



**COUNTY OF NELSON, VIRGINIA**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2021**



**COUNTY OF NELSON, VIRGINIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## Table of Contents

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	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-16
<b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1 Statement of Net Position	17
Exhibit 2 Statement of Activities	18-19
<b>Fund Financial Statements:</b>	
Exhibit 3 Balance Sheet—Governmental Funds	20
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	22
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Exhibit 7 Statement of Net Position—Proprietary Funds	24
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	25
Exhibit 9 Statement of Cash Flows—Proprietary Funds	26
Exhibit 10 Statement of Fiduciary Net Position—Fiduciary Fund	27
Exhibit 11 Statement of Changes in Fiduciary Net Position—Fiduciary Fund	28
Notes to Financial Statements	29-103
<b><u>Required Supplementary Information:</u></b>	
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund	104
Exhibit 13 Schedule of Components of and Changes in Net Pension Liability and Related Ratios—Primary Government	105-106
Exhibit 14 Schedule of Components of and Changes in Net Pension Liability and Related Ratios—Component Unit School Board (nonprofessional)	107-108
Exhibit 15 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	109-110
Exhibit 16 Schedule of Employer Contributions—Pension Plans	111
Exhibit 17 Notes to Required Supplementary Information—Pension Plans	112

**Table of Contents (Continued)**

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		<b>Page</b>
<b><u>Required Supplementary Information:</u></b>		
Exhibit 18	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios— Primary Government	113
Exhibit 19	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios— Component Unit School Board	114
Exhibit 20	Notes to Required Supplementary Information—County and Component Unit School Board OPEB	115
Exhibit 21	Schedule of School Board's Share of Net OPEB Liability— Teacher Employee Health Insurance Credit (HIC) Plan	116
Exhibit 22	Schedule of Employer Contributions—Teacher Employee Health Insurance Credit (HIC) Plan	117
Exhibit 23	Notes to Required Supplementary Information—Teacher Employee Health Insurance Credit (HIC) Plan	118
Exhibit 24	Schedule of County and School Board's Share of Net OPEB Liability— Group Life Insurance (GLI) Plan	119
Exhibit 25	Schedule of Employer Contributions—Group Life Insurance (GLI) Plan	120
Exhibit 26	Notes to Required Supplementary Information—Group Life Insurance (GLI) Plan	121
Exhibit 27	Schedule of Changes in the School Board Nonprofessional's Net OPEB Liability and Related Ratios—Health Insurance Credit (HIC) Plan	122
Exhibit 28	Schedule of Employer Contributions—Health Insurance Credit (HIC) Plan	123
Exhibit 29	Notes to Required Supplementary Information—Health Insurance Credit (HIC) Plan	124
<b><u>Other Supplementary Information:</u></b>		
<b>Combining and Individual Fund Financial Statements and Schedules:</b>		
Exhibit 30	Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Debt Service Fund	125
Exhibit 31	Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Capital Projects Fund	126
Exhibit 32	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	127
Exhibit 33	Discretely Presented Component Unit School Board—Balance Sheet	128
Exhibit 34	Discretely Presented Component Unit School Board—Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	129
Exhibit 35	Discretely Presented Component Unit School Board—Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Fund	130
Exhibit 36	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	131

**Table of Contents (Continued)**

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		<b>Page</b>
<b><u>Other Supplementary Information: (Continued)</u></b>		
<b>Combining and Individual Fund Financial Statements and Schedules: (Continued)</b>		
Exhibit 37	Discretely Presented Component Unit School Board—Component Unit School Board—Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual	132
Exhibit 38	Discretely Presented Component Unit - Nelson County EDA Statement of Net Position	133
Exhibit 39	Discretely Presented Component Unit - Nelson County EDA Statement of Revenues, Expenses, and Changes in Net Position	134
Exhibit 40	Discretely Presented Component Unit - Nelson County EDA Statement of Cash Flows	135
<b>Supporting Schedules:</b>		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	136-140
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	141-145
<b>Statistical Information:</b>		
Table 1	Government-wide Expenses By Function—Last Ten Fiscal Years	146
Table 2	Government-wide Revenues By Source—Last Ten Fiscal Years	147
Table 3	General Governmental Revenues By Source—Last Ten Fiscal Years	148
Table 4	General Governmental Expenditures By Function— Last Ten Fiscal Years	149
Table 5	Property Tax Levies and Collections—Last Ten Fiscal Years	150
Table 6	Assessed Value of Taxable Property—Last Ten Fiscal Years	151
Table 7	Property Tax Rates—Last Ten Fiscal Years	152
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	153
Table 9	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures—Last Ten Fiscal Years	154
<b><u>Compliance:</u></b>		
	Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	155-156
	Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	157-158
	Schedule of Expenditures of Federal Awards	159-161
	Notes to Schedule of Expenditures of Federal Awards	162
	Schedule of Findings and Questioned Costs	163
	Summary Schedule of Prior Audit Findings	164





**COUNTY OF NELSON, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**FISCAL YEAR ENDED JUNE 30, 2021**

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**BOARD OF SUPERVISORS**

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

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**COUNTY SCHOOL BOARD**

Margaret Clair - Chairperson  
Shannon Powell - Vice Chairperson

George Cheape  
Janet Turner-Giles

Ceasar Perkins

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**COUNTY SOCIAL SERVICES BOARD**

Brad Johnson, Chairperson  
Edith Napier, Vice-Chairperson

Diane Harvey  
Robert G. Barton

Darlene Smith  
South District-Vacancy

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**OTHER OFFICIALS**

Michael R. Doucette  
Lisa Bryant  
Daniel Rutherford  
Pamela C. Campbell  
Angela F. Hicks  
David W. Hill  
Martha J. Eagle  
Angela A. Rose  
Stephen A. Carter

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





**Independent Auditors' Report**

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**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, 2021, 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, 2021, 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 26 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 26 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. 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 4-16, 104, and 105-124 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.

### ***Supplementary and 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 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

***Other Matters: (Continued)***

***Supplementary and Other Information: (Continued)***

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

The statistical information has 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Nelson, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Nelson, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 15, 2021

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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, 2021.

### **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 \$47,443,168. Of this amount, \$30,455,501 is unrestricted, and may be used to meet the government's ongoing obligations to creditors and citizens. Of the total net position, there is \$16,987,667 invested in capital assets net of related debt (an increase of \$700,900 from the previous year). The School Board's net position is a deficit of \$4,350,622, of which the unrestricted net position was a deficit of \$21,349,059.

The total net position of the Primary Government increased by \$3,360,016, the Component Unit School Board's net position increased by \$417,319, and the Component Unit Economic Development Authority's net position decreased by \$6,330. (See Exhibit 2.)

#### **Fund Financial Statements**

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$28,169,080. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2020-21 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,601,859 of which \$28,169,080 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

### **Overview of the Financial Statements**

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

#### **Government-wide Financial Statements**

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

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

## Overview of the Financial Statements: (Continued)

### Government-wide Financial Statements: (Continued)

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

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

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

### Fund Financial Statements

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

### Governmental funds

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



## Overview of the Financial Statements: (Continued)

### Governmental funds: (Continued)

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

### Proprietary funds

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

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

### Fiduciary funds

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

### Notes to the financial statements

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

### Other Information

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

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

## Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Nelson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,443,168 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, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 45,777,669	\$ 42,467,040	\$ 1,592,377	\$ 1,796,113	\$ 47,370,046	\$ 44,263,153
Capital assets	29,844,817	31,632,536	4,243,353	4,268,381	34,088,170	35,900,917
Total assets	<u>\$ 75,622,486</u>	<u>\$ 74,099,576</u>	<u>\$ 5,835,730</u>	<u>\$ 6,064,494</u>	<u>\$ 81,458,216</u>	<u>\$ 80,164,070</u>
Deferred Outflows of Resources	\$ 1,743,789	\$ 1,395,795	\$ -	\$ -	\$ 1,743,789	\$ 1,395,795
Long-term liabilities	\$ 22,230,099	\$ 23,623,653	\$ -	\$ -	\$ 22,230,099	\$ 23,623,653
Other liabilities	2,148,342	2,446,908	17,202	10,858	2,165,544	2,457,766
Total liabilities	<u>\$ 24,378,441</u>	<u>\$ 26,070,561</u>	<u>\$ 17,202</u>	<u>\$ 10,858</u>	<u>\$ 24,395,643</u>	<u>\$ 26,081,419</u>
Deferred Inflows of Resources	\$ 11,363,194	\$ 11,395,294	\$ -	\$ -	\$ 11,363,194	\$ 11,395,294
Net Position:						
Invested in capital assets, net of related debt	\$ 12,744,314	\$ 12,018,386	\$ 4,243,353	\$ 4,268,381	\$ 16,987,667	\$ 16,286,767
Unrestricted	28,880,326	26,011,130	1,575,175	1,785,255	30,455,501	27,796,385
Total net position	<u>\$ 41,624,640</u>	<u>\$ 38,029,516</u>	<u>\$ 5,818,528</u>	<u>\$ 6,053,636</u>	<u>\$ 47,443,168</u>	<u>\$ 44,083,152</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 35.8 percent of total net position. The County uses these capital assets to provide services to citizens, therefore these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from assets restricted for that purpose or other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has no restricted net position items at June 30, 2021. The remaining balance of unrestricted net position, which is \$30,455,501 or 64.19 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

**Government-wide Financial Analysis: (Continued)**

At the end of the fiscal year, the County's Primary Government reports a positive balance in total net position. The governmental activities reported positive balances of \$12,744,314 in net position invested in capital assets, net of related debt and \$28,880,326 in unrestricted net position. The business-type activities reported positive balances of \$4,243,353 in net position invested in capital assets net of related debt and \$1,575,175 in unrestricted net position.

The government's total net position increased by \$3,595,124 during the current fiscal year compared to a decrease of \$804,491 in FY 2020.

**Governmental and Business-type Activities**

Governmental activities increased the County's net position by \$3,595,124. Business-type activities decreased the County's net position by \$235,108. Key elements of these changes are as follows:

**County of Nelson's Changes in Net Position  
For the Years Ended June 30, 2021 and June 30, 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 759,324	\$ 580,106	\$ 297,002	\$ 661,483	\$ 1,056,326	\$ 1,241,589
Operating grants & contributions	7,601,859	4,316,931	-	-	7,601,859	4,316,931
Capital grants & contributions	290,845	2,439,506	-	-	290,845	2,439,506
General revenues:						
General property taxes	23,958,585	21,452,989	-	-	23,958,585	21,452,989
Other local taxes	5,841,886	4,680,575	-	-	5,841,886	4,680,575
Use of money and property	57,295	528,397	-	-	57,295	528,397
Miscellaneous	173,874	314,843	-	-	173,874	314,843
Grants and contributions not restricted to specific programs	2,296,344	2,336,964	-	-	2,296,344	2,336,964
Transfers	(39,788)	(891,050)	39,788	891,050	-	-
Total revenues	<u>\$ 40,940,224</u>	<u>\$ 35,759,261</u>	<u>\$ 336,790</u>	<u>\$ 1,552,533</u>	<u>\$ 41,277,014</u>	<u>\$ 37,311,794</u>
Expenses:						
General government	\$ 2,813,274	\$ 3,117,491	\$ -	\$ -	\$ 2,813,274	\$ 3,117,491
Judicial administration	1,088,257	996,430	-	-	1,088,257	996,430
Public safety	8,819,205	6,411,572	-	-	8,819,205	6,411,572
Public works	2,292,566	2,212,255	571,898	514,534	2,864,464	2,726,789
Health and welfare	4,143,436	3,956,898	-	-	4,143,436	3,956,898
Education	16,182,973	16,108,123	-	-	16,182,973	16,108,123
Parks, recreation and cultural	660,283	569,528	-	-	660,283	569,528
Community development	735,980	801,084	-	-	735,980	801,084
Interest on long-term debt	609,126	618,473	-	-	609,126	618,473
Loss on disposal of capital assets	-	-	-	2,809,897	0	2,809,897
Total expenses	<u>\$ 37,345,100</u>	<u>\$ 34,791,854</u>	<u>\$ 571,898</u>	<u>\$ 3,324,431</u>	<u>\$ 37,916,998</u>	<u>\$ 38,116,285</u>
Increase (decrease) in net assets	\$ 3,595,124	\$ 967,407	\$ (235,108)	\$ (1,771,898)	\$ 3,360,016	\$ (804,491)
Beginning net position, as restated	38,029,516	37,062,109	6,053,636	7,825,534	44,083,152	44,887,643
Ending net position	<u>\$ 41,624,640</u>	<u>\$ 38,029,516</u>	<u>\$ 5,818,528</u>	<u>\$ 6,053,636</u>	<u>\$ 47,443,168</u>	<u>\$ 44,083,152</u>

## Governmental and Business-type Activities: (Continued)

### Revenues

- Overall revenues increased by \$3,965,220. Revenues from Governmental Activities increased by \$5,180,963. Business-type activities sustained a decrease in revenues when compared to the prior year of \$1,215,743. The net decrease in revenue from Business-type activities of \$1,215,743 is mainly attributed to a decreased transfer in from general county funds, which was \$851,262 less than the prior year, and a decrease of Broadband Authority revenues, which were \$361,238 less than the prior year.
- There was an increase in General property tax revenue of \$2,505,596. Due to the Coronavirus Pandemic, the Board of Supervisors approved the reduction in FY20 tax so that the first half of tax year 2020 personal property and machinery and tools tax would be neither assessed nor collected. The amount of tax excluded was \$2,866,112 of personal property tax and \$39,445 of machinery and tools tax less the portion of Personal Property Tax Relief that would have applied of \$854,015, which yielded a net reduction in tax billings and revenue of \$2,051,542 for FY20. There were also increases in assessed values of real estate, personal property, mobile homes and public service corporations that lead to additional increases in each of these categories of revenue which added to the overall increase over the prior year to offset the reduction for not billing and collecting the first half personal property and machinery and tools taxes in FY20.
- There was an overall increase in the Other Local Taxes category of revenue of \$1,161,311. The more predominant changes from FY20 to FY21 in this revenue category were:
  - Local sales and use taxes increased by \$398,579
  - Taxes on recordation and wills increased by \$269,238
  - Meals tax revenue increased by \$74,516
  - Transient occupancy tax increased by \$403,664

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

- The revenues from charges for services decreased by \$185,263. As mentioned above, this is primarily attributable to the Business-type activities of the Nelson County Broadband Authority, which sustained a decrease in revenues compared to the prior year of \$361,238.
- There was a decrease in revenue from the Use of Money and Property of \$471,102, including a decrease in interest earnings of \$439,071 due to decreased yields, and a decrease in revenue from the use of property of \$32,031, attributable to a decrease in real estate tax sale proceeds as compared to the prior year.
- There was a decrease in the Miscellaneous category of revenue from FY20 to FY21 in the amount of \$140,969. This was mainly due to a decrease in timber sales of \$57,262 and the FY20 receipt of an interest rebate from the Virginia Public School Authority due to the 2020 debt refinancing in the amount of \$86,992
- There was a substantial increase in Operating Grants and Contributions revenues of \$3,284,928, attributed mainly to the following changes in operating grants:
  - Increase in Coronavirus Relief Fund grant of \$2,828,713
  - Increase in CARES Act Utility Assistance grant of \$63,655
  - Increase in Commonwealth's Attorney state shared aid of \$27,315
  - Increase in E-911 Wireless Grant funds of \$117,686
  - Decrease in Children's Services Act revenues of \$45,514
  - Increase in Sheriff's Department Grant of \$60,775
  - Decrease in asset forfeiture proceeds of \$21,249
  - Increase in Virginia Tourism Grant of \$20,000
  - Increase in State public assistance and welfare administration funding of \$131,280 and Federal public assistance and welfare administration funding of \$117,075

## Governmental and Business-type Activities: (Continued)

### Revenues (Continued)

- There was a decrease in capital grants revenue totaling \$2,148,661, related to the Blue Ridge Tunnel project. In FY21, these capital grants include \$290,845 in Federal Highway Administration/VDOT TEA-21 funds, whereas in FY20, these grant revenues were \$2,439,506.

