\$ (74,984)	\$ (74,984)
Principal repayments on bonds payable	(14,920)	-	(14,920)
Interest paid on bonds payable	<u>(48,150)</u>	<u>-</u>	<u>(48,150)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (63,070)</u>	<u>\$ (74,984)</u>	<u>\$ (138,054)</u>
Cash flows from noncapital financing activities			
Transfers from local government	<u>\$ 40,000</u>	<u>\$ 100,000</u>	<u>\$ 140,000</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 44,893</u>	<u>\$ 84,263</u>	<u>\$ 129,156</u>
Cash and cash equivalents, beginning of year	<u>103,731</u>	<u>360,971</u>	<u>464,702</u>
Cash and cash equivalents, end of year (including restricted cash of \$41,522)	<u><u>\$ 148,624</u></u>	<u><u>\$ 445,234</u></u>	<u><u>\$ 593,858</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (110,040)	\$ (24,988)	\$ (135,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	188,102	186,333	374,435
Changes in assets and liabilities:			
Accounts receivable	(8,837)	(77,010)	(85,847)
Accounts payable	<u>(1,262)</u>	<u>(25,088)</u>	<u>(26,350)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 67,963</u></u>	<u><u>\$ 59,247</u></u>	<u><u>\$ 127,210</u></u>
Supplemental information:			
Interest paid during year	\$ 48,150	\$ -	\$ 48,150
Change in accrued interest payable	<u>(39)</u>	<u>-</u>	<u>(39)</u>
Interest expense for year	<u><u>\$ 48,111</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 48,111</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, 2015

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 286,580
Other receivables	<u>1,582</u>
Total assets	<u><u>\$ 288,162</u></u>
Liabilities:	
Amounts held for others	<u>\$ 288,162</u>
Total liabilities	<u><u>\$ 288,162</u></u>

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015

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, 2015.

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, 2015 (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 2015 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 \$260,468 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, \$533,152 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 2015, the County paid the Region 2000 Services Authority \$272,373 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.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and 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 2015.

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 2015.

- 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.

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, 2015 (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 \$41,522 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.

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, 2015, 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 \$464,159 at June 30, 2014. The allowance is comprised of property taxes, landfill fees, EMS charges, and sewer charges.

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.

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 resale, and long-term receivables.

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

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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	\$ 33,577	\$ -	\$ -	\$ -	\$ 33,577	\$ 18,175
Inventory	-	-	-	-	-	41,718
Total Nonspendable	\$ 33,577	\$ -	\$ -	\$ -	\$ 33,577	\$ 59,893
Restricted:						
Unexpended Bond Proceeds	\$ -	\$ 8,266	\$ -	\$ -	\$ 8,266	-
Total Restricted	\$ -	\$ 8,266	\$ -	\$ -	\$ 8,266	-
Committed:						
Ryan School Reserve	\$ 39,126	\$ -	\$ -	\$ -	\$ 39,126	\$ -
Reassessment	144,395	-	-	-	144,395	-
Debt Service	-	183,220	-	-	183,220	-
Community Development	-	-	-	50	50	-
Textbooks	-	-	-	-	-	272,781
Cafeteria	-	-	-	-	-	198,827
Courthouse Construction	-	-	260,541	-	260,541	-
Capital Projects	-	-	898,000	-	898,000	-
Total Committed	\$ 183,521	\$ 183,220	\$ 1,158,541	\$ 50	\$ 1,525,332	\$ 471,608
Unassigned	\$ 22,421,509	\$ -	\$ -	\$ -	\$ 22,421,509	\$ (40,081)
Total Fund Balance	\$ 22,638,607	\$ 191,486	\$ 1,158,541	\$ 50	\$ 23,988,684	\$ 491,420

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

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.

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 has two items that qualifies for reporting in this category. One item is the deferred amount on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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

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

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 two types of items 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 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. 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. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

T. Pensions

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

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, 2015 (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, 2015 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, 2015 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.

<u>County's Rated Debt Investments' Values</u>	
<u>Local Government</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Money Market Mutual Fund	\$ 8,266
Local Government Investment Pool	48,490
Total	\$ <u>56,756</u>
<u>Component Unit -- Economic Development Authority</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u>8,812</u>

External Investment Pools

The fair values of the positions in the Local Government Investment Pool (LGIP) 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, 2015 (Continued)

NOTE 3—RECEIVABLES:

Receivables at June 30, 2015 consist of the following:

	Primary Government		Component Units	
	Governmental	Business- Type Activities	School	Economic
	Activities		Board	Development Authority
	General Fund			
Property taxes	\$ 12,654,202	\$ -	\$ -	\$ -
Penalties	31,433			
Utility taxes	43,283	-	-	-
Recordation taxes and court fees	15,756	-	-	-
School resource officer	21,576			
Lodging fees	31,351	-	-	-
Meals taxes	77,450	-	-	-
Landfill fees	12,773	-	-	-
EMS revenue recovery	96,989	-	-	-
Note receivable	-	-	-	128,000
E-rate reimbursement	-	-	99,528	-
Sewer charges	-	46,987	-	-
Broadband charges	-	11,053	-	-
Broadband connection fees	-	111,047		
Other	28,569	-	3,710	67,200
	<u>13,013,382</u>	<u>169,087</u>	<u>103,238</u>	<u>195,200</u>
Total receivables	\$ 13,013,382	\$ 169,087	\$ 103,238	\$ 195,200
Allowance for uncollectibles	(456,962)	(7,197)	-	-
	<u>12,556,420</u>	<u>161,890</u>	<u>103,238</u>	<u>195,200</u>
Net receivables	\$ 12,556,420	\$ 161,890	\$ 103,238	\$ 195,200

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 2015. The note accrues interest at 7% per annum and is secured by a deed of trust. During 2015, the Board of the EDA agreed to extend the maturity date of the note to June 2016.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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	\$ 170,169	\$ -	\$ 170,169	-
State sales taxes	-	-	-	361,685
Personal property tax relief act	734,930	-	734,930	-
Comprehensive Services Act	77,236	-	77,236	-
Public assistance	25,266	-	25,266	-
Communications tax	77,546	-	77,546	-
Rolling stock tax	107,363	-	107,363	-
Shared expenses and grants	116,982	-	116,982	-
Other	29,355	-	29,355	-
Federal government:				
Public assistance	43,955	-	43,955	-
TEA-21 grant	191,366	-	191,366	-
Other	6,366	-	6,366	-
Federal pass-through school funds	-	-	-	169,899
Total	\$ 1,580,534	\$ -	\$ 1,580,534	\$ 531,584

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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	\$ (3,266,560)
Transfer from the Capital projects fund	-
Transfer to the Broadband Fund	(100,000)
Transfer to the Piney River Water & Sewer fund to support operations	<u>(40,000)</u>
Net transfers from General Fund	<u>\$ (3,406,560)</u>
Transfer from the General Fund to pay principal and interest on long-term debt	<u>\$ 3,266,560</u>
Net transfers to Debt Service Fund	<u>\$ 3,266,560</u>
Transfer from the General Fund to support operations	<u>\$ 40,000</u>
Net transfers to the Piney River Water & Sewer Fund	<u>\$ 40,000</u>
Transfer from the General Fund to pay for broadband project	<u>\$ 100,000</u>
Net transfers to the Broadband Authority Fund	<u>\$ 100,000</u>

The component unit School Board consists of only one fund.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 6—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2015:

Governmental Activities:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land and land improvements	\$ 573,234	\$ 119,923	\$ -	\$ 693,157
Construction in progress	3,141,579	1,556,684	2,854,428	1,843,835
Total capital assets not being depreciated	<u>\$ 3,714,813</u>	<u>\$ 1,676,607</u>	<u>\$ 2,854,428</u>	<u>\$ 2,536,992</u>
Other capital assets:				
Buildings and improvements	\$ 14,840,204	\$ 95,560	\$ -	\$ 14,935,764
Furniture, equipment and vehicles	4,739,601	3,091,934	205,062	7,626,473
School buildings, improvements and equipment *	19,165,000	-	1,420,000	17,745,000
Total other capital assets	<u>\$ 38,744,805</u>	<u>\$ 3,187,494</u>	<u>\$ 1,625,062</u>	<u>\$ 40,307,237</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 3,494,292	\$ 533,929	\$ -	\$ 4,028,221
Furniture, equipment and vehicles	2,753,332	812,784	155,065	3,411,051
School buildings, improvements and equipment *	4,938,751	443,625	385,000	4,997,376
Total accumulated depreciation	<u>\$ 11,186,375</u>	<u>\$ 1,790,338</u>	<u>\$ 540,065</u>	<u>\$ 12,436,648</u>
Other capital assets, net	<u>\$ 27,558,430</u>	<u>\$ 1,397,156</u>	<u>\$ 1,084,997</u>	<u>\$ 27,870,589</u>
Net capital assets	<u>\$ 31,273,243</u>	<u>\$ 3,073,763</u>	<u>\$ 3,939,425</u>	<u>\$ 30,407,581</u>
Depreciation expense was allocated as follows:				
General government administration		\$ 290,426		
Public safety		674,893		
Public works		261,431		
Health and welfare		15,111		
Education		443,625		
Parks, recreation and cultural		104,852		
Total depreciation expense		<u>\$ 1,790,338</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, 2015 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
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	\$ 46,352,365	\$ 12,868	\$ -	\$ 46,365,233
Furniture, equipment and vehicles	4,761,896	491,401	94,408	5,158,889
School buildings, improvements and equipment allocated to County *	(19,165,000)	1,420,000	-	(17,745,000)
Total other capital assets	<u>\$ 31,949,261</u>	<u>\$ 1,924,269</u>	<u>\$ 94,408</u>	<u>\$ 33,779,122</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 18,104,897	\$ 1,327,599	\$ -	\$ 19,432,496
Furniture, equipment and vehicles	3,438,218	349,311	94,408	3,693,121
School buildings, improvements and equipment allocated to County *	(4,938,751)	(443,625)	(385,000)	(4,997,376)
Total accumulated depreciation	<u>\$ 16,604,364</u>	<u>\$ 1,233,285</u>	<u>\$ (290,592)</u>	<u>\$ 18,128,241</u>
Other capital assets, net	<u>\$ 15,344,897</u>	<u>\$ 690,984</u>	<u>\$ 385,000</u>	<u>\$ 15,650,881</u>
Net capital assets	<u>\$ 16,196,107</u>	<u>\$ 690,984</u>	<u>\$ 385,000</u>	<u>\$ 16,502,091</u>
Depreciation expense allocated to education		<u>\$ 1,233,285</u>		

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

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

Net capital assets	\$ 30,407,581
Less: Long-term debt applicable to capital assets at June 30, 2015	<u>26,084,762</u>
Net position net investment in capital assets	<u>\$ 4,322,819</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Business Type Activities:

Piney River Water & Sewer Operations

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
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	\$ 6,565,184	\$ -	\$ -	\$ 6,565,184
Equipment	25,619	-	-	25,619
Total other capital assets	<u>\$ 6,590,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,590,803</u>
Less: Accumulated depreciation for:				
Infrastructure	\$ 1,461,967	\$ 188,102	\$ -	\$ 1,650,069
Equipment	25,619	-	-	25,619
Total accumulated depreciation	<u>\$ 1,487,586</u>	<u>\$ 188,102</u>	<u>\$ -</u>	<u>\$ 1,675,688</u>
Other capital assets, net	<u>\$ 5,103,217</u>	<u>\$ (188,102)</u>	<u>\$ -</u>	<u>\$ 4,915,115</u>
Net capital assets	<u>\$ 5,143,217</u>	<u>\$ (188,102)</u>	<u>\$ -</u>	<u>\$ 4,955,115</u>

Nelson County Broadband Authority

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Other capital assets:				
Equipment	\$ 3,352,142	\$ 74,984	\$ -	\$ 3,427,126
Total other capital assets	<u>\$ 3,352,142</u>	<u>\$ 74,984</u>	<u>\$ -</u>	<u>\$ 3,427,126</u>
Less: Accumulated depreciation for:				
Equipment	\$ 349,272	\$ 186,333	\$ -	\$ 535,605
Total accumulated depreciation	<u>\$ 349,272</u>	<u>\$ 186,333</u>	<u>\$ -</u>	<u>\$ 535,605</u>
Other capital assets, net	<u>\$ 3,002,870</u>	<u>\$ (111,349)</u>	<u>\$ -</u>	<u>\$ 2,891,521</u>
Net capital assets	<u>\$ 3,002,870</u>	<u>\$ (111,349)</u>	<u>\$ -</u>	<u>\$ 2,891,521</u>

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

Net capital assets	\$ 7,846,636
Less: Long-term debt applicable to capital assets at June 30, 2015	<u>1,087,636</u>
Net position investment in capital assets	<u>\$ 6,759,000</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015:

	<u>Balance July 1, 2014 as restated</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2015</u>
Primary Government:				
Governmental activities:				
Lease revenue refunding bonds	\$ 9,045,000	\$ -	\$ 480,000	\$ 8,565,000
General obligation bonds:				
School	8,940,000	-	700,000	8,240,000
Premium on issuance	239,117	-	42,578	196,539
Virginia Resource Authority:				
Infrastructure Revenue bonds:				
General	2,360,000	-	425,000	1,935,000
Premium on issuance	202,984	-	42,566	160,418
Refunding Revenue bonds:				
General	6,740,000	-	540,000	6,200,000
Premium on issuance	910,541	-	122,736	787,805
Retirement incentive obligation loan	239,824	-	54,184	185,640
Compensated absences	342,496	7,850	34,250	316,096
Net OPEB obligation	23,948	58,442	57,500	24,890
Net pension liability	3,082,168	1,602,383	2,829,806	1,854,745
Landfill liability	1,021,331	15,320	-	1,036,651
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 33,147,409	\$ 1,683,995	\$ 5,328,620	\$ 29,502,784
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year			\$ 2,500,143	
Long-term liabilities due in more than one year			<u>27,002,641</u>	
Total			<u>\$ 29,502,784</u>	

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

	Balance July 1, 2014 as restated	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2015
Business-type activities:				
USDA Water Revenue Bond	\$ 467,328	-	\$ 6,495	\$ 460,833
USDA Sewer Revenue Bond	635,228	-	8,425	626,803
	<u>\$ 1,102,556</u>	<u>-</u>	<u>\$ 14,920</u>	<u>\$ 1,087,636</u>
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 15,583
Long-term liabilities due in more than one year				<u>1,072,053</u>
Total				<u>\$ 1,087,636</u>

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

Year Ending June 30,	Principal	Interest
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	2,013,570	641,276
2021-2025	10,306,106	1,844,215
2026-2030	4,137,115	389,263
2031-2035	164,507	150,853
2036-2040	204,847	110,513
2041-2045	255,090	60,270
2046-2048	139,749	7,735
Total	<u>\$ 26,213,276</u>	<u>\$ 6,696,940</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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%	\$ 8,240,000	\$ 740,000
Unamortized premium on issuance of 2003 School Bonds	<u>196,539</u>	<u>39,005</u>
Total general obligation school bonds	<u>\$ 8,436,539</u>	<u>\$ 779,005</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>\$ 8,565,000</u>	<u>\$ 490,000</u>
Total lease revenue refunding bonds	<u>\$ 8,565,000</u>	<u>\$ 490,000</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%.	\$ 6,200,000	\$ 545,000
Unamortized premium on issuance of 2013 VRA Bonds	<u>787,805</u>	<u>114,508</u>
Total VRA refunding revenue bonds	<u>\$ 6,987,805</u>	<u>\$ 659,508</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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%.	\$ 635,000	\$ 310,000
Unamortized premium	2,382	1,978
\$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%.	1,300,000	135,000
Unamortized premium	158,036	35,179
Total Virginia Resource Authority Infrastructure Revenue Bonds	<u>\$ 2,095,418</u>	<u>\$ 482,157</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%.	\$ 185,640	\$ 57,863
Total governmental activities loans and bonds	<u>\$ 26,270,402</u>	<u>\$ 2,468,533</u>
Compensated absences	\$ 316,096	\$ 31,610
Net OPEB obligation	\$ 24,890	\$ -
Net pension liability	\$ 1,854,745	\$ -
Landfill liability	\$ 1,036,651	\$ -
Total governmental activities obligations	<u>\$ 29,502,784</u>	<u>\$ 2,500,143</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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%	\$ 460,833	\$ 6,774
\$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>626,803</u>	<u>8,809</u>
Total business-type activities long-term obligations	<u>\$ 1,087,636</u>	<u>\$ 15,583</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 \$41,522 at June 30, 2015. The reserve has been reflected as restricted cash in the accompanying financial statements.