### Expenses

- Expenses reflected an overall net decrease of \$199,287. Of this amount, expense from governmental activities increased by \$2,553,246 and business-type activities decreased by \$2,752,533.
- Several functional areas of expenses reflected increases: judicial administration; public safety; public works; health and welfare; education; and parks, recreation and cultural. The general government function declined by a significant amount, whereas community development sustained a slight decrease, and there was a reduction in interest expense.
- The general government function had a net decrease in expenditures of \$304,217. This is predominantly associated with a significant decrease in Contingency Reserve expenses in FY21 as compared to FY20. In FY20 the County expensed a transfer to the Nelson County Service Authority in the amount of \$604,704 for the early retirement of 50% of a USDA loan. The County expensed \$168,576 in costs associated with the Reassessment of real estate in FY21, whereas there were no expenses in this category in FY20. The Board of Elections department expensed \$59,582 more in FY21 than FY20, mostly due to the additional CARES Act funding specific for Elections.
- The judicial administration function sustained an increase of \$91,827 mostly attributable to increases in salaries and benefits in the Commonwealth's Attorney department. These expenses are offset by revenue received from the State shown as State Categorical Aid-Shared Expenses-State in the County's financials. There was also an increase in Clerk of Circuit Court department expenditures of \$16,685 for Library of Virginia Grant for digitizing records and a substantial repair expense for the HVAC system. This functional category also sustained a reduction of \$14,771 in the Virginia Juvenile Community Crime Control Act expenditures.
- The public safety function had net increased expenses of \$2,407,633. The bulk of this increase is attributable to the expense of the Coronavirus (COVID-19) CARES Act Grant funding of \$2,234,834 on public safety functional expense. Additionally, there was an increase of \$24,949 in additional Public Safety and Emergency Services expense, an increase in E-911 Program expense of \$69,833, an increase in Correction and Detention costs of \$47,587, a decrease in Building Inspection expense of \$10,398, and an increase in Animal Control expense of \$20,546. Additionally, EMS recovery fees are netted against public safety expenses in the Statement of Activities, and there were \$30,902 more in recovery fees reported in FY21 than the prior year.
- The public works function had an increase in expense of \$137,675. Of this total increase, there was an increase of \$80,311 in Governmental Activities associated with public works and an increase of \$57,364 in Business Activities associated with public works. The increase in Business Activities is mainly due to the forgiveness of receivable balances attributable to original NCBA connection fees, amounting to an expense of \$141,229. Other operational costs of the Broadband Authority were substantially less than FY20 (by \$103,503) due to the transfer of the Broadband operations to Central Virginia Services, Inc. dba Firefly Broadband in FY20. The increase in expenses for the Governmental Activities is attributable to an increase in the Waste Management department expenses due to increases in repairs and maintenance, tipping fees, and transportation fees.

## **Governmental and Business-type Activities: (Continued)**

### **Expenses (Continued)**

- The health and welfare function reported an increase in expenses of \$186,538, as compared to the prior year. This is partly attributable to increases in Health Department expense of \$42,665, Public assistance and administration of \$264,582, and a decrease in the Children's Services Act program expenses of \$174,382, as compared to the prior year. The expenses of the Public assistance administration and Children's Services Act programs are partially offset by state and federal program revenues.
- The education function of the Primary Government sustained an increase in expense of \$74,850. Contributions from the county to the school board for regular operations and the nursing program were reduced by \$55,228 from FY20 to FY21. This reduction in funding is offset by net transfers of jointly owned assets between county and school board due to payment of debt service thereon for the year.
- The parks, recreation and cultural function sustained an increase of \$90,755 in expenses from FY20 to FY21. This increase is primarily due to an increase in depreciation expense for this function due to the completion of the Blue Ridge Tunnel/Trail projects.
- The community development function sustained a small reduction of \$65,104 in expenses when compared to the prior year.
- The Loss on Disposal of Capital Assets reported in FY20 of \$2,809,897 is all reported under Business-type Activities and is associated with the contribution to industry of the net book value of the infrastructure assets associated with the Broadband Authority.

### **Financial Analysis of the Government's Funds**

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

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$30,542,419, an increase of \$3,060,772 over the prior year. Approximately 92.23 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 \$381,307
- Committed fund balance of \$1,992,032

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

The general fund is the chief operating fund of the County. As of June 30, 2021, total fund balance of the general fund was \$29,601,859, of which \$28,169,080 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total general fund expenditures. The general fund unassigned fund balance represents 80.00 percent of total general fund expenditures which includes transfers to the School Board component unit of \$14,598,046. The general fund total fund balance represents 84.08 percent of total general fund expenditures.

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

The fund balance of the County's general fund increased by \$3,060,772 during the current fiscal year. Key factors in this increase are as follows:

- Overall General Fund revenues increased by \$4,034,055 as compared to the prior year.
  - As discussed above in the Revenues section of the Government-Wide Financial Analysis:
    - In FY20 the Board of Supervisors approved the non-billing and non-collection of the first half assessment of personal property and machinery and tools taxes, which would normally have been due June 5, 2020, due to the Coronavirus Pandemic. This decision led to reduced tax revenue at the fund level in FY20 as well and accounted for most of the increase in property tax revenues of \$2,143,438 for FY21 as compared to FY20.
    - In FY21, the County was the recipient of \$2,884,598 in Coronavirus Relief federal funds and \$63,655 in CARES Act utility assistance, whereas in FY20, only \$55,885 of Coronavirus Relief federal funds were recognized, thus an increase of \$2,892,368. Additionally, in FY20, \$2,439,506 of federal Blue Ridge Tunnel Grant funds were received, whereas in FY21, \$290,845 was received, thus a reduction of \$2,148,661. The overall net increase in federal funding from FY20 to FY21 was \$825,071.
  - The other categories of revenues sustained fairly normal fluctuations in revenues as compared to the prior year, with items of note being:
    - a decrease in revenues from the use of money and property (including interest and rental income) of \$471,102, mainly attributable to a severe decline in interest rates,
    - the miscellaneous revenue category reporting a decrease of \$140,969, partly resulting from decreased timber sales of \$66,262,
    - revenues from the Commonwealth sustaining an increase of \$270,576, partly attributable to increased state funding of the public assistance and welfare administration program of \$131,280, increased shared expenses reimbursements for the constitutional officers salaries of \$27,320, a decrease in Children's Services Act program funds of \$45,514, an increase in E911 equipment grant funding of \$117,686, and an increase in Four-for-Life grant of \$18,316,
    - in addition to the significant changes in federal grants noted above, revenues from the federal government also sustained an increase of \$117,075 in the category of public assistance and welfare administration.
- General Fund expenditures decreased by \$1,371,023 as compared to the prior year. Most departments sustained fairly moderate changes from FY20 to FY21. Increases and decreases by function are:
  - an increase in General Government expenditures of \$293,101; of note is the Reassessment departmental expenditures of \$168,576 in FY21 whereas there was \$0 in FY20 and an increase in Board of elections expenditures of \$59,582, primarily due to the expenditure of \$58,472 in CARES Act funding, and the County expensed \$49,480 more in FY21 than FY20 in its Finance and Technology departments, mostly attributable to increases in maintenance service contracts.
  - an increase in Judicial Administration expenditures of \$68,701, which included increases in Clerk of Circuit Court department of \$32,239 and Commonwealth's attorney department of \$46,441 and a decrease in VJCCCA program expenses of \$14,771,
  - an increase in Public Safety expenditures of \$2,387,807, which includes slight fluctuations in all departments, but is primarily comprised of an increase of \$2,259,498 in Coronavirus relief fund expenditures and an increase in Regional jail services of \$47,586,
  - an increase in Public Works expenditures of \$155,530, which includes \$63,655 of CARES Act utility assistance in FY21, whereas there was none in FY20 and increases in the Automotive/motor pool department of \$33,527 and in the Refuse collection and disposal department of \$56,291 when compared to the prior year,
  - an increase in Health and Welfare expenditures of \$146,205, primarily associated with increased funding of the Health Department of \$42,665, an increase in Public assistance and administration of \$264,582, and a decrease of \$174,382 in cost of Children's Services Act program, compared to prior year,

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

- a reduction in Education expenditures of \$64,558, mostly due to a reduction in funding to the Nelson County public school system by \$55,228 from FY20 to FY21,
  - an increase in Parks, Recreation, and Cultural expenditures of \$19,126,
  - a reduction in Community Development expenditures of \$71,188, mainly attributable to \$84,609 less expended on the Colleen water/sewer subsidy in FY21 as compared to FY20,
  - a decrease in Nondepartmental function expenditures of \$414,161, mostly due to the early retirement of 50% of an outstanding USDA loan held by the Nelson County Service Authority in the amount of \$604,704 paid in FY20 from the Reserve for contingency budget,
  - a decrease in capital projects expenditures of \$3,891,586 compared to the prior year, attributable primarily to the completion of the Blue Ridge Tunnel and Library expansion projects in early FY21.
- Transfers out for debt service decreased by \$4,350 and transfers for support of proprietary funds decreased by \$851,262 as compared to the prior year. All of the net decrease in transfers resulted from a decrease in transfers to Piney River Water and Sewer System, as compared to the prior year. Prior year transfers to Piney River Water and Sewer System included \$317,798 for early retirement of associated system debt and \$130,000 for capital improvements to implement corrective action required by the Department of Environmental Quality.

### **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 \$228,950. This is an decrease from the prior year of \$173,230.

Unrestricted net position of the Broadband Authority at the end of the fiscal year was \$1,346,225 as compared to \$1,383,075 in the prior year, for a decrease of \$36,850. This is primarily attributable to the impact of increased revenues relative to operating expenditures and a significant write off of connection fees receivable (\$141,229) during FY21. The transfer of the Authority's infrastructure assets in FY20 did not impact the unrestricted portion of net position.

### **General Fund Budgetary Highlights**

The final amended budgeted appropriations for the General Fund were \$39,055,025, \$4,372,595 more than the original budgeted expenditure appropriations, which is 12.6 percent of the total original budget, and can be briefly summarized as follows:

- In the general and financial administration functional category, there were net increases in budget during the year of \$150,112. This was comprised of small budget amendments in most departments and a more notable increase in Board of Elections/Registrar department of \$101,922 primarily due to the appropriation of funding related to CARES Act funding designated for the Elections department.
- The judicial administration functional category budget increased by \$78,399, with slight increases in most departments.
  - The VJCCCA program sustained an increase of \$20,518. This increase is primarily due to an increase in utilization of the Juvenile Detention Home towards the end of the fiscal year.
  - The Commonwealth's attorney's department sustained an increase of \$33,203 primarily due to the appropriation of the balance of Asset Forfeiture funds carried forward from FY20.
- The public safety functional category budget increased by \$1,745,024, with many of the departments having relatively small amendments. Some of the more significant Public Safety amendments are:
  - \$297,960 increase in Sheriff's department to appropriate the FY20 balance of Asset Forfeiture funds and the transfer of funds from the School Resource Officer Reserve to the department



## **General Fund Budgetary Highlights (Continued)**

- \$80,989 increase in Emergency services council department related to the appropriation of Fire Funds received during the fiscal year and increased costs of State mandated Line of Duty Act (LODA) insurance coverage.
- \$1,334,286 increase in Coronavirus relief department partially appropriated with original budget, and additional appropriation following additional Grant receipt during the fiscal year.
- The public works functional category budget increased by \$251,308, including
  - \$77,950 increase in CARES Act utility assistance, not included in original budget
  - \$115,527 increase in Automotive/motor pool department related to the appropriation of funds for three (3) Sheriff's Department vehicles and equipment.
  - \$56,161 increase in Refuse collection and disposal department primarily due to increased costs of machinery repairs and maintenance and increased solid waste disposal costs related to an increase in volume throughout the year.
- The health and welfare functional category budget increased by \$102,168, all attributable to an increase in budgeted expenditures for the Children's Services Act program
- The education functional category budget increased by \$941,546 due to the contribution of \$500,000 in CARES Act funding for distance learning and the appropriation of \$441,546 in FY20 fund balance for school capital needs.
- The Capital projects functional category budget increased by \$1,086,608 during FY21. The projects with amendments are:
  - The Blue Ridge Tunnel Project budget increased \$684,823 in order to accommodate final expenditures and Federal Grant reimbursement for the project that were unknown at the start of the fiscal year.
  - The Emergency services vehicles budget increased \$128,456 due to a transfer from Recurring Contingency to cover the cost of a new Tanker Truck chassis for Montebello Volunteer Fire & EMS.
  - The E911 Equipment budget increased by \$75,000 in order to accommodate reimbursement of PSAP funds for the E911 CAD replacement project completed in FY20.
  - The Library Expansion project budget increased by \$118,328 due to the appropriation of funds to cover the balance of the project to be completed in FY21.
  - Other projects combined increased by \$80,001. Funding was subsequently approved and appropriated for the Lovingson Revitalization Plan and implementation of Text to 911 after the start of the fiscal year.

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

## **Capital Asset and Debt Administration**

### **Capital Assets**

The County's investment in capital assets for its governmental activities as of June 30, 2021 is \$29,844,817 (net of accumulated depreciation and is a decrease of \$1,787,719 from the previous fiscal year). This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, and construction in progress.

**Capital Asset and Debt Administration (Continued)**

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 694,107	\$ 694,107	\$ 40,000	\$ 40,000	\$ 734,107	\$ 734,107
Infrastructure	-	-	3,984,457	3,982,580	3,984,457	3,982,580
Buildings and improvements	27,269,243	20,300,379	-	-	27,269,243	20,300,379
Machinery and equipment	1,881,467	2,190,091	218,896	245,801	2,100,363	2,435,892
Construction in progress	-	8,447,959	-	-	-	8,447,959
Total	<u>\$ 29,844,817</u>	<u>\$ 31,632,536</u>	<u>\$ 4,243,353</u>	<u>\$ 4,268,381</u>	<u>\$ 34,088,170</u>	<u>\$ 35,900,917</u>

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

**Long-term debt**

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

**County of Nelson's Outstanding Debt  
For the Year Ended June 30, 2021**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Lease Revenue Refunding	\$ 5,482,000	\$ 5,955,000	\$ -	\$ -	\$ 5,482,000	\$ 5,955,000
General Obligation Bonds	3,170,000	4,125,000	-	-	3,170,000	4,125,000
Revenue Bonds	4,720,000	5,270,000	-	-	4,720,000	5,270,000
Refunding Revenue Bonds	3,195,000	3,580,000	-	-	3,195,000	3,580,000
Total	<u>\$ 16,567,000</u>	<u>\$ 18,930,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,567,000</u>	<u>\$ 18,930,000</u>

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

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

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the County was 4.1 percent (June 2020), which is a decrease from the rate of 7.8 percent a year ago (June 2020). The rate still compares favorably to the state's average unemployment rate of 4.5 percent (June 2021) and the national average rate of 5.9 percent (June 2021). These rates were obtained from the U.S. Bureau of Labor Statistics and Virginia Employment Commission websites and are indicative of the adverse effects of the Coronavirus Pandemic on local employment.