The County paid \$48,111 in interest on the USDA Water and Sewer Bonds in fiscal 2015, 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, 2015 (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, 2015:

	Balance July 1, 2014 as restated	Additions	Retirements & Other Reductions	Balance June 30, 2015
School Board				
Compensated absences	\$ 355,236	\$ 21,616	\$ 35,524	\$ 341,328
Energy improvement lease	2,064,973	-	103,447	1,961,526
Net Pension liability	21,270,529	2,178,050	4,555,640	18,892,939
Net OPEB obligation	240,201	83,100	37,700	285,601
	<u>23,930,939</u>	<u>2,282,766</u>	<u>4,732,311</u>	<u>21,481,394</u>
Total	\$ 23,930,939	\$ 2,282,766	\$ 4,732,311	\$ 21,481,394
Reconciliation to Exhibit 1:				
Long-term liabilities due within one year				\$ 144,259
Long-term liabilities due in more than one year				<u>21,337,135</u>
Total				<u>\$ 21,481,394</u>

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

Year Ending June 30,	Principal	Interest
2016	\$ 110,126	\$ 41,584
2017	117,082	39,179
2018	124,326	36,623
2019	131,868	33,910
2020	139,718	31,033
2021-2025	827,945	105,791
2026-2030	510,461	16,857
	<u>1,961,526</u>	<u>304,977</u>
Total	\$ 1,961,526	\$ 304,977

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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.	\$ 1,961,526	\$ 110,126
Compensated absences	\$ 341,328	\$ 34,133
Net pension liability	\$ 18,892,939	\$ -
Net OPEB obligation	\$ 285,601	\$ -
Total School Board long-term obligations	<u>\$ 21,481,394</u>	<u>\$ 144,259</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, 2014</u>	<u>Net Increase/ (Decrease)</u>	<u>Balance June 30, 2015</u>
Primary Government:			
Governmental activities	\$ 342,496	\$ (26,400)	\$ 316,096
Component Unit School Board	<u>\$ 355,236</u>	<u>\$ (13,908)</u>	<u>\$ 341,328</u>

NOTE 9—PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 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 Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan 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 Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • 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.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but 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.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>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.</p>

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting (Cont.)</p>	<p>Vesting (Cont.)</p>	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
<p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>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.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 8.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$129,098 and \$146,724 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County/City/Town's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 16,752,433	\$ 13,670,265	\$ 3,082,168
Changes for the year:			
Service cost	\$ 446,356	\$ -	\$ 446,356
Interest	1,144,445	-	1,144,445
Differences between expected and actual experience	-	-	-
Contributions - employer	-	492,143	(492,143)
Contributions - employee	-	186,897	(186,897)
Net investment income	-	2,150,653	(2,150,653)
Benefit payments, including refunds of employee contributions	(806,440)	(806,440)	-
Administrative expenses	-	(11,582)	11,582
Other changes	-	113	(113)
Net changes	\$ 784,361	\$ 2,011,784	\$ (1,227,423)
Balances at June 30, 2014	\$ 17,536,794	\$ 15,682,049	\$ 1,854,745

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability: (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 6,196,006	\$ 5,362,477	\$ 833,529
Changes for the year:			
Service cost	\$ 154,252	\$ -	\$ 154,252
Interest	424,255	-	424,255
Differences between expected and actual experience	-	-	-
Contributions - employer	-	146,724	(146,724)
Contributions - employee	-	79,650	(79,650)
Net investment income	-	844,221	(844,221)
Benefit payments, including refunds of employee contributions	(270,446)	(270,446)	-
Administrative expenses	-	(4,543)	4,543
Other changes	-	45	(45)
Net changes	\$ 308,061	\$ 795,651	\$ (487,590)
Balances at June 30, 2014	\$ 6,504,067	\$ 6,158,128	\$ 345,939

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 3,983,552	\$ 1,854,745	\$ 76,427
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,126,944	\$ 345,939	\$ (310,017)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$223,595 and \$35,572, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	958,875	-	376,438
Employer contributions subsequent to the measurement date	464,083	-	129,098	-
Total	\$ 464,083	\$ 958,875	\$ 129,098	\$ 376,438

\$464,083 and \$129,098 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (239,719)	\$ (94,110)
2017	(239,719)	(94,110)
2018	(239,719)	(94,110)
2019	(239,718)	(94,108)
Thereafter	-	-

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,606,740 and \$1,310,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$18,547,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .15347% as compared to .14835% at June 30, 2013.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$1,595,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,752,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	577,000	-
Employer contributions subsequent to the measurement date	<u>1,606,740</u>	<u>-</u>
Total	<u>\$ 2,183,740</u>	<u>\$ 2,752,000</u>

\$1,606,740 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (560,000)
2017	(560,000)
2018	(560,000)
2019	(560,000)
Thereafter	65,000

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 27,234,000	\$ 18,547,000	\$ 11,394,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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, 2015 (Continued)

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, 2015 (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:

	Monthly premium owed by retiree		
	Retiree	Retiree and one dependent	Family
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:

	Monthly premium owed by retiree		
	Retiree	Retiree and one dependent	Family
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, 2015 (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	\$ 59,200	\$ 87,800
Interest on OPEB obligation	838	8,400
Adjustment to ARC	<u>(1,596)</u>	<u>(13,100)</u>
Annual OPEB cost	\$ 58,442	\$ 83,100
Estimated contributions made	<u>(57,500)</u>	<u>(37,700)</u>
Increase in net OPEB obligation	\$ 942	\$ 45,400
Net OPEB obligation at beginning of year	<u>23,948</u>	<u>240,201</u>
Net OPEB obligation at end of year	<u>\$ 24,890</u>	<u>\$ 285,601</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 2015 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, 2013	\$ 40,754	93.73%	\$ 25,999
June 30, 2014	41,549	104.94%	23,948
June 30, 2015	58,442	98.39%	24,890
School Board:			
Non-professional			
June 30, 2013	\$ 133,400	60.42%	\$ 183,301
June 30, 2014	133,000	57.22%	240,201
June 30, 2015	83,100	45.37%	285,601

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

D. Funded Status and Funding Progress

At January 1, 2015, the most recent actuarial valuation date, the County Plan was unfunded. The actuarial accrued liability for benefits was \$603,500, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$603,500. The covered payroll (annual payroll of active employees covered by the plan) was \$3,747,800, and the ratio of the UAAL to the covered payroll was 16.10%.

At January 1, 2015, the most recent actuarial valuation date, the School Board Plan was unfunded. The actuarial accrued liability for benefits was \$785,400, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$785,400. The covered payroll (annual payroll of active employees covered by the plan) was \$12,802,200, and the ratio of the UAAL to the covered payroll was 6.13%.

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, 2015, 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 (6.60% graded to 4.50% graded over 65 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, 2015 was 16.1 years.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

E. Actuarial Methods and Assumptions: (Continued)

School Board

In the January 1, 2015, 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 (6.60% graded to 4.50% graded over 63 years). The payroll growth rate was assumed to be 3.00%.

The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at January 1, 2015 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 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$117,458, \$124,464, and \$118,212, 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, 2015.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 13—DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

	<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.	\$ 10,303,531	\$ 11,749,619
Prepaid property taxes have been recorded as deferred revenue. Prepaid taxes collected are available for the funding of current expenditures.	<u>232,771</u>	<u>232,771</u>
Total primary government	<u>\$ 10,536,302</u>	<u>\$ 11,982,390</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, 2015, the County had connection fees receivable in the amount of \$111,047. The following is a schedule of the annual repayments.

Year Ending June 30,	Amount
<u> </u>	<u> </u>
2016	\$ 22,323
2017	22,213
2018	21,578
2019	13,273
2020	<u>31,660</u>
Total	<u>\$ 111,047</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015, 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, 2015 (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 \$1,036,651 as of June 30, 2015. This cost may be revised in the future depending on changes in regulations and applicable environmental laws.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 19—ACCRUED LANDFILL REMEDIATION COST: (CONTINUED)

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

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

NOTE 20—RELATED PARTY TRANSACTIONS:

The County had certain transactions with the Nelson County Service Authority during fiscal year 2015. 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 \$18,000 in 2015. Eligible employees age 50 and over may defer up to \$22,000 in 2015. 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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 22—ADOPTION OF ACCOUNTING PRINCIPLES:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County/City/Town implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Net Position	
	Governmental Activities	Component Unit - School Board
Net Position as reported at June 30, 2014	\$ 25,156,114	\$ 13,884,295
Implementation of GASB 68	<u>(2,590,025)</u>	<u>(19,813,805)</u>
Net Position as restated at June 30, 2014	<u>\$ 22,566,089</u>	<u>\$ (5,929,510)</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 21,643,524	\$ 21,643,524	\$ 22,462,776	\$ 819,252
Other local taxes	3,985,365	3,985,365	4,256,941	271,576
Permits, privilege fees, and regulatory licenses	242,750	242,750	289,183	46,433
Fines and forfeitures	362,600	362,600	367,860	5,260
Revenue from the use of money and property	50,000	50,000	59,159	9,159
Charges for services	231,320	231,320	277,927	46,607
Miscellaneous	30,500	42,497	71,605	29,108
Recovered costs	616,000	621,000	709,650	88,650
Intergovernmental revenues:				
Commonwealth	4,680,259	4,701,463	4,640,726	(60,737)
Federal	1,027,374	1,337,669	1,393,512	55,843
Total revenues	\$ 32,869,692	\$ 33,218,188	\$ 34,529,339	\$ 1,311,151
EXPENDITURES				
Current:				
General government administration	\$ 1,719,963	\$ 1,757,503	\$ 1,633,671	\$ 123,832
Judicial administration	776,684	779,492	731,991	47,501
Public safety	4,974,624	5,114,777	4,715,943	398,834
Public works	1,968,796	2,027,084	1,835,938	191,146
Health and welfare	2,436,800	2,436,800	2,502,319	(65,519)
Education	14,636,928	14,636,928	14,298,039	338,889
Parks, recreation, and cultural	474,887	474,887	468,588	6,299
Community development	800,475	801,472	771,534	29,938
Nondepartmental	1,856,170	1,469,238	84,208	1,385,030
Capital projects	1,997,668	2,546,835	1,949,777	597,058
Total expenditures	\$ 31,642,995	\$ 32,045,016	\$ 28,992,008	\$ 3,053,008
Excess (deficiency) of revenues over (under) expenditures	\$ 1,226,697	\$ 1,173,172	\$ 5,537,331	\$ 4,364,159
OTHER FINANCING SOURCES (USES)				
Transfers in	\$	\$	\$	\$ -
Transfers out	(3,506,560)	(3,506,560)	(3,406,560)	100,000
Total other financing sources (uses)	\$ (3,506,560)	\$ (3,506,560)	\$ (3,406,560)	\$ 100,000
Net change in fund balances	\$ (2,279,863)	\$ (2,333,388)	\$ 2,130,771	\$ 4,464,159
Fund balances - beginning	2,279,863	2,333,388	20,507,836	18,174,448
Fund balances - ending	\$ -	\$ -	\$ 22,638,607	\$ 22,638,607

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 446,356
Interest	1,144,445
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(806,440)
Net change in total pension liability	\$ 784,361
Total pension liability - beginning	16,752,433
Total pension liability - ending (a)	\$ 17,536,794
 Plan fiduciary net position	
Contributions - employer	\$ 492,143
Contributions - employee	186,897
Net investment income	2,150,653
Benefit payments, including refunds of employee contributions	(806,440)
Administrative expense	(11,582)
Other	113
Net change in plan fiduciary net position	\$ 2,011,784
Plan fiduciary net position - beginning	13,670,265
Plan fiduciary net position - ending (b)	\$ 15,682,049
 County's net pension liability - ending (a) - (b)	 \$ 1,854,745
 Plan fiduciary net position as a percentage of the total pension liability	 89.42%
 Covered-employee payroll	 \$ 3,722,008
 County's net pension liability as a percentage of covered-employee payroll	 49.83%

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

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 154,252
Interest	424,255
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(270,446)
Net change in total pension liability	\$ 308,061
Total pension liability - beginning	6,196,006
Total pension liability - ending (a)	\$ 6,504,067
 Plan fiduciary net position	
Contributions - employer	\$ 146,724
Contributions - employee	79,650
Net investment income	844,221
Benefit payments, including refunds of employee contributions	(270,446)
Administrative expense	(4,543)
Other	45
Net change in plan fiduciary net position	\$ 795,651
Plan fiduciary net position - beginning	5,362,477
Plan fiduciary net position - ending (b)	\$ 6,158,128
 School Division's net pension liability - ending (a) - (b)	 \$ 345,939
 Plan fiduciary net position as a percentage of the total pension liability	 94.68%
 Covered-employee payroll	 \$ 1,594,791
 School Division's net pension liability as a percentage of covered-employee payroll	 21.69%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15347%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,547,000
Employer's Covered-Employee Payroll	11,212,976
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

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

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

Schedule of Employer Contributions
 For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	\$ 464,083	\$ 464,083	\$ -	\$ 3,769,969	12.31%
Component Unit School Board (nonprofessional)					
2015	\$ 129,098	\$ 129,098	\$ -	\$ 1,535,050	8.41%
Component Unit School Board (professional)					
2015	\$ 1,606,740	\$ 1,606,740	\$ -	\$ 11,080,965	14.50%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Schedule of OPEB Funding Progress
At June 30, 2015

PRIMARY GOVERNMENT:

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, 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%
January 1, 2015	-	603,500	603,500	0.00%	3,747,800	16.10%

DISCRETELY PRESENTED COMPONENT UNIT:

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, 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%
January 1, 2015	-	785,400	785,400	0.00%	12,802,200	6.13%

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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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,199,184	\$ 2,199,184	\$ 2,199,184	\$ -
Interest and other fiscal charges	1,067,376	1,067,376	1,061,125	6,251
Total expenditures	\$ 3,266,560	\$ 3,266,560	\$ 3,260,309	\$ 6,251
Excess (deficiency) of revenues over (under) expenditures	\$ (3,266,560)	\$ (3,266,560)	\$ (3,260,309)	\$ 6,251
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,266,560	\$ 3,266,560	\$ 3,266,560	\$ -
Total other financing sources (uses)	\$ 3,266,560	\$ 3,266,560	\$ 3,266,560	\$ -
Net change in fund balances	\$ -	\$ -	\$ 6,251	\$ 6,251
Fund balances - beginning	-	-	185,235	185,235
Fund balances - ending	\$ -	\$ -	\$ 191,486	\$ 191,486

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 48	\$ 48	\$ 54	\$ 6
Total revenues	\$ 48	\$ 48	\$ 54	\$ 6
EXPENDITURES				
Capital projects	\$ 1,602,940	\$ 1,602,940	\$ 418,536	\$ 1,184,404
Total expenditures	\$ 1,602,940	\$ 1,602,940	\$ 418,536	\$ 1,184,404
Excess (deficiency) of revenues over (under) expenditures	\$ (1,602,892)	\$ (1,602,892)	\$ (418,482)	\$ 1,184,410
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (1,602,892)	\$ (1,602,892)	\$ (418,482)	\$ 1,184,410
Fund balances - beginning	1,602,892	1,602,892	1,577,023	(25,869)
Fund balances - ending	\$ -	\$ -	\$ 1,158,541	\$ 1,158,541

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2015

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

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2015

	Agency Funds		Total
	Special Welfare	EMS Loan Fund	
Assets			
Cash and cash equivalents	\$ 39,651	\$ 246,929	\$ 286,580
Other receivables	1,582	-	1,582
Total assets	<u>\$ 41,233</u>	<u>\$ 246,929</u>	<u>\$ 288,162</u>
Liabilities			
Amounts held for others	\$ 41,233	\$ 246,929	\$ 288,162
Total liabilities	<u>\$ 41,233</u>	<u>\$ 246,929</u>	<u>\$ 288,162</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets				
Cash and cash equivalents	\$ 35,573	\$ 47,873	\$ 43,795	\$ 39,651
Other receivables	1,203	1,582	1,203	1,582
Total assets	<u>\$ 36,776</u>	<u>\$ 49,455</u>	<u>\$ 44,998</u>	<u>\$ 41,233</u>
Liabilities				
Amounts held for others	<u>\$ 36,776</u>	<u>\$ 49,455</u>	<u>\$ 44,998</u>	<u>\$ 41,233</u>
EMS Loan Fund:				
Assets				
Cash and cash equivalents	<u>\$ 374,009</u>	<u>\$ 122,920</u>	<u>\$ 250,000</u>	<u>\$ 246,929</u>
Liabilities				
Amounts held for others	<u>\$ 374,009</u>	<u>\$ 122,920</u>	<u>\$ 250,000</u>	<u>\$ 246,929</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 409,582	\$ 170,793	\$ 293,795	\$ 286,580
Other receivables	1,203	1,582	1,203	1,582
Total assets	<u>410,785</u>	<u>172,375</u>	<u>294,998</u>	<u>288,162</u>
Liabilities				
Amounts held for others	<u>\$ 410,785</u>	<u>\$ 172,375</u>	<u>\$ 294,998</u>	<u>\$ 288,162</u>

Discretely Presented Component Unit School Board
 Balance Sheet
 At June 30, 2015