## **Economic Factors and Next Year's Budgets and Rates (Continued)**

- Due to current housing market conditions and extremely favorable interest rates, the County incurred an increase in building permit fees of 77.8% for fiscal year 2020-2021, a significant improvement over the 2.6% increase seen in fiscal year 2019-2020, but reflective of continued growth as opposed to steady declines in building permit fees seen in historical years. Recordation taxes, also impacted by housing market conditions and interest rates, saw a significant increase in FY21, where revenues went up 98.3% over the prior year. Conversely, the low interest rate climate continues to negatively impact the County's interest earnings.
- The real property assessment effective January 1, 2021 reflected a modest overall increase in property values from 2020. The budget for FY21 does not reflect an adjustment in real estate or other taxes. During FY21 and into FY22, The County is conducting a mass re-assessment of real property that occurs every four (4) years. The outcome of the assessment which becomes effective January 1, 2022 may impact these revenues for the second half of FY21-22, as well as the 2022 real estate tax rates going forward into FY22-23.
- In FY21, the County saw a substantial increase throughout the fiscal year in Local Sales and Use Taxes (\$502,383 more than budgeted); primarily attributable to the pandemic whereas it is speculated that more people purchased goods versus traveling out of the County. Additionally, the County saw a substantial increase throughout the year in Transient Occupancy Tax (\$299,072 more than budgeted). The County is experiencing growth in the short-term rental market and it is speculated that people living in outlying urban areas began to travel out to surrounding rural areas, in order to enjoy short vacations where they could be outdoors. This trend is expected to continue in FY22.
- In FY21, the County completed two (2) significant capital projects, the Nelson Memorial Library Expansion and the Blue Ridge Tunnel project. There are no capital improvement projects of similar significance planned for FY22.
- Effects of the Coronavirus Pandemic on the County's budget remain uncertain and will continue into FY22. Unspent Coronavirus Relief Funds received in FY21 as well as other anticipated Coronavirus grant funds received going forward, will be reflected in FY22 Financial Statements. (See Note 26).

All of these factors were considered in preparing the County's budget for the 2021-2022 fiscal year.

## **Requests for Information**

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

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## **Basic Financial Statements**



## **Government-wide Financial Statements**





Statement of Net Position  
At June 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Units	
				School Board	Economic Development Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,125,725	\$ 1,557,504	30,683,229	\$ 1,918,637	\$ 10,887
Receivables (net of allowance for uncollectibles):					
Taxes receivable	13,378,984	-	13,378,984	-	-
Accounts receivable	456,099	34,873	490,972	519	-
Notes receivable	302,796	-	302,796	-	-
Due from component unit	847,350	-	847,350	-	-
Due from other governmental units	1,588,204	-	1,588,204	574,690	-
Inventories	-	-	-	31,345	-
Prepaid items	78,511	-	78,511	431,815	-
Land held for resale	-	-	-	-	213,663
Capital assets (net of accumulated depreciation):					
Land and improvements	694,107	40,000	734,107	851,210	-
Buildings and improvements	27,269,243	-	27,269,243	15,978,739	-
Infrastructure and equipment	-	4,203,353	4,203,353	-	-
Machinery and equipment	1,881,467	-	1,881,467	1,359,006	-
Total assets	\$ 75,622,486	\$ 5,835,730	\$ 81,458,216	\$ 21,145,961	\$ 224,550
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	\$ 104,861	\$ -	\$ 104,861	\$ -	\$ -
OPEB deferrals	139,033	-	139,033	452,387	-
Pension deferrals	1,499,895	-	1,499,895	5,079,044	-
Total deferred outflows of resources	\$ 1,743,789	\$ -	\$ 1,743,789	\$ 5,531,431	\$ -
Total assets and deferred outflows of resources	\$ 77,366,275	\$ 5,835,730	\$ 83,202,005	\$ 26,677,392	\$ 224,550
<b>LIABILITIES</b>					
Accounts payable	\$ 393,706	\$ 17,202	\$ 410,908	\$ 253,292	\$ -
Accrued liabilities	-	-	-	1,045,499	-
Amounts held for others	125,783	-	125,783	-	-
Accrued interest payable	178,864	-	178,864	-	-
Due to primary government	-	-	-	847,350	-
Unearned revenue - coronavirus relief fund	1,449,989	-	1,449,989	16,159	-
Long-term liabilities:					
Due within one year	2,818,461	-	2,818,461	196,475	-
Due in more than one year	19,411,638	-	19,411,638	26,026,725	-
Total liabilities	\$ 24,378,441	\$ 17,202	\$ 24,395,643	\$ 28,385,500	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - taxes	\$ 11,178,941	\$ -	\$ 11,178,941	\$ -	\$ -
Items related to measurement of net OPEB liability	165,089	-	165,089	286,919	-
Items related to measurement of net pension liability	19,164	-	19,164	2,355,595	-
Total deferred inflows of resources	\$ 11,363,194	\$ -	\$ 11,363,194	\$ 2,642,514	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 12,744,314	\$ 4,243,353	\$ 16,987,667	\$ 16,998,437	\$ -
Unrestricted (deficit)	28,880,326	1,575,175	30,455,501	(21,349,059)	224,550
Total net position	\$ 41,624,640	\$ 5,818,528	\$ 47,443,168	\$ (4,350,622)	\$ 224,550
Total liabilities, deferred inflows of resources and net position	\$ 77,366,275	\$ 5,835,730	\$ 83,202,005	\$ 26,677,392	\$ 224,550

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,813,274	\$ -	\$ 237,236	\$ -
Judicial administration	1,088,257	119,460	608,824	-
Public safety	8,819,205	394,058	4,086,089	-
Public works	2,292,566	235,010	69,483	-
Health and welfare	4,143,436	-	2,559,042	-
Education	16,182,973	-	-	-
Parks, recreation, and cultural	660,283	10,659	21,185	-
Community development	735,980	137	20,000	290,845
Interest on long-term debt	609,126	-	-	-
Total governmental activities	\$ 37,345,100	\$ 759,324	\$ 7,601,859	\$ 290,845
Business-type activities:				
Piney River Water & Sewer	359,291	148,150	-	-
Nelson County Broadband Authority	212,607	148,852	-	-
Total primary government	\$ 37,916,998	\$ 1,056,326	\$ 7,601,859	\$ 290,845
<b>COMPONENT UNITS:</b>				
School Board	\$ 26,709,237	\$ 5,403	\$ 11,384,392	\$ -
Nelson County Economic Development Authority	1,419,444	-	-	-
Total component units	\$ 28,128,681	\$ 5,403	\$ 11,384,392	\$ -
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
\$ (2,576,038)	\$ -	\$ (2,576,038)		
(359,973)	-	(359,973)		
(4,339,058)	-	(4,339,058)		
(1,988,073)	-	(1,988,073)		
(1,584,394)	-	(1,584,394)		
(16,182,973)	-	(16,182,973)		
(628,439)	-	(628,439)		
(424,998)	-	(424,998)		
(609,126)	-	(609,126)		
<u>\$ (28,693,072)</u>	<u>\$ -</u>	<u>\$ (28,693,072)</u>		
-	(211,141)	(211,141)		
-	(63,755)	(63,755)		
<u>\$ (28,693,072)</u>	<u>\$ (274,896)</u>	<u>\$ (28,967,968)</u>		
			\$ (15,319,442)	\$ -
			-	(1,419,444)
			<u>\$ (15,319,442)</u>	<u>\$ (1,419,444)</u>
\$ 23,958,585	\$ -	\$ 23,958,585	\$ -	\$ -
1,879,063	-	1,879,063	-	-
488,332	-	488,332	-	-
1,040,491	-	1,040,491	-	-
904,072	-	904,072	-	-
754,890	-	754,890	-	-
775,038	-	775,038	-	-
-	-	-	15,454,845	1,413,100
57,295	-	57,295	122	14
173,874	-	173,874	281,794	-
2,296,344	-	2,296,344	-	-
(39,788)	39,788	-	-	-
<u>\$ 32,288,196</u>	<u>\$ 39,788</u>	<u>\$ 32,327,984</u>	<u>\$ 15,736,761</u>	<u>\$ 1,413,114</u>
\$ 3,595,124	\$ (235,108)	\$ 3,360,016	\$ 417,319	\$ (6,330)
38,029,516	6,053,636	44,083,152	(4,767,941)	230,880
<u>\$ 41,624,640</u>	<u>\$ 5,818,528</u>	<u>\$ 47,443,168</u>	<u>\$ (4,350,622)</u>	<u>\$ 224,550</u>

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## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 At June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 28,185,165	\$ 220,280	\$ 720,230	\$ 50	\$ 29,125,725
Receivables (net of allowance):					
Property taxes receivable, net	13,378,984	-	-	-	13,378,984
Accounts receivable	456,099	-	-	-	456,099
Notes receivable	302,796	-	-	-	302,796
Due from component unit	847,350	-	-	-	847,350
Due from other governmental units	1,588,204	-	-	-	1,588,204
Prepaid items	78,511	-	-	-	78,511
<b>Total assets</b>	<b>\$ 44,837,109</b>	<b>\$ 220,280</b>	<b>\$ 720,230</b>	<b>\$ 50</b>	<b>\$ 45,777,669</b>
<b>Liabilities</b>					
Accounts payable	\$ 393,706	\$ -	\$ -	\$ -	\$ 393,706
Unearned revenue	1,449,989	-	-	-	1,449,989
Amounts held for others	125,783	-	-	-	125,783
<b>Total liabilities</b>	<b>\$ 1,969,478</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,969,478</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - prepaid taxes	\$ 342,947	\$ -	\$ -	\$ -	\$ 342,947
Unavailable revenue - taxes	12,922,825	-	-	-	12,922,825
<b>Total deferred inflows of resources</b>	<b>\$ 13,265,772</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,265,772</b>
<b>Fund balances</b>					
Nonspendable	\$ 381,307	\$ -	\$ -	\$ -	\$ 381,307
Committed	1,051,472	220,280	720,230	50	1,992,032
Unassigned	28,169,080	-	-	-	28,169,080
<b>Total fund balances</b>	<b>\$ 29,601,859</b>	<b>\$ 220,280</b>	<b>\$ 720,230</b>	<b>\$ 50</b>	<b>\$ 30,542,419</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 44,837,109</b>	<b>\$ 220,280</b>	<b>\$ 720,230</b>	<b>\$ 50</b>	<b>\$ 45,777,669</b>

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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 30,542,419

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

Land and improvements	\$ 694,107	
Buildings and improvements, net of depreciation	22,290,343	
Equipment, net of depreciation	1,881,467	
School Board capital assets, net of depreciation	4,978,900	29,844,817

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

Unavailable revenue - property taxes	\$ 2,086,831	
Deferred outflows related to measurement of net OPEB liability	(165,089)	
Deferred outflows related to measurement of net pension liability	(19,164)	1,902,578

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	\$ (178,864)	
Bonds, notes and capital leases payable	(16,567,000)	
Bond premiums	(638,364)	
Deferred charge on refunding	104,861	
Net pension liability	(3,505,229)	
Net OPEB liability	(991,485)	
Compensated absences	(528,021)	(22,304,102)

Deferred outflows - OPEB deferrals		139,033
Deferred outflows - pension deferrals		1,499,895

Net position of governmental activities \$ 41,624,640

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, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
General property taxes	\$ 23,740,313	\$ -	\$ -	\$ -	\$ 23,740,313
Other local taxes	5,841,886	-	-	-	5,841,886
Permits, privilege fees, and regulatory licenses	377,629	-	-	-	377,629
Fines and forfeitures	106,860	-	-	-	106,860
Revenue from the use of money and property	57,295	-	-	-	57,295
Charges for services	274,835	-	-	-	274,835
Miscellaneous	173,874	-	-	-	173,874
Recovered costs	722,283	-	-	-	722,283
Intergovernmental:					
Revenue from the Commonwealth	5,877,553	-	-	-	5,877,553
Revenue from the Federal Government	4,311,495	-	-	-	4,311,495
<b>Total revenues</b>	<b>\$ 41,484,023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,484,023</b>
<b>Expenditures</b>					
Current:					
General government administration	\$ 2,168,581	\$ -	\$ -	\$ -	\$ 2,168,581
Judicial administration	1,016,286	-	-	-	1,016,286
Public safety	7,989,343	-	-	-	7,989,343
Public works	2,178,189	-	-	-	2,178,189
Health and welfare	4,125,957	-	-	-	4,125,957
Education	14,599,806	-	-	-	14,599,806
Parks, recreation, and cultural	531,203	-	-	-	531,203
Community development	657,756	-	-	-	657,756
Nondepartmental	719,944	-	-	-	719,944
Capital projects	1,221,294	-	-	-	1,221,294
Debt service:					
Principal retirement	-	7,845,000	-	-	7,845,000
Interest and other fiscal charges	-	812,104	-	-	812,104
<b>Total expenditures</b>	<b>\$ 35,208,359</b>	<b>\$ 8,657,104</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,865,463</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 6,275,664</b>	<b>\$ (8,657,104)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,381,440)</b>
<b>Other financing sources (uses)</b>					
Transfers in	\$ -	\$ 3,176,552	\$ -	\$ -	\$ 3,176,552
Transfers out	(3,216,340)	-	-	-	(3,216,340)
Issuance of long-term debt	-	5,482,000	-	-	5,482,000
<b>Total other financing sources (uses)</b>	<b>\$ (3,216,340)</b>	<b>\$ 8,658,552</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,442,212</b>
<b>Net change in fund balances</b>	<b>\$ 3,059,324</b>	<b>\$ 1,448</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,060,772</b>
<b>Fund balance, beginning of year, as restated</b>	<b>26,542,535</b>	<b>218,832</b>	<b>720,230</b>	<b>50</b>	<b>27,481,647</b>
<b>Fund balance, end of year</b>	<b>\$ 29,601,859</b>	<b>\$ 220,280</b>	<b>\$ 720,230</b>	<b>\$ 50</b>	<b>\$ 30,542,419</b>

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, 2021

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

Net change in fund balances - total governmental funds - Exhibit 5	\$	3,060,772	
<p>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.</p>			
Capital asset additions	\$	1,088,648	
Depreciation expense		<u>(1,995,621)</u>	(906,973)
<p>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.</p>			
			(23,947)
<p>Transfer of joint tenancy assets from Primary Government to the Component Unit School Board</p>			
			(856,799)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Unearned revenue - property taxes	\$	218,272	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability		46,299	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		<u>263,621</u>	528,192
<p>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.</p>			
<p>Debt issued:</p>			
Issuance of Lease revenue bond	\$	(5,482,000)	
<p>Repayments:</p>			
Lease revenue refunding bonds		5,955,000	
Less: Amortization of deferred charge on refunding		(29,838)	
General obligation school bonds		955,000	
Plus: Amortization of issuance premium		18,102	
Lease revenue bonds		550,000	
Plus: Amortization of issuance premium		94,884	
Infrastructure revenue bonds		385,000	
Plus: Amortization of issuance premium		<u>67,499</u>	
Net adjustment			2,513,647
<p>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.</p>			
Compensated absences	\$	(32,937)	
Decrease (increase) in net OPEB liability		(51,193)	
Decrease (increase) in net pension liability		(1,065,801)	
(Decrease) increase in deferred outflows related to pensions		11,346	
(Decrease) increase in deferred outflows related to OPEB		366,486	
Accrued interest payable		<u>52,331</u>	(719,768)
Change in net position of governmental activities	\$		<u><u>3,595,124</u></u>

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

Statement of Net Position  
 Proprietary Funds  
 At June 30, 2021

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Piney River Water &amp; Sewer Fund</b>	<b>Nelson County Broadband Authority</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 216,569	\$ 1,340,935	\$ 1,557,504
Accounts receivable, net	28,897	5,976	34,873
Total current assets	<u>\$ 245,466</u>	<u>\$ 1,346,911</u>	<u>\$ 1,592,377</u>
Noncurrent assets:			
Capital Assets:			
Land	\$ 40,000	\$ -	\$ 40,000
Other capital assets, net of accumulated depreciation	3,984,457	218,896	4,203,353
Total capital assets	<u>\$ 4,024,457</u>	<u>\$ 218,896</u>	<u>\$ 4,243,353</u>
Total noncurrent assets	<u>\$ 4,024,457</u>	<u>\$ 218,896</u>	<u>\$ 4,243,353</u>
Total assets	<u>\$ 4,269,923</u>	<u>\$ 1,565,807</u>	<u>\$ 5,835,730</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 16,516	\$ 686	\$ 17,202
Total current liabilities	<u>\$ 16,516</u>	<u>\$ 686</u>	<u>\$ 17,202</u>
Total liabilities	<u>\$ 16,516</u>	<u>\$ 686</u>	<u>\$ 17,202</u>
<b>Net Position:</b>			
Investment in capital assets	\$ 4,024,457	\$ 218,896	\$ 4,243,353
Unrestricted	228,950	1,346,225	1,575,175
Total net position	<u>\$ 4,253,407</u>	<u>\$ 1,565,121</u>	<u>\$ 5,818,528</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, 2021

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
<b>Operating revenues:</b>			
Charges for services, net	\$ 148,150	\$ 148,852	\$ 297,002
Total operating revenues	<u>\$ 148,150</u>	<u>\$ 148,852</u>	<u>\$ 297,002</u>
<b>Operating expenses:</b>			
Water & sewer service	\$ 42,353	\$ -	\$ 42,353
Maintenance & repairs	76,272	-	76,272
Other charges	51,677	185,702	237,379
Depreciation expense	188,989	26,905	215,894
Total operating expenses	<u>\$ 359,291</u>	<u>\$ 212,607</u>	<u>\$ 571,898</u>
<b>Operating income (loss)</b>	<u>\$ (211,141)</u>	<u>\$ (63,755)</u>	<u>\$ (274,896)</u>
<b>Income(loss) before transfers</b>	<u>\$ (211,141)</u>	<u>\$ (63,755)</u>	<u>\$ (274,896)</u>
<b>Transfers:</b>			
Transfers in	\$ 39,788	\$ -	\$ 39,788
Total transfers	<u>\$ 39,788</u>	<u>\$ -</u>	<u>\$ 39,788</u>
<b>Change in net position</b>	<u>\$ (171,353)</u>	<u>\$ (63,755)</u>	<u>\$ (235,108)</u>
Net position, beginning of year	<u>4,424,760</u>	<u>1,628,876</u>	<u>6,053,636</u>
Net position, end of year	<u>\$ 4,253,407</u>	<u>\$ 1,565,121</u>	<u>\$ 5,818,528</u>

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

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds		
	Piney River Water & Sewer Fund	Nelson County Broadband Authority	Total
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 151,205	\$ 373,140	\$ 524,345
Payments to suppliers	(161,127)	(188,533)	(349,660)
Net cash provided by (used for) operating activities	\$ (9,922)	\$ 184,607	\$ 174,685
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	\$ (190,866)	\$ -	\$ (190,866)
Net cash provided by (used for) capital and related financing activities	\$ (190,866)	\$ -	\$ (190,866)
<b>Cash flows from noncapital financing activities</b>			
Transfers from local government	\$ 39,788	\$ -	\$ 39,788
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (161,000)	\$ 184,607	\$ 23,607
<b>Cash and cash equivalents, beginning of year (including restricted cash of \$63,072)</b>	377,569	1,156,328	1,533,897
<b>Cash and cash equivalents, end of year</b>	\$ 216,569	\$ 1,340,935	\$ 1,557,504
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (211,141)	\$ (63,755)	\$ (274,896)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	188,989	26,905	215,894
Changes in assets and liabilities:			
Accounts receivable	3,055	224,288	227,343
Accounts payable	9,175	(2,831)	6,344
Net cash provided by (used for) operating activities	\$ (9,922)	\$ 184,607	\$ 174,685

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

Statement of Fiduciary Net Position - Fiduciary Fund  
 At June 30, 2021

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	<u>Custodial Fund</u>
	<u>Special Welfare Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>41,829</u>
Total assets	\$ <u><u>41,829</u></u>
<b>Net Position:</b>	
Restricted for:	
Social services clients	\$ <u>41,829</u>
Total net position	\$ <u><u>41,829</u></u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Fund  
 For the Year Ended June 30, 2021

	<u>Custodial Fund</u>	<u>Special Welfare Fund</u>
<b>Additions:</b>		
Private contributions	\$ 8,311	
Total additions	<u>\$ 8,311</u>	
<b>Deductions:</b>		
Recipient payments	\$ 10,984	
Total deductions	<u>\$ 10,984</u>	
<b>Change in fiduciary net position</b>	<b>\$ (2,673)</b>	
<b>Net position - beginning, as restated</b>	<b>\$ 44,502</b>	
<b>Net position - ending</b>	<b>\$ <u>41,829</u></b>	

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, 2021

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## NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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### Narrative Profile

The County of Nelson (the County), located in central Virginia and bordered by the counties of Augusta, Rockbridge, Amherst, Appomattox, Buckingham, and Albemarle, was founded in 1807. The County has a population of 14,930 and land area of 471 square miles.

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

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

#### A. Management's Discussion and Analysis

Financial statements must be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

#### B. Financial Reporting Entity

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

**Blended Component Units - Nelson County Broadband Authority** - The Nelson County Broadband Authority serves all the citizens of the government and is governed by a board comprised of the government's elected supervisors. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a fiscal year which ends June 30. The Authority is presented as an enterprise fund in the County's financial statements for the fiscal year ended June 30, 2021.

**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, 2021 (Continued)

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

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#### 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 discretely presented component unit. The Economic Development Authority of Nelson County, Virginia does not prepare separate financial statements.

**Related Organizations** - The County's officials are also responsible for appointing the members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the Board appointment. The Nelson County Service Authority board members are appointed by the County Board of Supervisors. The County's accountability for the Authority does not extend beyond making the appointments. The County appropriated \$156,000 to the Authority for operating grants for fire protection services in fiscal year 2021. The County also paid \$50,000 to the Authority for its share of the debt service of the Colleen water line. The Authority is not included in the reporting entity. A copy of the Authority's financial statements can be obtained from the Authority administrative office located in Lovingston, Virginia.

**Jointly Governed Organizations** - The County appoints representative members of the governing bodies of the Jefferson-Madison Regional Library, the Region Ten Community Services Board, and the Thomas Jefferson Planning District Commission. The County does not retain ongoing financial interests in these organizations. During the year, the County contributed \$301,748 for operations to the Jefferson-Madison Regional Library, \$100,586 to the Region Ten Community Services Board, \$17,435 to the Thomas Jefferson Planning District Commission, \$781,105 to the Albemarle-Charlottesville Regional Jail Authority, and \$101,500 to the Jefferson Area Board for Aging.

In June 2008, the County entered into a Use Agreement with the Region 2000 Services Authority to make use of its facilities. The Region 2000 Services Authority was formed by five participating jurisdictions to operate solid waste disposal landfills. The operating and debt service costs of the Region 2000 Services Authority are funded through the charging of tipping fees. In 2021, the County paid the Region 2000 Services Authority \$363,080 in tipping fees. See Note 22 for further discussion of the Use Agreement.

#### C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the *primary government* is financially accountable.



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

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**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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

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

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

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

The following is a brief description of the specific funds used by the County in fiscal year 2021.

1. Governmental Funds:

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

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

##### 2. Proprietary Funds

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

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

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

##### 3. Fiduciary Funds (Trust and Custodial Funds):

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

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

The County has no Trust Funds.

##### 4. Component Units:

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

**4. Component Units: (Continued)**

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

**E. Cash and Cash Equivalents**

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

**F. Investments**

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

**G. Property Taxes**

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

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

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

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**H. Budgets and Budgetary Accounting**

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

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

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Housing Improvement Fund, the Piney River Water & Sewer Fund, the Capital Projects Fund, the Debt Service Fund, and the School Operating Fund.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.
7. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2021, 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.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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**I. Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$151,505 at June 30, 2021. The allowance is comprised of property taxes, landfill fees, and sewer charges.

**J. 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 valued at acquisition 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

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

**K. Compensated Absences**

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

**L. Use of Estimates**

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

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

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**M. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**N. Fund Equity**

Financial Policies

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

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

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

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

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

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

N. Fund Equity: (Continued)

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

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

Category	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Primary Government	Component Unit School Board
<b>Nonspendable:</b>						
Prepaid items	\$ 78,511	\$ -	\$ -	\$ -	\$ 78,511	\$ 431,815
Notes receivable	302,796	-	-	-	302,796	-
Inventory	-	-	-	-	-	31,345
Total Nonspendable	<u>\$ 381,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,307</u>	<u>\$ 463,160</u>
<b>Committed:</b>						
Ryan School Reserve	\$ 39,411	\$ -	\$ -	\$ -	\$ 39,411	\$ -
Reassessment	255,828	-	-	-	255,828	-
Emergency Services	756,233	-	-	-	756,233	-
Debt Service	-	220,280	-	-	220,280	-
Community Development	-	-	-	50	50	-
School Activity	-	-	-	-	-	266,247
Textbooks	-	-	-	-	-	231,517
Cafeteria	-	-	-	-	-	265,597
Capital Projects	-	-	720,230	-	720,230	-
Total Committed	<u>\$ 1,051,472</u>	<u>\$ 220,280</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 1,992,032</u>	<u>\$ 763,361</u>
Unassigned	<u>\$ 28,169,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,169,080</u>	<u>\$ (431,815)</u>
Total Fund Balance	<u>\$ 29,601,859</u>	<u>\$ 220,280</u>	<u>\$ 720,230</u>	<u>\$ 50</u>	<u>\$ 30,542,419</u>	<u>\$ 794,706</u>

O. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.



## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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#### O. Net Position: (Continued)

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

#### P. 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.

#### 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. 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 multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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#### S. Pensions

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

#### T. Other Postemployment Benefits (OPEB)

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

### NOTE 2—DEPOSITS AND INVESTMENTS:

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#### Deposits

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

#### Investments

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

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

#### Custodial Credit Risk (Investments)

The County's investments at June 30, 2021 were held in the County's name by the County's custodial banks.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)**

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 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.

<b>County's Rated Debt Investments' Values</b>	
<b>Primary Government</b>	
<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>
	<b>AAAm</b>
Virginia Investment Pool	\$ 3,128,717
Local Government Investment Pool	8,504,772
Total	\$ 11,633,489
<b>Component Unit -- Economic Development Authority</b>	
<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>
	<b>AAAm</b>
Local Government Investment Pool	\$ 9,423

Interest Rate Risk

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

Investment maturities in years:

<b>Investment Maturities (in years)</b>			
<b>Local Government</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>
Certificates of Deposit	\$ 1,748,666	\$ 996,556	\$ 752,110
Virginia Investment Pool	3,128,717	3,128,717	-
Local Government Investment Pool	8,514,195	8,514,195	-
Total	\$ 13,391,578	\$ 12,639,468	\$ 752,110

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)**

External Investment Pool:

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

**NOTE 3—RECEIVABLES:**

Receivables at June 30, 2021 consist of the following:

	<u>Primary Government</u>			
	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>General Fund</u>	<u>Business-type Activities</u>	<u>School Board</u>	<u>Economic Development Authority</u>
Property taxes	\$ 13,523,727	\$ -	\$ -	\$ -
Penalties	32,515	-	-	-
Utility taxes	45,774	-	-	-
Recordation taxes and court fees	59,914	-	-	-
Lodging fees	97,075	-	-	-
Meals taxes	110,497	-	-	-
Landfill fees	21,213	-	-	-
Recreation fees	2,070	-	-	-
EMS revenue recovery	45,957	-	-	-
Note receivable	302,796	-	-	-
Sewer charges	-	33,422	-	-
Broadband charges	-	5,976	-	-
Other	43,321	-	519	-
	<u>14,284,859</u>	<u>39,398</u>	<u>519</u>	<u>-</u>
Total receivables	\$ 14,284,859	\$ 39,398	\$ 519	\$ -
Allowance for uncollectibles	(146,980)	(4,525)	-	-
Net receivables	<u>\$ 14,137,879</u>	<u>\$ 34,873</u>	<u>\$ 519</u>	<u>\$ -</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:**

	Primary Government			Component Unit
	Governmental Activities			School Board
	General Fund	Other Governmental Funds	Total	
<b>Commonwealth of Virginia:</b>				
Local sales taxes	\$ 322,687	\$ -	\$ 322,687	-
State sales taxes	-	-	-	315,771
Personal property tax relief act	734,930	-	734,930	-
Comprehensive Services Act	177,616	-	177,616	-
Public assistance	43,764	-	43,764	-
Communications tax	54,405	-	54,405	-
Game of skill tax	3,456	-	3,456	-
Rolling stock tax	1,765	-	1,765	-
Shared expenses and grants	126,757	-	126,757	-
Other	37,017	-	37,017	-
<b>Federal government:</b>				
Public assistance	68,619	-	68,619	-
Emergency management grant	5,265	-	5,265	-
Other	11,923	-	11,923	-
Federal pass-through school funds	-	-	-	258,919
<b>Total</b>	<b>\$ 1,588,204</b>	<b>\$ -</b>	<b>\$ 1,588,204</b>	<b>\$ 574,690</b>

**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	\$ (3,176,552)
Transfer to the Piney River Water & Sewer fund to pay off debt	(39,788)
Net transfers to/from General Fund	\$ (3,216,340)
Transfer from the General Fund to pay principal and interest on long-term debt	\$ 3,176,552
Net transfers to Debt Service Fund	\$ 3,176,552
Transfer from the General Fund to support operations	\$ 39,788
Net transfers to the Piney River Water & Sewer Fund	\$ 39,788

The component unit School Board consists of only one fund.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 6—CAPITAL ASSETS:**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

**Primary Government:  
Governmental Activities:**

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land and land improvements	\$ 694,107	\$ -	\$ -	\$ 694,107
Construction in progress	8,447,959	349,449	8,797,408	-
Total capital assets not being depreciated	<u>\$ 9,142,066</u>	<u>\$ 349,449</u>	<u>\$ 8,797,408</u>	<u>\$ 694,107</u>
Other capital assets:				
Buildings and improvements	\$ 21,331,373	\$ 8,741,704	\$ -	\$ 30,073,077
Furniture, equipment and vehicles	9,494,316	794,903	290,403	9,998,816
School buildings, improvements and equipment *	10,080,000	-	1,428,000	8,652,000
Total other capital assets	<u>\$ 40,905,689</u>	<u>\$ 9,536,607</u>	<u>\$ 1,718,403</u>	<u>\$ 48,723,893</u>
Accumulated depreciation				
Buildings and improvements	\$ 7,082,993	\$ 699,741	\$ -	\$ 7,782,734
Furniture, equipment and vehicles	7,304,225	1,079,580	266,456	8,117,349
School buildings, improvements and equipment *	4,028,001	216,300	571,201	3,673,100
Total accumulated depreciation	<u>\$ 18,415,219</u>	<u>\$ 1,995,621</u>	<u>\$ 837,657</u>	<u>\$ 19,573,183</u>
Other capital assets, net	<u>\$ 22,490,470</u>	<u>\$ 7,540,986</u>	<u>\$ 880,746</u>	<u>\$ 29,150,710</u>
Net capital assets	<u><u>\$ 31,632,536</u></u>	<u><u>\$ 7,890,435</u></u>	<u><u>\$ 9,678,154</u></u>	<u><u>\$ 29,844,817</u></u>
Depreciation expense was allocated as follows:				
General government administration		\$ 469,103		
Public safety		971,564		
Public works		177,522		
Health and welfare		26,583		
Education		216,300		
Parks, recreation and cultural		128,841		
Community development		5,708		
Total depreciation expense		<u><u>\$ 1,995,621</u></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, 2021 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Primary Government:

Business-type Activities:

Piney River Water & Sewer

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land and land improvements	\$ 40,000	\$ -	\$ -	\$ 40,000
Total capital assets not being depreciated	\$ 40,000	\$ -	\$ -	\$ 40,000
Other capital assets:				
Infrastructure	\$ 6,574,046	\$ 190,866	\$ -	\$ 6,764,912
Total other capital assets	\$ 6,574,046	\$ 190,866	\$ -	\$ 6,764,912
Accumulated depreciation				
Infrastructure	\$ 2,591,466	\$ 188,989	\$ -	\$ 2,780,455
Total accumulated depreciation	\$ 2,591,466	\$ 188,989	\$ -	\$ 2,780,455
Other capital assets, net	\$ 3,982,580	\$ 1,877	\$ -	\$ 3,984,457
Net capital assets	\$ 4,022,580	\$ 1,877	\$ -	\$ 4,024,457

Nelson County Broadband Authority

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Other capital assets:				
Equipment	\$ 450,399	\$ -	\$ -	\$ 450,399
Total other capital assets	\$ 450,399	\$ -	\$ -	\$ 450,399
Accumulated depreciation				
Equipment	\$ 204,598	\$ 26,905	\$ -	\$ 231,503
Total accumulated depreciation	\$ 204,598	\$ 26,905	\$ -	\$ 231,503
Other capital assets, net	\$ 245,801	\$ (26,905)	\$ -	\$ 218,896
Net capital assets	\$ 245,801	\$ (26,905)	\$ -	\$ 218,896

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

Net capital assets	\$ 4,243,353
Less: Long-term debt applicable to capital assets at June 30, 2021	-
Net position investment in capital assets	\$ 4,243,353

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
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	\$ 47,127,771	\$ 864,445	\$ -	\$ 47,992,216
Furniture, equipment and vehicles	6,072,837	335,587	8,835	6,399,589
School buildings, improvements and equipment allocated to County *	(10,080,000)	1,428,000	-	(8,652,000)
Total other capital assets	<u>\$ 43,120,608</u>	<u>\$ 2,628,032</u>	<u>\$ 8,835</u>	<u>\$ 45,739,805</u>
Accumulated depreciation				
Buildings and improvements	\$ 25,749,798	\$ 1,284,779	\$ -	\$ 27,034,577
Furniture, equipment and vehicles	4,742,049	304,056	5,522	5,040,583
School buildings, improvements and equipment allocated to County *	(4,028,001)	(216,300)	(571,201)	(3,673,100)
Total accumulated depreciation	<u>\$ 26,463,846</u>	<u>\$ 1,372,535</u>	<u>\$ (565,679)</u>	<u>\$ 28,402,060</u>
Other capital assets, net	<u>\$ 16,656,762</u>	<u>\$ 1,255,497</u>	<u>\$ 574,514</u>	<u>\$ 17,337,745</u>
Net capital assets	<u>\$ 17,507,972</u>	<u>\$ 1,255,497</u>	<u>\$ 574,514</u>	<u>\$ 18,188,955</u>
Depreciation expense allocated to education		<u>\$ 1,372,535</u>		

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

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

Net capital assets	\$ 29,844,817
Less: Long-term debt applicable to capital assets at June 30, 2021	<u>17,100,503</u>
Net position net investment in capital assets	<u>\$ 12,744,314</u>



COUNTY OF NELSON, VIRGINIA

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

	<u>Balance July 1, 2020</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2021</u>
<b>Primary Government:</b>				
Direct Borrowing and Direct Placements				
<b>Governmental activities:</b>				
Direct Borrowing and Direct Placements				
Lease revenue refunding bonds	\$ 5,955,000	\$ 5,482,000	\$ 5,955,000	\$ 5,482,000
General obligation bonds:				
School	4,125,000	-	955,000	3,170,000
Premium on issuance	42,222	-	18,102	24,120
Virginia Resource Authority:				
Infrastructure Revenue bonds:				
General	5,270,000	-	550,000	4,720,000
Premium on issuance	469,394	-	94,884	374,510
Refunding Revenue bonds:				
General	3,580,000	-	385,000	3,195,000
Premium on issuance	307,233	-	67,499	239,734
Other long-term obligations				
Compensated absences	495,084	82,445	49,508	528,021
Net OPEB liability:				
Net Health Insurance OPEB liability	576,598	61,122	31,068	606,652
Net Group Life Insurance OPEB liability	363,694	114,654	93,515	384,833
Total Net OPEB liability	\$ 940,292	\$ 175,776	\$ 124,583	\$ 991,485
Net pension liability	2,439,428	2,054,131	988,330	3,505,229
<b>Total</b>	<u>\$ 23,623,653</u>	<u>\$ 7,794,352</u>	<u>\$ 9,187,906</u>	<u>\$ 22,230,099</u>
<b>Reconciliation to Exhibit 1:</b>				
Long-term liabilities due within one year				\$ 2,818,461
Long-term liabilities due in more than one year				<u>19,411,638</u>
<b>Total</b>				<u>\$ 22,230,099</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

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

Year Ending June 30,	Governmental Activities	
	Direct Borrowing and Direct Placements	
	Principal	Interest
2022	\$ 2,609,000	\$ 532,990
2023	2,847,000	440,202
2024	2,757,000	327,248
2025	1,702,000	244,985
2026	1,767,000	190,791
2027-2031	4,885,000	263,629
Total	\$ 16,567,000	\$ 1,999,845

Details of Long-term Indebtedness:

	Amount Outstanding	Amount Due in One Year
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%.	\$ 3,170,000	\$ 1,005,000
Unamortized premium on issuance of 2003 School Bonds	24,120	13,239
Total general obligation school bonds	\$ 3,194,120	\$ 1,018,239
<u>Lease Revenue Refunding Bonds:</u>		
\$5,482,000 Lease Revenue Refunding Bonds Series 2021, issued April 2021, due in various semi-annual installments ranging from \$639,000 to \$839,000, through August 2027, interest rates at 1.43%.	\$ 5,482,000	\$ 639,000
Total lease revenue refunding bonds	\$ 5,482,000	\$ 639,000

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

Details of Long-term Indebtedness: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Governmental activities: (Continued)		
<u>VRA Refunding Revenue Bonds:</u>		
 \$7,305,000 Refunding Revenue Bonds Series 2013A, issued June 5, 2013, payable in various annual installments through October 1, 2027; Interest payable semiannually at rates ranging from 2.017% to 4.13%.	\$ 3,195,000	\$ 400,000
Unamortized premium on issuance of 2013 VRA Bonds	<u>239,734</u>	<u>60,677</u>
Total VRA refunding revenue bonds	<u>\$ 3,434,734</u>	<u>\$ 460,677</u>
 <u>Virginia Resource Authority Infrastructure Revenue Bonds:</u>		
 \$1,555,000 issued May 23, 2012 due in various installments of principal and interest through October 2022, interest payable semiannually ranging from 3.445% to 5.125%.	\$ 370,000	\$ 180,000
Unamortized premium	10,653	7,879
 \$3,590,000 issued November 18, 2015 due in various installments of principal and interest through October 2030, interest payable semiannually ranging from 3.096% to 5.125%.	2,660,000	210,000
Unamortized premium	203,278	39,173
 \$2,025,000 Revenue Bonds Series 2018C, issued October, 2018, payable in various annual installments through October 1, 2028; Interest payable semiannually at rates ranging from 2.06% to 5.125%.	1,690,000	175,000
Unamortized premium	160,579	35,691
Total Virginia Resource Authority Infrastructure Revenue Bonds	<u>\$ 5,094,510</u>	<u>\$ 647,743</u>
Total governmental activities loans and bonds	<u>\$ 17,205,364</u>	<u>\$ 2,765,659</u>
Compensated absences	<u>\$ 528,021</u>	<u>\$ 52,802</u>
Net OPEB liability	<u>\$ 991,485</u>	<u>\$ -</u>
Net pension liability	<u>\$ 3,505,229</u>	<u>\$ -</u>
Total governmental activities obligations	<u><u>\$ 22,230,099</u></u>	<u><u>\$ 2,818,461</u></u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

Federal Arbitrage Regulations:

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

The following is summary of long-term obligations transactions of the School Board for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements &amp; Other Reductions</u>	<u>Balance June 30, 2021</u>
<b>Component Unit - School Board</b>				
Compensated absences	\$ 432,205	\$ 11,865	\$ 43,221	\$ 400,849
Energy improvement lease	1,338,406	-	147,888	1,190,518
Net Pension liability	19,094,588	7,611,557	6,340,762	20,365,383
Net OPEB liability:				
Net Health Insurance OPEB liability	1,190,417	120,018	94,060	1,216,375
Net Group Life Insurance OPEB liability	1,121,349	281,873	317,977	1,085,245
Net Health Insurance Credit OPEB liability	1,850,278	471,475	356,923	1,964,830
Total Net OPEB liability	<u>\$ 4,162,044</u>	<u>\$ 873,366</u>	<u>\$ 768,960</u>	<u>\$ 4,266,450</u>
Total	<u>\$ 25,027,243</u>	<u>\$ 8,496,788</u>	<u>\$ 7,300,831</u>	<u>\$ 26,223,200</u>
<b>Reconciliation to Exhibit 1:</b>				
Long-term liabilities due within one year				\$ 196,475
Long-term liabilities due in more than one year				<u>26,026,725</u>
Total				<u>\$ 26,223,200</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

Federal Arbitrage Regulations: (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 156,390	\$ 24,760
2023	165,234	21,350
2024	174,433	17,749
2025	184,000	13,947
2026	193,948	9,938
2027-2028	316,513	6,919
Total	<u>\$ 1,190,518</u>	<u>\$ 94,663</u>

Details of Long-term Indebtedness:

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Component Unit - 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.	\$ 1,190,518	\$ 156,390
Compensated absences	\$ 400,849	\$ 40,085
Net pension liability	\$ 20,365,383	\$ -
Net OPEB liability	\$ 4,266,450	\$ -
Total School Board long-term obligations	<u>\$ 26,223,200</u>	<u>\$ 196,475</u>

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### NOTE 8—COMPENSATED ABSENCES:

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

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

### NOTE 9—PENSION PLAN:

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#### *Plan Description*

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

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

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

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### NOTE 9—PENSION PLAN: (CONTINUED)

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#### *Benefit Structures: (Continued)*

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

#### *Average Final Compensation and Service Retirement Multiplier*

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

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

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	77	62
Inactive members:		
Vested inactive members	19	8
Non-vested inactive members	30	14
Inactive members active elsewhere in VRS	44	10
Total inactive members	93	32
Active members	99	78
Total covered employees	<u>269</u>	<u>172</u>

***Contributions***

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 12.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$542,024 and \$424,827 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 6.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$91,177 and \$107,681 for the years ended June 30, 2021 and June 30, 2020, respectively.



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

\* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

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

Pre-Retirement:

RP-20202114 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-20202114 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-20202114 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

\* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF NELSON, VIRGINIA

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***Discount Rate***

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Discount Rate: (Continued)*

June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 20,600,323	\$ 18,160,895	\$ 2,439,428
Changes for the year:			
Service cost	\$ 522,553	\$ -	\$ 522,553
Interest	1,350,472	-	1,350,472
Changes of assumptions	-	-	-
Differences between expected and actual experience	168,722	-	168,722
Contributions - employer	-	423,896	(423,896)
Contributions - employee	-	220,161	(220,161)
Net investment income	-	344,273	(344,273)
Benefit payments, including refunds of employee contributions	(1,186,654)	(1,186,654)	-
Administrative expenses	-	(11,979)	11,979
Other changes	-	(405)	405
Net changes	\$ 855,093	\$ (210,708)	\$ 1,065,801
Balances at June 30, 2020	\$ 21,455,416	\$ 17,950,187	\$ 3,505,229

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2019	\$ 7,968,719	\$ 7,522,657	\$ 446,062
Changes for the year:			
Service cost	\$ 138,337	\$ -	\$ 138,337
Interest	523,809	-	523,809
Changes of assumptions	-	-	-
Differences between expected and actual experience	(38,672)	-	(38,672)
Contributions - employer	-	107,677	(107,677)
Contributions - employee	-	74,959	(74,959)
Net investment income	-	143,585	(143,585)
Benefit payments, including refunds of employee contributions	(417,178)	(417,178)	-
Administrative expenses	-	(4,961)	4,961
Other changes	-	(167)	167
Net changes	\$ 206,296	\$ (96,085)	\$ 302,381
Balances at June 30, 2020	\$ 8,175,015	\$ 7,426,572	\$ 748,443

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

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

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 5,979,024	\$ 3,505,229	\$ 1,435,443
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,605,367	\$ 748,443	\$ 19,328

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$976,787 and \$169,622, respectively. At June 30, 2021, 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	\$ 263,771	\$ 19,164	\$ -	\$ 67,667
Change in assumptions	160,569	-	61,076	-
Net difference between projected and actual earnings on pension plan investments	533,531	-	219,920	-
Employer contributions subsequent to the measurement date	542,024	-	91,177	-
Total	<u>\$ 1,499,895</u>	<u>\$ 19,164</u>	<u>\$ 372,173</u>	<u>\$ 67,667</u>

\$542,024 and \$91,177 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 362,543	\$ 6,656
2023	220,170	60,022
2024	183,422	75,430
2025	172,572	71,221
Thereafter	-	-

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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**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 school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$1,838,757 and \$1,791,194 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$19,616,940 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .13480% as compared to .14170% at June 30, 2019.



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (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, 2021, the school division recognized pension expense of \$1,812,577. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,149,855
Change in assumptions	1,339,102	-
Net difference between projected and actual earnings on pension plan investments	1,492,086	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	36,926	1,138,073
Employer contributions subsequent to the measurement date	<u>1,838,757</u>	-
Total	<u>\$ 4,706,871</u>	<u>\$ 2,287,928</u>

\$1,838,757 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (316,939)
2023	231,554
2024	421,981
2025	304,369
Thereafter	(60,779)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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**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, 2019, 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, 2020.