	<u>School Operating Fund</u>
Assets	
Cash and cash equivalents	\$ 1,293,043
Receivables:	
Accounts receivable	103,238
Due from other governments	531,584
Inventories	41,718
Prepaid items	<u>18,175</u>
Total assets	<u>\$ 1,987,758</u>
Liabilities	
Accounts payable	\$ 107,058
Accrued liabilities	825,145
Due to primary government	<u>564,135</u>
Total liabilities	<u>\$ 1,496,338</u>
Fund balance	
Nonspendable	\$ 59,893
Committed	471,608
Unassigned	<u>(40,081)</u>
Total fund balances	<u>\$ 491,420</u>
Total liabilities and fund balance	<u>\$ 1,987,758</u>

Discretely Presented Component Unit School Board
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 At June 30, 2015

Total fund balance for governmental fund (Exhibit 20)	\$	491,420
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		26,932,737
Equipment, net of depreciation		1,465,768
School Board capital assets in primary government, net of depreciation		<u>(12,747,624)</u>
		16,502,091
Items related to measurement of net pension liability not available to pay for current-period expenditures		(3,128,438)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.		1,735,838
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	\$	(341,328)
Energy improvement lease		(1,961,526)
Net pension liability		(18,892,939)
Adjustment for changes in proportionate share of net pension liability		577,000
Net OPEB obligation		<u>(285,601)</u>
		<u>(20,904,394)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u><u>(5,303,483)</u></u>

Discretely Presented Component Unit School Board
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Fund
 For the Year Ended June 30, 2015

	<u>School Operating Fund</u>
Revenues	
Revenue from the use of money and property	\$ 24
Charges for services	431,808
Miscellaneous	289,493
Recovered costs	269,869
Intergovernmental:	
Appropriations from primary government	14,295,439
Commonwealth	8,305,204
Federal	<u>1,760,398</u>
Total revenues	<u>\$ 25,352,235</u>
Expenditures	
Current:	
Education	
Instruction	\$ 16,038,109
Administration, attendance and health	1,187,707
Transportation	2,419,018
Facilities operations	2,690,530
School food services	1,029,484
Facilities	56,535
Technology	1,640,739
Debt service:	
Principal retirement	103,447
Interest and other fiscal charges	<u>43,844</u>
Total expenditures	<u>\$ 25,209,413</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 142,822
Fund balance, beginning of year	<u>348,598</u>
Fund balance, end of year	<u><u>\$ 491,420</u></u>

Discretely Presented Component Unit School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended June 30, 2015

Net change in fund balance - total governmental fund (Exhibit 22) \$ 142,822

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	\$ 504,269	
Depreciation expense	<u>(1,233,285)</u>	(729,016)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 1,035,000

(Increase) decrease in deferred inflows related to the measurement of the net pension liability/asset (3,128,438)

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	\$ 13,908	
Energy improvement lease	103,447	
Decrease (increase) in net pension liability	2,377,590	
Decrease (increase) in deferred outflows related to pension payments subsequent to the measurement date	856,114	
Net OPEB obligation	<u>(45,400)</u>	<u>3,305,659</u>

Change in net position of governmental activities (Exhibit 2) \$ 626,027

Discretely Presented Component Unit School Board
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 25	\$ -	\$ 24	\$ 24
Charges for services	598,603	589,699	431,808	(157,891)
Miscellaneous	442,700	416,595	289,493	(127,102)
Recovered costs	103,101	269,869	269,869	-
Intergovernmental:				
Local government	14,634,328	14,634,328	14,295,439	(338,889)
Commonwealth	8,482,855	8,475,571	8,305,204	(170,367)
Federal	1,662,951	1,537,951	1,760,398	222,447
Total revenues	<u>\$ 25,924,563</u>	<u>\$ 25,924,013</u>	<u>\$ 25,352,235</u>	<u>\$ (571,778)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ 17,096,706	\$ 16,986,316	\$ 16,038,109	\$ 948,207
Administration, attendance and health	1,213,733	1,201,260	1,187,707	13,553
Transportation	2,584,509	2,585,761	2,419,018	166,743
Facilities operations	2,802,334	2,769,645	2,690,530	79,115
School food services	1,115,898	1,320,657	1,029,484	291,173
Facilities	-	94,156	56,535	37,621
Technology	1,137,276	992,661	1,640,739	(648,078)
Debt service:				
Principal retirement	103,447	103,447	103,447	-
Interest and other fiscal charges	43,844	43,844	43,844	-
Total expenditures	<u>\$ 26,097,747</u>	<u>\$ 26,097,747</u>	<u>\$ 25,209,413</u>	<u>\$ 888,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (173,184)</u>	<u>\$ (173,734)</u>	<u>\$ 142,822</u>	<u>\$ 316,556</u>
Fund balances - beginning	<u>184,850</u>	<u>186,500</u>	<u>348,598</u>	<u>162,098</u>
Fund balances - ending	<u><u>\$ 11,666</u></u>	<u><u>\$ 12,766</u></u>	<u><u>\$ 491,420</u></u>	<u><u>\$ 478,654</u></u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 17,166,152	\$ 17,166,152	\$ 17,582,887	\$ 416,735
Real and personal public service corporation taxes	528,790	528,790	800,468	271,678
Personal property taxes	3,575,582	3,575,582	3,672,666	97,084
Mobile home taxes	30,000	30,000	32,755	2,755
Machinery and tools taxes	8,000	8,000	12,645	4,645
Penalties	170,000	170,000	195,457	25,457
Interest	165,000	165,000	165,898	898
Total general property taxes	\$ 21,643,524	\$ 21,643,524	\$ 22,462,776	\$ 819,252
Other local taxes:				
Local sales and use taxes	\$ 1,069,590	\$ 1,069,590	\$ 1,125,811	\$ 56,221
Consumers' utility taxes	460,711	460,711	471,128	10,417
Business license taxes	30,000	30,000	33,870	3,870
Utility franchise taxes	89,000	89,000	99,348	10,348
Motor vehicle licenses	716,064	716,064	716,630	566
Bank franchise tax	60,000	60,000	91,266	31,266
Taxes on recordation and wills	220,000	220,000	226,803	6,803
Transient occupancy tax	420,000	420,000	514,579	94,579
Meals tax	920,000	920,000	976,490	56,490
Street light tax	-	-	1,016	1,016
Total other local taxes	\$ 3,985,365	\$ 3,985,365	\$ 4,256,941	\$ 271,576
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 13,346	\$ 5,346
Dog pound fees	2,000	2,000	1,553	(447)
Land use application fees	80,000	80,000	83,291	3,291
Transfer fees	750	750	885	135
Zoning & Subdivision fees	10,000	10,000	12,070	2,070
Building permits	115,000	115,000	143,960	28,960
Building inspection fees	7,000	7,000	8,653	1,653
Special use permits	1,000	1,000	8,575	7,575
Well & Septic fees	5,000	5,000	5,575	575
Land disturbing fees	8,000	8,000	7,793	(207)
Tourism collections	6,000	6,000	3,482	(2,518)
Total permits, privilege fees, and regulatory licenses	\$ 242,750	\$ 242,750	\$ 289,183	\$ 46,433
Fines and forfeitures:				
Court fines and forfeitures	\$ 362,600	\$ 362,600	\$ 367,860	\$ 5,260
Total fines and forfeitures	\$ 362,600	\$ 362,600	\$ 367,860	\$ 5,260
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 42,104	\$ (7,896)
Revenue from use of property	-	-	17,055	17,055
Total revenue from use of money and property	\$ 50,000	\$ 50,000	\$ 59,159	\$ 9,159