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

\* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 9—PENSION PLAN: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

***Actuarial Assumptions: (Continued)***

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2020, NPL amounts for the total statewide VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 9—PENSION PLAN: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

***Long-Term Expected Rate of Return***

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

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

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

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	28,782,457 \$	19,616,940 \$	12,035,899

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Aggregate Pension Information**

<u>VRS Pension Plans:</u>	<u>Primary Government</u>			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
<b>Primary Government</b>				
Primary Government	\$ 1,499,895	\$ 19,164	\$ 3,505,229	\$ 976,787
Totals	<u>\$ 1,499,895</u>	<u>\$ 19,164</u>	<u>\$ 3,505,229</u>	<u>\$ 976,787</u>
<b>Component Unit School Board</b>				
School Board Nonprofessional	\$ 372,173	\$ 67,667	\$ 748,443	\$ 169,622
School Board Professional	4,706,871	2,287,928	19,616,940	1,812,577
Totals	<u>\$ 5,079,044</u>	<u>\$ 2,355,595</u>	<u>\$ 20,365,383</u>	<u>\$ 1,982,199</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE:**

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**County:**

***Plan Description***

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

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

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

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

***Benefits Provided***

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

***Plan Membership***

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	98
Total retirees and spouses with coverage	<u>11</u>
Total	<u><u>109</u></u>

***Contributions***

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

***Total OPEB Liability***

The County's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, calculated based on the discount rate and actuarial assumptions, then projected forward to the measurement date.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

**County: (Continued)**

*Actuarial Assumptions*

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Medical Trend Rate	5.50% - 4.00% over 53 years
Salary Increases	3.00%
Discount Rate	2.16%

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

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

*Discount Rate*

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

*Changes in Total OPEB Liability*

		<b>Primary Government Total OPEB Liability</b>
Balances at June 30, 2020	\$	576,598
Changes for the year:		
Service cost		45,169
Interest		13,400
Gains or losses		-
Changes in assumptions		2,553
Benefit payments		(31,068)
Net changes		<u>30,054</u>
Balances at June 30, 2021	\$	<u><u>606,652</u></u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

**County: (Continued)**

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 660,931	\$ 606,652	\$ 558,260

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower was calculated using healthcare cost trend rates that are one percentage point lower (4.50-3.00% over 53 years) or one percentage point higher (6.50-5.00% over 53 years) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.50-3.00% over 53 years)	Healthcare Cost Trend (5.50-4.00% over 53 years)	1% Increase (6.50-5.00% over 53 years)
\$ 546,268	\$ 606,652	\$ 679,645

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of \$31,973. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 102,704
Changes in assumptions	40,234	50,893
Total	<u>\$ 40,234</u>	<u>\$ 153,597</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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**County: (Continued)**

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

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

<u>Year Ended June 30</u>	
2022	\$ (26,594)
2023	(21,703)
2024	(21,703)
2025	(21,703)
2026	(21,699)
Thereafter	39

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

**School Board:**

***Plan Description***

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

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

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

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

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

***Benefits Provided***

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



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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**School Board: (Continued)**

***Plan Membership***

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	300
Total retirees and spouses with coverage	<u>15</u>
Total	<u><u>315</u></u>

***Contributions***

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

***Total OPEB Liability***

The School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, calculated based on the discount rate and actuarial assumptions, then projected forward to the measurement date.

***Actuarial Assumptions***

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Medical Trend Rate	5.70% - 4.00% over 53 years
Salary Increases	3.00%
Discount Rate	2.16%

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

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



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

**School Board: (Continued)**

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

The following presents the total OPEB liability of the School Board as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower was calculated using healthcare cost trend rates that are one percentage point lower (4.50% - 3.00% over 53 years) or one percentage point higher (6.50% - 5.00% over 53 years) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.50-3.00% over 53 years)	Healthcare Cost Trend (5.50-4.00% over 53 years)	1% Increase (6.50-5.00% over 53 years)
\$ 1,080,270	\$ 1,216,375	\$ 1,377,722

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$94,952. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,880	\$ -
Changes in assumptions	17,876	17,523
Total	<u>\$ 25,756</u>	<u>\$ 17,523</u>

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

Year Ended June 30	
2022	\$ 66
2023	(1,323)
2024	(247)
2025	4,058
2026	4,058
Thereafter	1,621

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

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

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***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$138,282 and \$141,269 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$1,751,705 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Program was .13430% as compared to .14134% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$121,011. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 23,393
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	7,763	-
Change in assumptions	34,629	9,571
Change in proportion	4,866	133,569
Employer contributions subsequent to the measurement date	<u>138,282</u>	<u>-</u>
Total	<u>\$ 185,540</u>	<u>\$ 166,533</u>

\$138,282 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (22,443)
2023	(21,673)
2024	(21,931)
2025	(18,573)
2026	(14,486)
Thereafter	(20,169)

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation: Teacher employees	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
		<u>                    </u>
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u><u>1,304,516</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

***Net Teacher Employee HIC OPEB Liability: (Continued)***

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

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,960,851	\$ 1,751,705	\$ 1,573,946

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (Continued)

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

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#### *Plan Description*

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

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

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

#### *Eligible Employees*

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

#### *Benefit Amounts*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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#### *Contributions*

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$26,012 and \$24,678 for the years ended June 30, 2021 and June 30, 2020, respectively, for the County; \$7,825 and \$8,377 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (nonprofessional); and \$61,713 and \$61,217 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (professional).

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

At June 30, 2021, the entity reported a liability of \$384,833, \$130,670, and \$954,575 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.02310%, 0.00780%, and 0.05720% as compared to 0.02235%, 0.00844%, and 0.06047% at June 30, 2019 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$18,711, \$3,331, and \$23,322 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Primary Government</b>		
Differences between expected and actual experience	\$ 24,684	\$ 3,456
Net difference between projected and actual earnings on GLI OPEB program investments	11,560	-
Change in assumptions	19,246	8,036
Changes in proportion	17,297	-
Employer contributions subsequent to the measurement date	26,012	-
<b>Total Primary Government</b>	<u>\$ 98,799</u>	<u>\$ 11,492</u>
<b>Component Unit School Board (nonprofessional)</b>		
Differences between expected and actual experience	\$ 8,381	\$ 1,174
Net difference between projected and actual earnings on GLI OPEB program investments	3,925	-
Change in assumptions	6,535	2,728
Changes in proportion	-	9,085
Employer contributions subsequent to the measurement date	7,825	-
<b>Total Component Unit School Board (nonprofessional)</b>	<u>\$ 26,666</u>	<u>\$ 12,987</u>
<b>Component Unit School Board (professional)</b>		
Differences between expected and actual experience	\$ 61,227	\$ 8,575
Net difference between projected and actual earnings on GLI OPEB program investments	28,675	-
Change in assumptions	47,740	19,932
Changes in proportion	-	61,369
Employer contributions subsequent to the measurement date	61,713	-
<b>Total Component Unit School Board (professional)</b>	<u>\$ 199,355</u>	<u>\$ 89,876</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

\$26,012, \$7,825 and \$61,713 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2022	\$ 9,832	\$ 317	\$ 1,298
2023	13,097	1,425	9,395
2024	16,076	2,437	18,766
2025	16,209	2,482	20,711
2026	5,461	(536)	(1,112)
Thereafter	620	(271)	(1,292)

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

\*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers**

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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*Actuarial Assumptions: (Continued)*

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

*Actuarial Assumptions: (Continued)*

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>Group Life Insurance OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
	*Expected arithmetic nominal return		7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 505,893	\$ 384,833	\$ 286,521
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 171,776	\$ 130,670	\$ 97,289
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,254,862	\$ 954,575	\$ 710,714

***Group Life Insurance Plan Fiduciary Net Position***

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

***Plan Description***

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

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	<u>78</u>
Total covered employees	<u><u>78</u></u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board Nonprofessional’s contractually required employer contribution rate for the year ended June 30, 2021 was 1.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$15,070 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability***

The School Board Nonprofessional’s net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

\*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**Changes in Net HIC OPEB Liability**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ 19,076,000
Changes for the year:			
Service cost	\$ -	\$ -	\$ -
Interest	-	-	-
Benefit changes	213,125	-	213,125
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	\$ 213,125	\$ -	\$ 213,125
Balances at June 30, 2020	\$ 213,125	\$ -	\$ 213,125



COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board Nonprofessional Net HIC OPEB Liability	\$ 234,232	\$ 213,125	\$ 194,815

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$213,125. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board Nonprofessional’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	-
Change in assumptions	-	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	15,070	
Total	\$ 15,070	\$ -

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)***

\$15,070 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net/Total OPEB Liability/(Asset)</u>	<u>OPEB Expense</u>
<b>Primary Government</b>				
<u>VRS OPEB Plans:</u>				
Group Life Insurance Plan (Note 12):				
County	\$ 98,799	\$ 11,492	\$ 384,833	\$ 18,711
County Stand-Alone Plan (Note 10)	40,234	153,597	606,652	31,973
Totals	<u>\$ 139,033</u>	<u>\$ 165,089</u>	<u>\$ 991,485</u>	<u>\$ 50,684</u>
<b>Component Unit School Board</b>				
<u>VRS OPEB Plans:</u>				
Group Life Insurance Plan (Note 12):				
School Board Nonprofessional	\$ 26,666	\$ 12,987	\$ 130,670	\$ 3,331
School Board Professional	199,355	89,876	954,575	23,322
Teacher Health Insurance Credit Plan (Note 11)	185,540	166,533	1,751,705	121,011
Nonprofessional Health Insurance Credit Plan (Note 13)	15,070	-	213,125	213,125
School Stand-Alone Plan (Note 10)	25,756	17,523	1,216,375	94,952
Totals	<u>\$ 452,387</u>	<u>\$ 286,919</u>	<u>\$ 4,266,450</u>	<u>\$ 455,741</u>

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 15—EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

There was no excess of expenditures over appropriations in any of the County or School Board funds for the year ended June 30, 2021.

**NOTE 16—DEFERRED/UNAVAILABLE/UNEARNED REVENUE:**

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

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
<b>Primary Government:</b>		
Deferred/Unavailable tax revenue:		
Uncollected property tax billings for which asset recognition criteria have not been met have been recorded as deferred revenue. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 2,086,831
Second half installment due after June 30th	10,835,994	10,835,994
Prepaid property taxes have been recorded as deferred revenue. Prepaid taxes collected are available for the funding of current expenditures.	342,947	342,947
Total primary government	<u>\$ 11,178,941</u>	<u>\$ 13,265,772</u>

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

**NOTE 17—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. During 2021, the Broad Band Authority forgave the remaining outstanding balances. During 2021, \$141,229 in outstanding connection fees were written off.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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**NOTE 18—COMMITMENTS AND CONTINGENCIES:**

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Primary Government and Component Unit School Board:

Federal programs in which the County and School Board participate were audited in accordance with the provisions of U. S. Office of Management and Budget (OMB) and the *Uniform Guidance*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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 \$92,415.

**NOTE 19—LITIGATION:**

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At June 30, 2021, there were no matters of litigation involving the County or its component units that would have an adverse material effect on the financial position of the reporting entity should there be unfavorable rulings affecting the entities.

**NOTE 20—SURETY BONDS:**

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

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### **NOTE 21—RISK MANAGEMENT:**

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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 22—ACCRUED LANDFILL REMEDIATION COST:**

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

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

## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### **NOTE 22—ACCRUED LANDFILL REMEDIATION COST: (CONTINUED)**

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

### **NOTE 23—RELATED PARTY TRANSACTIONS:**

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The County had certain transactions with the Nelson County Service Authority during fiscal year 2021. In addition to purchasing water from the Authority at its normal rates, the County appropriated \$156,000 to the Authority for fire protection services. The County also paid \$50,000 to the Authority for debt service requirements for the Colleen water line.

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

### **NOTE 24—DEFERRED COMPENSATION PLAN:**

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The County offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. Permanent, part-time and full-time County employees are eligible to participate and may defer 25% of their gross income up to a maximum of \$19,500 for 2021. Eligible employees age 50 and over may defer up to \$26,000 for 2021. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

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

### **NOTE 25—FAIR VALUE MEASUREMENTS:**

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

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 25—FAIR VALUE MEASUREMENTS: (CONTINUED)**

- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or Liability

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

The County has the following recurring fair value measurements as of June 30, 2021:

Investment	6/30/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 1,748,666	\$ 1,748,666	\$ -	\$ -
Investments measured at NAV: Virginia Investment Pool	\$ 3,128,717	\$ 1,748,666	\$ -	\$ -
Total Investments measured at NAV	\$ 3,128,717			
Total Investments measured at Fair Value	\$ 4,877,383			

As of June 30, 2021 there were no withdrawal limitations associated with investments held by the Virginia Investment Pool.

COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

**NOTE 26—ADOPTION OF ACCOUNTING PRINCIPLES:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Custodial Fund</u> <u>Special Welfare Fund</u>	<u>Component Unit School Board</u>
Net Postion, beginning of year, as previously reported	\$ 36,971,007	\$ 25,484,026	\$ -	\$ (5,044,943)
Implementation of GASB 84	<u>1,058,509</u>	<u>1,058,509</u>	<u>44,502</u>	<u>277,002</u>
Net Postion, beginning of year, as restated	<u>\$ 38,029,516</u>	<u>\$ 26,542,535</u>	<u>\$ 44,502</u>	<u>\$ (4,767,941)</u>

**NOTE 27—UPCOMING PRONOUNCEMENTS:**

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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



## COUNTY OF NELSON, VIRGINIA

Notes to Financial Statements  
As of June 30, 2021 (Continued)

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### **NOTE 28—COVID-19 PANDEMIC SUBSEQUENT EVENT:**

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The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

#### **CARES Act Funding**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population. The County received total CRF funding of \$2,605,170. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. The County had no unspent CRF funds as of June 30.

#### **ARPA Funding**

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

On June 25, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,449,989 from the initial allocation are reported as unearned revenue as of June 30.

#### **ESF Funding**

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

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**Required Supplementary Information**

General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 23,359,950	\$ 23,359,950	\$ 23,740,313	\$ 380,363
Other local taxes	4,827,164	4,827,164	5,841,886	1,014,722
Permits, privilege fees, and regulatory licenses	308,017	308,017	377,629	69,612
Fines and forfeitures	109,750	109,750	106,860	(2,890)
Revenue from the use of money and property	225,000	225,000	57,295	(167,705)
Charges for services	271,982	271,982	274,835	2,853
Miscellaneous	175,930	200,088	173,874	(26,214)
Recovered costs	657,442	661,842	722,283	60,441
Intergovernmental:				
Commonwealth	5,665,615	6,094,813	5,877,553	(217,260)
Federal	878,435	3,116,011	4,311,495	1,195,484
Total revenues	\$ 36,479,285	\$ 39,174,617	\$ 41,484,023	\$ 2,309,406
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,073,381	\$ 2,223,493	\$ 2,168,581	\$ 54,912
Judicial administration	1,009,728	1,088,127	1,016,286	71,841
Public safety	6,677,547	8,422,571	7,989,343	433,228
Public works	2,015,738	2,267,046	2,178,189	88,857
Health and welfare	3,921,396	4,023,564	4,125,957	(102,393)
Education	15,596,582	16,538,128	14,599,806	1,938,322
Parks, recreation, and cultural	564,714	572,650	531,203	41,447
Community development	739,915	782,859	657,756	125,103
Nondepartmental	978,630	945,180	719,944	225,236
Capital projects	1,104,799	2,191,407	1,221,294	970,113
Total expenditures	\$ 34,682,430	\$ 39,055,025	\$ 35,208,359	\$ 3,846,666
Excess (deficiency) of revenues over (under) expenditures	\$ 1,796,855	\$ 119,592	\$ 6,275,664	\$ 6,156,072
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (3,176,551)	\$ (3,216,340)	\$ (3,216,340)	\$ -
Issuance of long-term debt	-	118,328	-	(118,328)
Total other financing sources (uses)	\$ (3,176,551)	\$ (3,098,012)	\$ (3,216,340)	\$ (118,328)
Net change in fund balances	\$ (1,379,696)	\$ (2,978,420)	\$ 3,059,324	\$ 6,037,744
Fund balances - beginning, as restated	1,464,696	3,063,420	26,542,535	23,479,115
Fund balances - ending	\$ 85,000	\$ 85,000	\$ 29,601,859	\$ 29,516,859

Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2014 through June 30, 2020

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

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

Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 451,702	\$ 447,108	\$ 522,553
Interest	1,266,683	1,285,306	1,350,472
Differences between expected and actual experience	(338,544)	518,742	168,722
Changes in assumptions	-	542,873	-
Benefit payments, including refunds of employee contributions	(1,117,138)	(1,110,453)	(1,186,654)
<b>Net change in total pension liability</b>	<u>\$ 262,703</u>	<u>\$ 1,683,576</u>	<u>\$ 855,093</u>
<b>Total pension liability - beginning</b>	<u>18,654,044</u>	<u>18,916,747</u>	<u>20,600,323</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 18,916,747</u></u>	<u><u>\$ 20,600,323</u></u>	<u><u>\$ 21,455,416</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 372,060	\$ 397,658	\$ 423,896
Contributions - employee	195,521	205,346	220,161
Net investment income	1,236,033	1,154,400	344,273
Benefit payments, including refunds of employee contributions	(1,117,138)	(1,110,453)	(1,186,654)
Administrative expense	(10,926)	(11,696)	(11,979)
Other	(1,088)	(725)	(405)
<b>Net change in plan fiduciary net position</b>	<u>\$ 674,462</u>	<u>\$ 634,530</u>	<u>\$ (210,708)</u>
<b>Plan fiduciary net position - beginning</b>	<u>16,851,903</u>	<u>17,526,365</u>	<u>18,160,895</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 17,526,365</u></u>	<u><u>\$ 18,160,895</u></u>	<u><u>\$ 17,950,187</u></u>
<b>County's net pension liability - ending (a) - (b)</b>	<u>\$ 1,390,382</u>	<u>\$ 2,439,428</u>	<u>\$ 3,505,229</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	92.65%	88.16%	83.66%
<b>Covered payroll</b>	\$ 4,105,970	\$ 4,380,765	\$ 4,745,753
<b>County's net pension liability as a percentage of covered payroll</b>	33.86%	55.68%	73.86%

Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Measurement Dates of June 30, 2014 through June 30, 2020

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

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

Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 138,026	\$ 135,657	\$ 138,337
Interest	503,765	522,207	523,809
Differences between expected and actual experience	5,440	(145,141)	(38,672)
Changes in assumptions	-	203,110	-
Benefit payments, including refunds of employee contributions	(353,149)	(414,416)	(417,178)
<b>Net change in total pension liability</b>	<u>\$ 294,082</u>	<u>\$ 301,417</u>	<u>\$ 206,296</u>
<b>Total pension liability - beginning</b>	<u>7,373,220</u>	<u>7,667,302</u>	<u>7,968,719</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 7,667,302</u></u>	<u><u>\$ 7,968,719</u></u>	<u><u>\$ 8,175,015</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 112,566	\$ 113,509	\$ 107,677
Contributions - employee	77,269	78,290	74,959
Net investment income	509,323	479,923	143,585
Benefit payments, including refunds of employee contributions	(353,149)	(414,416)	(417,178)
Administrative expense	(4,451)	(4,875)	(4,961)
Other	(451)	(300)	(167)
<b>Net change in plan fiduciary net position</b>	<u>\$ 341,107</u>	<u>\$ 252,131</u>	<u>\$ (96,085)</u>
<b>Plan fiduciary net position - beginning</b>	<u>6,929,429</u>	<u>7,270,526</u>	<u>7,522,657</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 7,270,536</u></u>	<u><u>\$ 7,522,657</u></u>	<u><u>\$ 7,426,572</u></u>
<b>School Division's net pension liability - ending (a) - (b)</b>	<u>\$ 396,766</u>	<u>\$ 446,062</u>	<u>\$ 748,443</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.83%	94.40%	90.84%
<b>Covered payroll</b>	<u>\$ 1,626,878</u>	<u>\$ 1,654,302</u>	<u>\$ 1,607,994</u>
<b>School Division's net pension liability as a percentage of covered payroll</b>	24.39%	26.96%	46.55%



Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2020

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

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

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14485%	0.14170%	0.13480%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,034,000	\$ 18,648,526	\$ 19,616,940
Employer's Covered Payroll	11,687,998	11,855,025	11,772,414
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146%	157%	167%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	73.51%	71.47%

Schedule of Employer Contributions - Pension Plans  
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 542,024	\$ 542,024	\$ -	\$ 4,814,187	11.26%
2020	424,827	424,827	-	4,745,753	8.95%
2019	397,623	397,623	-	4,380,765	9.08%
2018	372,305	372,305	-	4,105,970	9.07%
2017	344,144	344,144	-	3,978,899	8.65%
2016	476,260	476,260	-	3,868,886	12.31%
2015	464,083	464,083	-	3,774,065	12.30%
2014	491,619	491,619	-	3,738,547	13.15%
2013	475,486	475,486	-	3,615,862	13.15%
2012	360,280	360,280	-	3,348,332	10.76%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 91,177	\$ 91,177	\$ -	\$ 1,449,074	6.29%
2020	107,681	107,681	-	1,607,994	6.70%
2019	113,508	113,508	-	1,654,302	6.86%
2018	112,557	112,557	-	1,626,878	6.92%
2017	112,018	112,018	-	1,587,580	7.06%
2016	131,798	131,798	-	1,567,154	8.41%
2015	129,098	129,098	-	1,535,050	8.41%
2014	146,880	146,880	-	1,594,791	9.21%
2013	141,101	141,101	-	1,532,037	9.21%
2012	116,455	116,455	-	1,518,314	7.67%
<b>Component Unit School Board (professional)</b>					
2021	\$ 1,838,757	\$ 1,838,757	\$ -	\$ 11,428,252	16.09%
2020	1,791,194	1,791,194	-	11,772,414	15.22%
2019	1,815,913	1,815,913	-	11,855,025	15.32%
2018	1,889,150	1,889,150	-	11,687,998	16.16%
2017	1,650,068	1,650,068	-	11,255,580	14.66%
2016	1,689,453	1,689,453	-	12,016,024	14.06%
2015	1,606,740	1,606,740	-	11,080,965	14.50%

Current year contributions are from County of Nelson and Nelson County School Board's records and prior year contributions are from the VRS actuarial valuation performed each year.

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

Notes to Required Supplementary Information - Pension Plans  
For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Primary Government  
 For the Measurement Dates ending June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 45,169	\$ 36,050	\$ 39,916	\$ 41,058
Interest	13,400	18,126	21,801	25,387
Changes in assumptions	2,553	53,340	(73,605)	(24,463)
Differences between expected and actual experience	-	-	(164,327)	-
Benefit payments	(31,068)	(25,302)	(33,924)	(43,143)
<b>Net change in total OPEB liability</b>	<u>\$ 30,054</u>	<u>\$ 82,214</u>	<u>\$ (210,139)</u>	<u>\$ (1,161)</u>
<b>Total OPEB liability - beginning</b>	<u>576,598</u>	<u>494,384</u>	<u>704,523</u>	<u>705,684</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 606,652</u></u>	<u><u>\$ 576,598</u></u>	<u><u>\$ 494,384</u></u>	<u><u>\$ 704,523</u></u>
<b>Covered-employee payroll</b>	\$ 4,190,874	\$ 4,190,874	\$ 4,190,874	\$ 3,930,700
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	14.48%	13.76%	11.80%	17.92%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Component Unit School Board  
 For the Measurement Dates ending June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 67,288	\$ 66,949	\$ 63,928	\$ 65,600
Interest	26,761	42,727	45,337	41,602
Changes in assumptions	17,823	(27,554)	31,227	(30,397)
Differences between expected and actual experience	8,146	1,725	-	-
Benefit payments	(94,060)	(93,711)	(94,685)	(89,947)
<b>Net change in total OPEB liability</b>	<u>\$ 25,958</u>	<u>\$ (9,864)</u>	<u>\$ 45,807</u>	<u>\$ (13,142)</u>
<b>Total OPEB liability - beginning</b>	<u>1,190,417</u>	<u>1,200,281</u>	<u>1,154,474</u>	<u>1,167,616</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,216,375</u></u>	<u><u>\$ 1,190,417</u></u>	<u><u>\$ 1,200,281</u></u>	<u><u>\$ 1,154,474</u></u>
 <b>Covered-employee payroll</b>	 \$ 12,949,453	 \$ 13,588,619	 \$ 13,116,400	 \$ 13,116,400
 <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 9.39%	 8.76%	 9.15%	 8.80%

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

Notes to Required Supplementary Information - County and Component Unit School Board OPEB  
For the Year Ended June 30, 2021

**County:**

Valuation Date: 1/1/2019  
Measurement Date: 6/30/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.16%
Inflation	2.50%
Healthcare Trend Rate	5.50% - 4.00% over 53 years
Salary Increase Rates	3.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

**Component Unit School Board**

Valuation Date: 1/1/2021  
Measurement Date: 6/30/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.16%
Inflation	2.50%
Healthcare Trend Rate	5.70% - 4.00% over 53 years
Salary Increase Rates	3%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

Schedule of School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.1343%	\$ 1,751,705	\$ 11,772,414	14.88%	9.95%
2019	0.1413%	1,850,278	11,855,025	15.61%	8.97%
2018	0.1445%	1,835,000	11,687,998	15.70%	8.08%
2017	0.1439%	1,826,000	11,355,061	16.08%	7.04%

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



Schedule of Employer Contributions  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2017 through June 30, 2021

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

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

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%

Schedule of County and School Board's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government</b>					
2020	0.02310% \$	384,833 \$	4,745,753	8.11%	52.64%
2019	0.02235%	363,694	4,380,765	8.30%	52.00%
2018	0.02159%	328,000	4,105,970	7.99%	51.22%
2017	0.02157%	325,000	3,978,899	8.17%	48.86%
<b>Component Unit School Board (nonprofessional)</b>					
2020	0.00780% \$	130,670 \$	1,610,873	8.11%	52.64%
2019	0.00844%	137,341	1,654,302	8.30%	52.00%
2018	0.00856%	130,000	1,626,878	7.99%	51.22%
2017	0.00861%	129,000	1,587,580	8.13%	48.86%
<b>Component Unit School Board (professional)</b>					
2020	0.05720% \$	954,575 \$	11,772,414	8.11%	52.64%
2019	0.06047%	984,008	12,140,385	8.11%	52.00%
2018	0.06147%	934,000	11,687,998	7.99%	51.22%
2017	0.06156%	926,000	11,355,061	8.15%	48.86%

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

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2017 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 26,012	\$ 26,012	\$ -	\$ 4,817,015	0.54%
2020	24,678	24,678	-	4,745,753	0.52%
2019	22,780	22,780	-	4,380,765	0.52%
2018	21,351	21,351	-	4,105,970	0.52%
2017	20,690	20,690	-	3,978,899	0.52%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 7,825	\$ 7,825	\$ -	\$ 1,449,074	0.54%
2020	8,377	8,377	-	1,610,873	0.52%
2019	8,602	8,602	-	1,654,302	0.52%
2018	8,460	8,460	-	1,626,878	0.52%
2017	8,255	8,255	-	1,587,580	0.52%
<b>Component Unit School Board (professional)</b>					
2021	\$ 61,713	\$ 61,713	\$ -	\$ 11,428,252	0.54%
2020	61,217	61,217	-	11,772,414	0.52%
2019	63,130	63,130	-	12,140,385	0.52%
2018	60,778	60,778	-	11,687,998	0.52%
2017	59,046	59,046	-	11,355,061	0.52%

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

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

	<u>2020</u>
<b>Total HIC OPEB Liability</b>	
Service cost	\$ -
Interest	-
Changes in benefit terms	213,125
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	-
<b>Net change in total HIC OPEB liability</b>	<u>\$ 213,125</u>
<b>Total HIC OPEB Liability - beginning</b>	-
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 213,125</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
<b>Net change in plan fiduciary net position</b>	<u>\$ -</u>
<b>Plan fiduciary net position - beginning</b>	-
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ -</u></u>
<b>School Board Nonprofessional's net HIC OPEB liability - ending (a) - (b)</b>	\$ 213,125
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	0.00%
<b>Covered payroll</b>	\$ 1,610,873
<b>School Board Nonprofessional's net HIC OPEB liability as a percentage of covered payroll</b>	13.23%

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

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

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 15,070	\$ 15,070	-	\$ 1,449,074	1.04%

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

Notes to Required Supplementary Information  
 Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%



## **Other Supplementary Information**



**Combining and Individual Fund Financial Statements and Schedules**

Debt Service Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 2,455,000	\$ 2,455,000	\$ 7,845,000	\$ (5,390,000)
Interest and other fiscal charges	721,552	721,552	812,104	(90,552)
Total expenditures	<u>\$ 3,176,552</u>	<u>\$ 3,176,552</u>	<u>\$ 8,657,104</u>	<u>\$ (5,480,552)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,176,552)</u>	<u>\$ (3,176,552)</u>	<u>\$ (8,657,104)</u>	<u>\$ (5,480,552)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 3,176,552	\$ 3,176,552	\$ 3,176,552	\$ -
Issuance of long term debt	-	-	5,482,000	5,482,000
Total other financing sources (uses)	<u>\$ 3,176,552</u>	<u>\$ 3,176,552</u>	<u>\$ 8,658,552</u>	<u>\$ 5,482,000</u>
Net change in fund balances	\$ -	\$ -	\$ 1,448	\$ 1,448
Fund balances - beginning	-	-	218,832	218,832
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,280</u>	<u>\$ 220,280</u>

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Fund  
 For the Year Ended June 30, 2021

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

Discretely Presented Component Unit School Board  
 Balance Sheet  
 At June 30, 2021

	School Operating Fund	School Activity Fund	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 1,649,806	\$ 268,831	\$ 1,918,637
Accounts receivable	519	-	519
Due from other governments	574,690	-	574,690
Inventories	31,345	-	31,345
Prepaid items	431,815	-	431,815
Total assets	<u>\$ 2,688,175</u>	<u>\$ 268,831</u>	<u>\$ 2,957,006</u>
<b>Liabilities</b>			
Accounts payable	\$ 250,708	\$ 2,584	\$ 253,292
Accrued liabilities	1,045,499	-	1,045,499
Due to primary government	847,350	-	847,350
Deferred revenue	16,159	-	16,159
Total liabilities	<u>\$ 2,159,716</u>	<u>\$ 2,584</u>	<u>\$ 2,162,300</u>
<b>Fund balances</b>			
Nonspendable	\$ 463,160	\$ -	\$ 463,160
Committed	497,114	266,247	763,361
Unassigned	(431,815)	-	(431,815)
Total fund balances	<u>\$ 528,459</u>	<u>\$ 266,247</u>	<u>\$ 794,706</u>
Total liabilities and fund balances	<u>\$ 2,688,175</u>	<u>\$ 268,831</u>	<u>\$ 2,957,006</u>

Discretely Presented Component Unit School Board  
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
 At June 30, 2021

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Total fund balance for governmental fund (Exhibit 31)	\$	794,706
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		20,957,639
Equipment, net of depreciation		1,359,006
School Board capital assets in primary government, net of depreciation		<u>(4,978,900)</u>
		18,188,955
Items related to measurement of net pension and OPEB liability not available to pay for current-period expenditures		
Deferred inflows related to pensions		(2,355,595)
Deferred inflows related to OPEB		(286,919)
Deferred outflows related to pensions		5,079,044
Deferred outflows related to OPEB		452,387
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	\$	(400,849)
Energy improvement lease		(1,190,518)
Net pension liability		(20,365,383)
Net OPEB liability		<u>(4,266,450)</u>
		<u>(26,223,200)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u><u>(4,350,622)</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, 2021

	School Operating Fund	School Activities Fund	Totals
<b>Revenues</b>			
Revenue from the use of money and property	\$ 122	\$ -	\$ 122
Charges for services	5,403	-	5,403
Miscellaneous	122,138	159,656	281,794
Recovered costs	269,881	-	269,881
Intergovernmental:			-
Appropriations from primary government	14,598,046	-	14,598,046
Commonwealth	8,958,328	-	8,958,328
Federal	2,426,064	-	2,426,064
<b>Total revenues</b>	<b>\$ 26,379,982</b>	<b>\$ 159,656</b>	<b>\$ 26,539,638</b>
<b>Expenditures</b>			
Current:			
Education			
Instruction	\$ 17,536,118	\$ 170,411	\$ 17,706,529
Administration, attendance and health	1,257,184	-	1,257,184
Transportation	1,999,540	-	1,999,540
Facilities operations	3,033,104	-	3,033,104
School food services	1,031,869	-	1,031,869
Facilities	159,281	-	159,281
Technology	1,426,903	-	1,426,903
Debt service:			
Principal retirement	147,888	-	147,888
Interest and other fiscal charges	27,985	-	27,985
<b>Total expenditures</b>	<b>\$ 26,619,872</b>	<b>\$ 170,411</b>	<b>\$ 26,790,283</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (239,890)</b>	<b>\$ (10,755)</b>	<b>\$ (250,645)</b>
<b>Fund balance, beginning of year, as restated</b>	<b>768,349</b>	<b>277,002</b>	<b>1,045,351</b>
<b>Fund balance, end of year</b>	<b>\$ 528,459</b>	<b>\$ 266,247</b>	<b>\$ 794,706</b>