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 7,418	\$ 1,418
Law library fees	2,500	2,500	3,245	745
Courthouse maintenance fees	8,000	8,000	9,695	1,695
Document reproduction fees	3,500	3,500	2,998	(502)
Excess fees paid to Circuit Court	-	-	38	38
Court appointed attorney fees	200	200	1,981	1,781
Fingerprint/Report fees	200	200	204	4
Cost of postage - Circuit Court	-	-	43	43
Charges for Commonwealth's Attorney	800	800	1,234	434
Charges for sanitation and waste removal	160,000	160,000	194,609	34,609
Charges for parks and recreation	50,000	50,000	56,038	6,038
Sale of literature	120	120	424	304
Total charges for services	<u>\$ 231,320</u>	<u>\$ 231,320</u>	<u>\$ 277,927</u>	<u>\$ 46,607</u>
Miscellaneous revenue:				
Expenditure refunds	\$ 15,000	\$ 15,000	\$ 23,301	\$ 8,301
Other miscellaneous	15,500	27,497	48,304	20,807
Total miscellaneous revenue	<u>\$ 30,500</u>	<u>\$ 42,497</u>	<u>\$ 71,605</u>	<u>\$ 29,108</u>
Recovered costs:				
DSS Reimbursement	\$ 75,000	\$ 75,000	\$ 76,981	\$ 1,981
School Resource officer and other costs	25,000	25,000	21,702	(3,298)
Jaunt Wintergreen	23,000	23,000	28,103	5,103
Colleen water & sewer connection fees	20,000	20,000	24,000	4,000
DMV stop fees	18,000	18,000	28,448	10,448
EMS revenue recovery	450,000	450,000	520,664	70,664
Forest Service Coop. agreement	5,000	5,000	4,552	(448)
Other recovered costs	-	5,000	5,200	200
Total recovered costs	<u>\$ 616,000</u>	<u>\$ 621,000</u>	<u>\$ 709,650</u>	<u>\$ 88,650</u>
Total revenue from local sources	<u>\$ 27,162,059</u>	<u>\$ 27,179,056</u>	<u>\$ 28,495,101</u>	<u>\$ 1,316,045</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Payments in lieu of taxes				
Timber sales	\$ -	\$ -	\$ 5,463	\$ 5,463
Total payments in lieu of taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,463</u>	<u>\$ 5,463</u>
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 98,000	\$ 98,000	\$ 107,363	\$ 9,363
Mobile home titling tax	10,000	10,000	6,552	(3,448)
Tax on deeds	65,000	65,000	58,724	(6,276)
Communication sales & use tax	480,000	480,000	472,417	(7,583)
Personal property tax relief funds	1,708,030	1,708,030	1,708,030	-
Vehicle rental tax	-	-	267	267
Total noncategorical aid	<u>\$ 2,361,030</u>	<u>\$ 2,361,030</u>	<u>\$ 2,353,353</u>	<u>\$ (7,677)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 213,720	\$ 213,720	\$ 212,362	\$ (1,358)
Sheriff	773,134	773,134	773,139	5
Commissioner of revenue	82,518	82,518	83,032	514
Treasurer	87,412	87,412	89,192	1,780
Registrar/electoral board	34,109	34,109	35,480	1,371
Clerk of the Circuit Court	196,672	196,672	205,750	9,078
Total shared expenses	<u>\$ 1,387,565</u>	<u>\$ 1,387,565</u>	<u>\$ 1,398,955</u>	<u>\$ 11,390</u>
Welfare:				
Public assistance and welfare administration	\$ 319,354	\$ 319,354	\$ 298,138	\$ (21,216)
Other categorical aid:				
E911 wireless grant	\$ 40,000	\$ 40,000	\$ 42,117	\$ 2,117
Fire programs	46,000	46,000	47,586	1,586
Four for life	18,000	18,000	16,164	(1,836)
Litter control grant	6,702	6,702	6,683	(19)
Victim-witness grant	21,990	21,990	6,815	(15,175)
VJCCA Dept - Juvenile Justice	10,364	10,364	10,049	(315)
Comprehensive services act	463,854	463,854	433,553	(30,301)
Performance arts grant	5,000	5,000	5,000	-
Other categorical	400	21,604	16,850	(4,754)
Total other categorical aid	<u>\$ 612,310</u>	<u>\$ 633,514</u>	<u>\$ 584,817</u>	<u>\$ (48,697)</u>
Total categorical aid	<u>\$ 2,319,229</u>	<u>\$ 2,340,433</u>	<u>\$ 2,281,910</u>	<u>\$ (58,523)</u>
Total revenue from the Commonwealth	<u>\$ 4,680,259</u>	<u>\$ 4,701,463</u>	<u>\$ 4,640,726</u>	<u>\$ (60,737)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 54,000	\$ 54,000	\$ 54,157	\$ 157
Categorical aid:				
Public assistance and welfare administration	\$ 479,030	\$ 479,030	\$ 525,105	\$ 46,075
Victim witness program	-	-	14,899	14,899
Sheriff's grants	-	16,889	9,564	(7,325)
FEMA disaster relief	-	-	1,845	1,845
Sheriff's Byrne Grant	-	2,215	29,327	27,112
Recreational trails program	-	6,602	5,614	(988)
Trail grant (TEA-21)	-	56,661	56,660	(1)
Tunnel Grant (TEA-21)	494,344	722,272	696,341	(25,931)
Total categorical aid	<u>\$ 973,374</u>	<u>\$ 1,283,669</u>	<u>\$ 1,339,355</u>	<u>\$ 55,686</u>
Total revenue from the federal government	<u>\$ 1,027,374</u>	<u>\$ 1,337,669</u>	<u>\$ 1,393,512</u>	<u>\$ 55,843</u>
Total General Fund	<u>\$ 32,869,692</u>	<u>\$ 33,218,188</u>	<u>\$ 34,529,339</u>	<u>\$ 1,311,151</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 48	\$ 48	\$ 54	\$ 6
Total revenue from local sources	<u>\$ 48</u>	<u>\$ 48</u>	<u>\$ 54</u>	<u>\$ 6</u>
Total Capital Improvements Fund	<u>\$ 48</u>	<u>\$ 48</u>	<u>\$ 54</u>	<u>\$ 6</u>
Total Primary Government	<u><u>\$ 32,869,740</u></u>	<u><u>\$ 33,218,236</u></u>	<u><u>\$ 34,529,393</u></u>	<u><u>\$ 1,311,157</u></u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25	\$ -	\$ 24	\$ 24
Charges for services:				
Charges for education	\$ 17,775	\$ 31,525	\$ 4,000	\$ (27,525)
Charges for cafeteria	580,828	558,174	427,808	(130,366)
Total charges for services	<u>\$ 598,603</u>	<u>\$ 589,699</u>	<u>\$ 431,808</u>	<u>\$ (157,891)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 442,700	\$ 416,595	\$ 289,493	\$ (127,102)
Total miscellaneous revenue	<u>\$ 442,700</u>	<u>\$ 416,595</u>	<u>\$ 289,493</u>	<u>\$ (127,102)</u>
Recovered costs:				
Other recovered costs	\$ 103,101	\$ 269,869	\$ 269,869	\$ -
Total recovered costs	<u>\$ 103,101</u>	<u>\$ 269,869</u>	<u>\$ 269,869</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 1,144,429</u>	<u>\$ 1,276,163</u>	<u>\$ 991,194</u>	<u>\$ (284,969)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nelson, Virginia	\$ 14,634,328	\$ 14,634,328	\$ 14,295,439	\$ (338,889)
Total revenues from local governments	<u>\$ 14,634,328</u>	<u>\$ 14,634,328</u>	<u>\$ 14,295,439</u>	<u>\$ (338,889)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,994,458	\$ 1,994,458	\$ 2,018,598	\$ 24,140
Basic school aid	3,984,796	3,983,982	3,863,316	(120,666)
GED funding	15,717	15,717	15,717	-
Remedial summer education	40,840	43,842	43,726	(116)
Regular foster care	124,616	45,952	45,952	-
Gifted and talented	38,808	38,781	37,870	(911)
Remedial education	127,158	122,980	124,086	1,106
Special education	492,943	492,600	481,034	(11,566)
Textbook payment	79,449	78,869	77,529	(1,340)
Vocational standards of quality payments	115,598	115,518	112,805	(2,713)
Social security fringe benefits	230,370	230,210	224,805	(5,405)
Retirement fringe benefits	472,300	467,846	456,861	(10,985)
Group life insurance instructional	15,688	14,852	14,504	(348)
Early reading intervention	23,253	23,237	21,870	(1,367)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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 (Continued):				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
VPSA technology	\$ 154,000	\$ 154,000	\$ 154,000	\$ -
Homebound education	11,128	11,121	10,230	(891)
Regional program tuition	90,171	90,108	83,341	(6,767)
Vocational education - equipment	-	-	6,348	6,348
Vocational education - occupational/tech ed	41,403	42,461	36,583	(5,878)
Special education - foster children	-	78,664	39,595	(39,069)
School food	17,724	10,965	15,478	4,513
At risk payments	140,285	140,188	136,854	(3,334)
Algebra readiness	16,826	16,826	18,250	1,424
Pre-school initiative	93,000	97,470	96,000	(1,470)
Primary class size	142,627	145,272	143,309	(1,963)
Other state funds	19,697	19,652	26,543	6,891
Total categorical aid	<u>\$ 8,482,855</u>	<u>\$ 8,475,571</u>	<u>\$ 8,305,204</u>	<u>\$ (170,367)</u>
Total revenue from the Commonwealth	<u>\$ 8,482,855</u>	<u>\$ 8,475,571</u>	<u>\$ 8,305,204</u>	<u>\$ (170,367)</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 5,500	\$ 5,203	\$ 3,882	\$ (1,321)
Title 1/A grants to LEAs	424,448	424,448	456,636	32,188
IDEA 611 flow-through (Title VI-B)	470,468	470,468	485,467	14,999
Title 1 - Carl Perkins vocational	33,981	34,056	35,519	1,463
Preschool grants/special ed	27,805	27,805	18,127	(9,678)
Title III language acquisition	69,952	69,952	34,815	(35,137)
Title II part A	90,797	90,797	91,177	380
Advance placement grant	-	222	222	-
School food	540,000	415,000	577,693	162,693
School food commodities	-	-	56,860	56,860
Total categorical aid	<u>\$ 1,662,951</u>	<u>\$ 1,537,951</u>	<u>\$ 1,760,398</u>	<u>\$ 222,447</u>
Total School Operating Fund	<u><u>\$ 25,924,563</u></u>	<u><u>\$ 25,924,013</u></u>	<u><u>\$ 25,352,235</u></u>	<u><u>\$ (571,778)</u></u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 120,166	\$ 140,166	\$ 128,435	\$ 11,731
General and financial administration:				
County administrator	\$ 321,735	\$ 321,735	\$ 319,699	\$ 2,036
County attorney	85,000	91,540	91,180	360
Commissioner of revenue	245,890	245,890	239,313	6,577
Board of equalization	810	810	-	810
Treasurer	335,532	346,532	346,046	486
Finance and accounting	268,220	268,220	220,110	48,110
Technology	219,339	219,339	174,705	44,634
Land use panel	4,506	4,506	3,746	760
Total general and financial administration	\$ 1,481,032	\$ 1,498,572	\$ 1,394,799	\$ 103,773
Board of elections:				
Board of elections	\$ 31,297	\$ 31,297	\$ 25,487	\$ 5,810
Registrar	87,468	87,468	84,950	2,518
Total board of elections	\$ 118,765	\$ 118,765	\$ 110,437	\$ 8,328
Total general government administration	\$ 1,719,963	\$ 1,757,503	\$ 1,633,671	\$ 123,832
Judicial administration:				
Courts:				
Circuit court	\$ 30,292	\$ 30,292	\$ 22,733	\$ 7,559
General district court	4,328	4,328	3,245	1,083
VJCCA	40,566	42,065	30,963	11,102
Juvenile and domestic relations court	6,327	6,327	4,925	1,402
Magistrate	325	325	1	324
Clerk of the circuit court	346,802	346,802	327,272	19,530
Total courts	\$ 428,640	\$ 430,139	\$ 389,139	\$ 41,000
Commonwealth's attorney:				
Commonwealth's attorney	\$ 348,044	\$ 349,353	\$ 342,852	\$ 6,501
Total commonwealth's attorney	\$ 348,044	\$ 349,353	\$ 342,852	\$ 6,501
Total judicial administration	\$ 776,684	\$ 779,492	\$ 731,991	\$ 47,501
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,532,697	\$ 1,619,277	\$ 1,612,807	\$ 6,470
E-911	331,442	331,442	229,227	102,215
Emergency services council	656,600	667,400	664,592	2,808
Emergency services	421,692	421,692	399,125	22,567
T.J. EMS Council	19,629	19,629	19,629	-
Fire protection	156,000	156,000	156,000	-
Paid EMS	686,479	729,252	729,251	1
Forestry service	20,821	20,821	20,821	-

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 759,636	\$ 759,636	\$ 533,152	\$ 226,484
Building inspector	220,518	220,518	209,810	10,708
Animal control	165,681	165,681	138,120	27,561
OAR/Jefferson Area Community Corrections	3,269	3,269	3,269	-
Medical examiner	160	160	140	20
Total law enforcement and traffic control	<u>\$ 4,974,624</u>	<u>\$ 5,114,777</u>	<u>\$ 4,715,943</u>	<u>\$ 398,834</u>
Total public safety	<u>\$ 4,974,624</u>	<u>\$ 5,114,777</u>	<u>\$ 4,715,943</u>	<u>\$ 398,834</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Automotive/motor pool	\$ 230,500	\$ 288,788	\$ 229,251	\$ 59,537
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 230,500</u>	<u>\$ 288,788</u>	<u>\$ 229,251</u>	<u>\$ 59,537</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,025,072	\$ 1,025,072	\$ 961,932	\$ 63,140
Total sanitation and waste removal	<u>\$ 1,025,072</u>	<u>\$ 1,025,072</u>	<u>\$ 961,932</u>	<u>\$ 63,140</u>
Maintenance of general buildings and grounds:				
General properties	\$ 713,224	\$ 713,224	\$ 644,755	\$ 68,469
Total maintenance of general buildings and grounds	<u>\$ 713,224</u>	<u>\$ 713,224</u>	<u>\$ 644,755</u>	<u>\$ 68,469</u>
Total public works	<u>\$ 1,968,796</u>	<u>\$ 2,027,084</u>	<u>\$ 1,835,938</u>	<u>\$ 191,146</u>
Health and welfare:				
Health:				
Health department	\$ 244,301	\$ 244,301	\$ 244,301	\$ -
Total health	<u>\$ 244,301</u>	<u>\$ 244,301</u>	<u>\$ 244,301</u>	<u>\$ -</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, 2015

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	\$ 1,039,913	\$ 98,441
MACAA	29,914	29,914	29,914	-
Senior center meals	22,041	22,041	22,041	-
At risk youth program	713,700	713,700	693,879	19,821
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	5,000	5,000	4,406	594
Tax relief for the elderly	-	-	184,375	(184,375)
Total welfare	<u>\$ 2,099,913</u>	<u>\$ 2,099,913</u>	<u>\$ 2,165,432</u>	<u>\$ (65,519)</u>
Total health and welfare	<u>\$ 2,436,800</u>	<u>\$ 2,436,800</u>	<u>\$ 2,502,319</u>	<u>\$ (65,519)</u>
Education:				
Other instructional costs:				
Community College	\$ 2,600	\$ 2,600	\$ 2,600	\$ -
Appropriation to public school system	<u>14,634,328</u>	<u>14,634,328</u>	<u>14,295,439</u>	<u>338,889</u>
Total education	<u>\$ 14,636,928</u>	<u>\$ 14,636,928</u>	<u>\$ 14,298,039</u>	<u>\$ 338,889</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 204,203	\$ 204,203	\$ 198,120	\$ 6,083
Total parks and recreation	<u>\$ 204,203</u>	<u>\$ 204,203</u>	<u>\$ 198,120</u>	<u>\$ 6,083</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	\$ 260,684	\$ 260,684	\$ 260,468	\$ 216
Total library	<u>\$ 260,684</u>	<u>\$ 260,684</u>	<u>\$ 260,468</u>	<u>\$ 216</u>
Total parks, recreation, and cultural	<u>\$ 474,887</u>	<u>\$ 474,887</u>	<u>\$ 468,588</u>	<u>\$ 6,299</u>
Community development:				
Planning and community development:				
Planning	\$ 156,802	\$ 156,802	\$ 140,752	\$ 16,050
Community development	294,825	294,825	287,697	7,128
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	6,702	6,702	-	6,702
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	-	997	997	-
Nelson County Community Development Foundation	55,729	55,729	55,729	-
Total planning and community development	<u>\$ 718,110</u>	<u>\$ 719,107</u>	<u>\$ 689,227</u>	<u>\$ 29,880</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 50,865	\$ 50,865	\$ 50,807	\$ 58
Total cooperative extension program	\$ 50,865	\$ 50,865	\$ 50,807	\$ 58
Total community development	\$ 800,475	\$ 801,472	\$ 771,534	\$ 29,938
Nondepartmental:				
Refunds	\$ 30,000	\$ 30,000	\$ 22,421	\$ 7,579
Reserve for contingency	1,789,287	1,402,355	21,416	1,380,939
Other nondepartmental	36,883	36,883	40,371	(3,488)
Total nondepartmental	\$ 1,856,170	\$ 1,469,238	\$ 84,208	\$ 1,385,030
Capital projects:				
Blue Ridge Tunnel (TEA-21)	\$ 494,344	\$ 778,933	\$ 772,048	\$ 6,885
Purchase of property	-	120,023	120,023	-
Solid waste truck	90,000	90,000	98,032	(8,032)
Emergency services vehicles	330,000	442,453	420,997	21,456
Public safety radio project	920,824	920,824	440,288	480,536
Maintenance equipment	82,000	82,000	40,481	41,519
Other capital projects	80,500	112,602	57,908	54,694
Total capital projects	\$ 1,997,668	\$ 2,546,835	\$ 1,949,777	\$ 597,058
Total General Fund	\$ 31,642,995	\$ 32,045,016	\$ 28,992,008	\$ 3,053,008
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,199,184	\$ 2,199,184	\$ 2,199,184	\$ -
Interest and other fiscal charges	1,067,376	1,067,376	1,061,125	6,251
Total Debt Service Fund	\$ 3,266,560	\$ 3,266,560	\$ 3,260,309	\$ 6,251
Capital Projects Fund:				
Capital projects expenditures:				
Courthouse construction	\$ 705,000	\$ 705,000	\$ 418,536	\$ 286,464
Contingencies	897,940	897,940	-	897,940
Total capital projects	\$ 1,602,940	\$ 1,602,940	\$ 418,536	\$ 1,184,404
Total Capital Projects Fund	\$ 1,602,940	\$ 1,602,940	\$ 418,536	\$ 1,184,404
Total Primary Government	\$ 36,512,495	\$ 36,914,516	\$ 32,670,853	\$ 4,243,663

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 17,096,706	\$ 16,986,316	\$ 16,038,109	\$ 948,207
Total instruction costs	<u>\$ 17,096,706</u>	<u>\$ 16,986,316</u>	<u>\$ 16,038,109</u>	<u>\$ 948,207</u>
Operating costs:				
Administration, attendance and health services	\$ 1,213,733	\$ 1,201,260	\$ 1,187,707	\$ 13,553
Pupil transportation	2,584,509	2,585,761	2,419,018	166,743
Operation and maintenance of school plant	2,802,334	2,769,645	2,690,530	79,115
School food	1,115,898	1,320,657	1,029,484	291,173
Facilities	-	94,156	56,535	37,621
Technology	1,137,276	992,661	1,640,739	(648,078)
Total operating costs	<u>\$ 8,853,750</u>	<u>\$ 8,964,140</u>	<u>\$ 9,024,013</u>	<u>\$ (59,873)</u>
Total education	<u>\$ 25,950,456</u>	<u>\$ 25,950,456</u>	<u>\$ 25,062,122</u>	<u>\$ 888,334</u>
Debt service:				
Principal retirement	\$ 103,447	\$ 103,447	\$ 103,447	\$ -
Interest and other fiscal charges	43,844	43,844	43,844	-
Total debt service	<u>\$ 147,291</u>	<u>\$ 147,291</u>	<u>\$ 147,291</u>	<u>\$ -</u>
Total School Fund	<u>\$ 26,097,747</u>	<u>\$ 26,097,747</u>	<u>\$ 25,209,413</u>	<u>\$ 888,334</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 26,097,747</u>	<u>\$ 26,097,747</u>	<u>\$ 25,209,413</u>	<u>\$ 888,334</u>

Statistical Tables

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COUNTY OF NELSON, VIRGINIA

Table 1

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					
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			
2015	1,931,016	709,914	5,130,442	2,051,142	2,366,870	15,784,538	568,093	773,915	866,705	30,182,635			

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
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
2014	934,970	2,868,264	753,001		22,191,371	4,256,941	59,213	71,605	2,412,973	33,548,338

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 3

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
	General Property Taxes	Other Local Taxes	Use of Money & Property	Charges for Services									
2006	\$ 13,080,374	\$ 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	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	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	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	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	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	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	176,921	278,688	110,098	675,143	471,690	774,339	15,399,851	43,328,845			
2014	21,894,598	4,022,028	188,116	436,296	125,478	683,538	321,102	1,078,722	15,322,742	44,072,620			
2015	22,462,776	4,256,941	289,183	367,860	59,237	709,735	361,098	979,519	16,099,840	45,586,189			

(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
			Safety	Public	Works	Health and Welfare	Education (2)	Recreation and Cultural	Community Development	Nondepartmental	Capital Projects	Debt Service									
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	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	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	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	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	65,419	2,593,285	3,309,774	44,190,749								
2015	1,633,671	731,991	4,715,943	1,835,938	2,502,319	25,064,722	468,588	771,534	84,208	84,208	2,368,313	3,407,600	43,584,827								

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

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

COUNTY OF NELSON, VIRGINIA

Table 5

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total (1) (2) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax Collections	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Delinquent Taxes to Tax Levy		
2006	\$ 12,370,699	\$ 12,038,922	97.32%	\$ 776,181	\$ 12,815,103	103.59%	\$ 1,452,213	11.74%	
2007	13,128,010	12,579,789	95.82%	538,403	13,118,192	99.93%	1,734,181	13.21%	
2008	15,476,228	14,747,107	95.29%	859,787	15,606,894	100.84%	1,964,747	12.70%	
2009	18,330,136	17,460,606	95.26%	760,255	18,220,861	99.40%	2,055,591	11.21%	
2010	20,346,994	19,384,220	95.27%	675,464	20,059,684	98.59%	2,340,974	11.51%	
2011	20,358,566	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	96.77%	883,820	21,348,084	100.95%	2,595,800	12.27%	
2013	22,371,562	21,912,219	97.95%	960,970	22,873,189	102.24%	2,520,749	11.27%	
2014	22,955,321	22,349,770	97.36%	878,931	23,228,701	101.19%	2,603,797	11.34%	
2015	23,464,205	22,919,925	97.68%	889,526	23,809,451	101.47%	2,350,671	10.02%	

(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.

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
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
2015	2,439,972,005	149,988,448	4,460,160	1,021,923	104,274,278	2,699,716,814

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	
2006	0.72	2.95	0.72		1.25
2007	0.72	2.95	0.72		1.25
2008	0.55	2.95	0.55		1.25
2009	0.55	2.95	0.55		1.25
2010	0.55	2.95	0.55		1.25
2011	0.55	2.95	0.55		1.25
2012	.55/.60	2.95	.55/.60		1.25
2013	0.60	2.95	0.60		1.25
2014	0.60/.72	2.95/3.45	0.60/.72		1.25
2015	0.72	3.45	0.72		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					
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		
2015	14,789	2,699,716,814	26,270,402	-	26,270,402	0.97%	1,776		

(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
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%
2015	2,199,184	1,061,125	3,260,309	43,584,827	7.48%

(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 of
County of Nelson, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nelson, Virginia, as of and for the year ended June 30, 2015, 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 28, 2015.

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 28, 2015

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, 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, 2015. 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, 2015.

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 28, 2015

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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	\$ 321
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	113,711
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	169
Low Income Home Energy Assistance	93.568	0600409/0600410	13,214
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	19,629
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	820
Foster Care - Title IV-E	93.658	1100109/1100110	40,986
Adoption Assistance	93.659	1120109/1120110	22,237
Social Services Block Grant	93.667	1000109/1000110	79,608
Chafee Foster Care Independence Program	93.674	9150108/9150109/9150110	658
Children's Health Insurance Program	93.767	0540109/0540110	3,792
Medical Assistance Program	93.778	1200109/1200110	<u>124,673</u>
Total Department of Health and Human Services			<u>\$ 419,818</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ 56,860
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	<u>440,778</u>
			497,638
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	136,915
Schools and Roads - Grants to States	10.665	10.665	3,882
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110/0040109/0040110	<u>105,287</u>
Total Department of Agriculture			<u>\$ 743,722</u>

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

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	\$ 14,899
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	<u>29,327</u>
Total Department of Justice			<u>\$ 44,226</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL1353100	\$ 9,564
Department of Transportation:			
Highway Planning and Construction	20.205	Not Available	753,001
Department of Conservation and Recreation:			
Recreational Trails Program	20.219	Not Available	<u>5,614</u>
Total Department of Transportation			<u>\$ 768,179</u>
Department of Homeland Security:			
Pass-through payments:			
Department of Emergency Services:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Not Available	\$ <u>1,845</u>
Total Department of Homeland Security			<u>\$ 1,845</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ 456,636
Special Education -- Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	485,467
Special Education -- Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	18,127
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	35,519
Rural Education	84.358	Not Available	548
English Language Acquisition State Grants	84.365	T365A120046/S365A130046	34,267
Advanced Placement Program	84.330	S330B130008	222
Improving Teacher Quality State Grants	84.367	S367A120044/S367A130044	<u>91,177</u>
Total Department of Education			<u>\$ 1,121,963</u>
Total Expenditures of Federal Awards			<u>\$ 3,099,753</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, 2015

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, 2015. 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	\$ <u>1,393,512</u>
Total primary government	\$ <u>1,393,512</u>
Component Unit School Board:	
School Operating Fund	\$ <u>1,760,398</u>
Total component unit school board	\$ <u>1,760,398</u>
Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	\$ <u>(54,157)</u>
Total federal expenditures per basic financial statements	\$ <u><u>3,099,753</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,099,753</u></u>

COUNTY OF NELSON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
20.205	Highway Planning and Construction

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, 2015

There were no findings reported for the year ended June 30, 2014.

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