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, 2021

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Net change in fund balance - total governmental fund (Exhibit 33) \$ (250,645)

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	\$	1,200,032	
Depreciation expense		<u>(1,372,535)</u>	(172,503)

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. (3,313)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 856,799

(Increase) decrease in deferred inflows related to the measurement of the net pension liability/asset 68,973

(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability/asset (67,601)

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	\$	31,356	
Energy improvement lease		147,888	
Decrease (increase) in net pension liability		(1,270,795)	
Decrease (increase) in deferred outflows related to pensions		1,148,196	
Decrease (increase) in deferred outflows related to OPEB		33,370	
Net OPEB liability		<u>(104,406)</u>	<u>(14,391)</u>

Change in net position of governmental activities (Exhibit 2) \$ 417,319

Discretely Presented Component Unit School Board  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 18	\$ 18	\$ 122	\$ 104
Charges for services	592,281	592,281	5,403	(586,878)
Miscellaneous	276,071	526,071	122,138	(403,933)
Recovered costs	-	-	269,881	269,881
Intergovernmental:				
Local government	15,594,822	16,536,368	14,598,046	(1,938,322)
Commonwealth	8,899,418	8,899,418	8,958,328	58,910
Federal	1,900,211	2,281,954	2,426,064	144,110
<b>Total revenues</b>	<b>\$ 27,262,821</b>	<b>\$ 28,836,110</b>	<b>\$ 26,379,982</b>	<b>\$ (2,456,128)</b>
<b>EXPENDITURES</b>				
Current:				
Education				
Instruction	\$ 18,520,003	\$ 18,570,287	\$ 17,536,118	\$ 1,034,169
Administration, attendance and health	1,221,275	1,221,275	1,257,184	(35,909)
Transportation	2,590,407	2,802,277	1,999,540	802,737
Facilities operations	2,765,302	3,493,582	3,033,104	460,478
School food services	1,483,450	1,535,795	1,031,869	503,926
Facilities	-	-	159,281	(159,281)
Technology	1,254,742	1,785,252	1,426,903	358,349
Debt service:				
Principal retirement	147,888	147,888	147,888	-
Interest and other fiscal charges	27,805	27,805	27,985	(180)
<b>Total expenditures</b>	<b>\$ 28,010,872</b>	<b>\$ 29,584,161</b>	<b>\$ 26,619,872</b>	<b>\$ 2,964,289</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (748,051)	\$ (748,051)	\$ (239,890)	\$ 508,161
Net change in fund balances	(748,051)	(748,051)	(239,890)	508,161
Fund balances - beginning	748,051	748,051	768,349	20,298
Fund balances - ending	\$ -	\$ -	\$ 528,459	\$ 528,459

Discretely Presented Component Unit - Nelson County EDA  
 Statement of Net Position  
 At June 30, 2021

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**Assets**

Current assets:

Cash and cash equivalents	\$ 10,887
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Noncurrent assets:

Land held for resale	213,663
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Total assets	\$ <u>224,550</u>
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**Net Position**

Unrestricted	\$ <u>224,550</u>
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Total net position	\$ <u><u>224,550</u></u>
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Discretely Presented Component Unit - Nelson County EDA  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2021

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**Operating expenses**

Economic development grants	\$ 1,413,500
Director fees	1,350
Insurance	391
Office supplies	83
Travel	320
Miscellaneous	<u>3,800</u>

Total operating expenses	\$ <u>1,419,444</u>
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Operating income (loss)	\$ <u>(1,419,444)</u>
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**Nonoperating revenues**

Contribution from Nelson County	\$ 1,413,100
Interest revenue	<u>14</u>

Total nonoperating revenues	\$ <u>1,413,114</u>
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Change in net position	\$ (6,330)
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Net position, beginning of year	<u>230,880</u>
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Net position, end of year	<u><u>\$ 224,550</u></u>
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Discretely Presented Component Unit - Nelson County EDA  
Statement of Cash Flows  
For the Year Ended June 30, 2021

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<b>Cash flows from operating activities</b>	
Payments to suppliers	\$ (1,418,094)
Payments to directors	<u>(1,350)</u>
Net cash provided by (used for) by operating activities	<u>\$ (1,419,444)</u>
<b>Cash flows from noncapital financing activities</b>	
Contribution from Nelson County	<u>\$ 1,413,100</u>
<b>Cash flows from investing activities</b>	
Interest revenue	<u>\$ 14</u>
Net increase (decrease) in cash and cash equivalents	\$ (6,330)
Cash and cash equivalents, beginning of year	<u>17,217</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,887</u></u>
<b>Reconciliation of operating income (loss) to net cash</b>	
Operating income (loss)	<u>\$ (1,419,444)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (1,419,444)</u></u>

## **Supporting Schedules**





Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 17,844,479	\$ 17,844,479	\$ 18,183,740	\$ 339,261
Real and personal public service corporation taxes	945,000	945,000	1,022,309	77,309
Personal property taxes	4,180,713	4,180,713	4,091,410	(89,303)
Mobile home taxes	-	-	16,825	16,825
Machinery and tools taxes	69,758	69,758	83,715	13,957
Penalties	180,000	180,000	192,713	12,713
Interest	140,000	140,000	149,601	9,601
Total general property taxes	<u>\$ 23,359,950</u>	<u>\$ 23,359,950</u>	<u>\$ 23,740,313</u>	<u>\$ 380,363</u>
Other local taxes:				
Local sales and use taxes	\$ 1,377,480	\$ 1,377,480	\$ 1,879,063	\$ 501,583
Consumers' utility taxes	485,000	485,000	488,332	3,332
Business license taxes	35,000	35,000	42,011	7,011
Utility franchise taxes	100,000	100,000	79,772	(20,228)
Motor vehicle licenses	732,396	732,396	754,890	22,494
Bank franchise tax	71,895	71,895	109,728	37,833
Taxes on recordation and wills	250,000	250,000	543,527	293,527
Transient occupancy tax	605,000	605,000	904,072	299,072
Meals tax	1,170,393	1,170,393	1,040,491	(129,902)
Total other local taxes	<u>\$ 4,827,164</u>	<u>\$ 4,827,164</u>	<u>\$ 5,841,886</u>	<u>\$ 1,014,722</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,185	\$ 13,185	\$ 13,058	\$ (127)
Dog pound fees	1,500	1,500	1,565	65
Land use application fees	110,000	110,000	74,911	(35,089)
Transfer fees	750	750	1,434	684
Zoning & Subdivision fees	21,500	21,500	21,055	(445)
Building permits	131,969	131,969	238,070	106,101
Building inspection fees	8,000	8,000	23,346	15,346
Well & Septic fees	7,000	7,000	175	(6,825)
Land disturbing fees	11,613	11,613	3,940	(7,673)
Tourism collections	2,500	2,500	75	(2,425)
Total permits, privilege fees, and regulatory licenses	<u>\$ 308,017</u>	<u>\$ 308,017</u>	<u>\$ 377,629</u>	<u>\$ 69,612</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 109,750	\$ 109,750	\$ 106,860	\$ (2,890)
Total fines and forfeitures	<u>\$ 109,750</u>	<u>\$ 109,750</u>	<u>\$ 106,860</u>	<u>\$ (2,890)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 225,000	\$ 225,000	\$ 35,203	\$ (189,797)
Revenue from use of property	-	-	22,092	22,092
Total revenue from use of money and property	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 57,295</u>	<u>\$ (167,705)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 9,000	\$ 9,000	\$ 16,429	\$ 7,429
Law library fees	2,500	2,500	2,306	(194)
Courthouse maintenance fees	6,000	6,000	4,233	(1,767)
Document reproduction fees	3,500	3,500	2,775	(725)
Excess fees paid to Circuit Court	30	30	-	(30)
Court appointed attorney fees	1,800	1,800	753	(1,047)
Fingerprint/Report fees	250	250	70	(180)
Cost of postage - Circuit Court	100	100	197	97
Charges for Commonwealth's Attorney	1,800	1,800	2,266	466
Charges for sanitation and waste removal	200,000	200,000	235,010	35,010
Charges for parks and recreation	46,800	46,800	10,659	(36,141)
Sale of literature	202	202	137	(65)
Total charges for services	<u>\$ 271,982</u>	<u>\$ 271,982</u>	<u>\$ 274,835</u>	<u>\$ 2,853</u>
Miscellaneous:				
Expenditure refunds	\$ 122,880	\$ 122,880	\$ 102,542	\$ (20,338)
Other miscellaneous	53,050	77,208	71,332	(5,876)
Total miscellaneous	<u>\$ 175,930</u>	<u>\$ 200,088</u>	<u>\$ 173,874</u>	<u>\$ (26,214)</u>
Recovered costs:				
DSS Reimbursement	\$ 65,000	\$ 65,000	\$ 56,395	\$ (8,605)
School Resource officer and other costs	25,000	25,000	-	(25,000)
Jaunt Wintergreen	-	-	7,575	7,575
DMV stop fees	37,000	37,000	35,364	(1,636)
EMS revenue recovery	515,000	515,000	554,357	39,357
Forest Service Coop. agreement	-	4,400	3,960	(440)
Shared network maintenance fee	8,000	8,000	-	(8,000)
Recycling	5,842	5,842	15,490	9,648
Other recovered costs	1,600	1,600	49,142	47,542
Total recovered costs	<u>\$ 657,442</u>	<u>\$ 661,842</u>	<u>\$ 722,283</u>	<u>\$ 60,441</u>
Total revenue from local sources	<u>\$ 29,935,235</u>	<u>\$ 29,963,793</u>	<u>\$ 31,294,975</u>	<u>\$ 1,331,182</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 99,100	\$ 99,100	\$ 97,744	\$ (1,356)
Mobile home titling tax	15,000	15,000	28,000	13,000
Communication sales & use tax	425,000	425,000	348,810	(76,190)
Personal property tax relief funds	1,708,030	1,708,030	1,708,030	-
Game of skills tax	-	-	41,760	41,760
Total noncategorical aid	<u>\$ 2,247,130</u>	<u>\$ 2,247,130</u>	<u>\$ 2,224,344</u>	<u>\$ (22,786)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 335,606	\$ 335,606	\$ 333,234	\$ (2,372)
Sheriff	851,337	851,337	823,850	(27,487)
Commissioner of revenue	92,893	92,893	88,815	(4,078)
Treasurer	109,580	109,580	107,954	(1,626)
Registrar/electoral board	55,895	55,895	40,467	(15,428)
Clerk of the Circuit Court	213,715	213,715	223,816	10,101
Total shared expenses	<u>\$ 1,659,026</u>	<u>\$ 1,659,026</u>	<u>\$ 1,618,136</u>	<u>\$ (40,890)</u>
Welfare:				
Public assistance and welfare administration	\$ 504,190	\$ 504,190	\$ 586,562	\$ 82,372
Other categorical aid:				
E911 wireless grant	\$ 50,000	\$ 50,000	\$ 60,916	\$ 10,916
E911 PSAP grant	-	167,686	117,686	(50,000)
DMV animal friendly plates	285	285	457	172
Fire programs	-	57,241	57,241	-
Four for life	-	18,316	18,316	-
Litter control grant	-	5,828	5,828	-
Victim-witness grant	17,500	17,500	12,943	(4,557)
VJCCCA Dept - Juvenile Justice	10,364	10,364	10,364	-
Comprehensive services act	1,136,070	1,207,206	1,045,347	(161,859)
Sheriff's department grant	-	30,121	60,775	30,654
Asset forfeiture proceeds	30,000	42,804	12,392	(30,412)
Virginia Tourism Corp grant	-	19,381	20,000	619
Performance arts grant	4,500	4,500	4,500	-
Library grant	-	16,685	16,685	-
Other categorical	6,550	36,550	5,061	(31,489)
Total other categorical aid	<u>\$ 1,255,269</u>	<u>\$ 1,684,467</u>	<u>\$ 1,448,511</u>	<u>\$ (235,956)</u>
Total categorical aid	<u>\$ 3,418,485</u>	<u>\$ 3,847,683</u>	<u>\$ 3,653,209</u>	<u>\$ (194,474)</u>
Total revenue from the Commonwealth	<u>\$ 5,665,615</u>	<u>\$ 6,094,813</u>	<u>\$ 5,877,553</u>	<u>\$ (217,260)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 62,150	\$ 62,150	\$ 72,000	\$ 9,850
Categorical aid:				
Public assistance and welfare administration	\$ 756,285	\$ 756,285	\$ 927,133	\$ 170,848
Coronavirus relief fund	-	1,637,898	2,884,598	1,246,700
CARES act utility assistance	-	77,950	63,655	(14,295)
Victim witness program	52,500	52,500	38,831	(13,669)
Sheriff's grants	-	15,100	10,600	(4,500)
Tunnel Grant (TEA-21)	-	506,628	290,845	(215,783)
Other federal categorical	7,500	7,500	23,833	16,333
Total categorical aid	<u>\$ 816,285</u>	<u>\$ 3,053,861</u>	<u>\$ 4,239,495</u>	<u>\$ 1,185,634</u>
Total revenue from the federal government	<u>\$ 878,435</u>	<u>\$ 3,116,011</u>	<u>\$ 4,311,495</u>	<u>\$ 1,195,484</u>
Total General Fund	<u>\$ 36,479,285</u>	<u>\$ 39,174,617</u>	<u>\$ 41,484,023</u>	<u>\$ 2,309,406</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Total Primary Government	\$ 36,479,285	\$ 39,174,617	\$ 41,484,023	\$ 2,309,406
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 18	\$ 18	\$ 41	\$ 23
Revenue from the use of property	-	-	81	81
Total revenue from use of money and property	<u>18</u>	<u>18</u>	<u>122</u>	<u>104</u>
Charges for services:				
Charges for cafeteria	\$ 592,281	\$ 592,281	\$ 5,403	\$ (586,878)
Total charges for services	<u>592,281</u>	<u>592,281</u>	<u>5,403</u>	<u>(586,878)</u>
Miscellaneous:				
Other miscellaneous	\$ 276,071	\$ 526,071	\$ 122,138	\$ (403,933)
Total miscellaneous	<u>276,071</u>	<u>526,071</u>	<u>122,138</u>	<u>(403,933)</u>
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 269,881	\$ 269,881
Total recovered costs	<u>-</u>	<u>-</u>	<u>269,881</u>	<u>269,881</u>
Total revenue from local sources	<u>\$ 868,370</u>	<u>\$ 1,118,370</u>	<u>\$ 397,544</u>	<u>\$ (720,826)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Nelson, Virginia	\$ 15,594,822	\$ 16,536,368	\$ 14,598,046	\$ (1,938,322)
Total revenues from local governments	<u>15,594,822</u>	<u>16,536,368</u>	<u>14,598,046</u>	<u>(1,938,322)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,315,941	\$ 2,315,941	\$ 2,478,070	\$ 162,129
Basic school aid	3,710,923	3,710,923	3,576,788	(134,135)
Remedial education	143,896	143,896	139,228	(4,668)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental (Continued):				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education	\$ 461,026	\$ 461,026	\$ 446,070	\$ (14,956)
Vocational standards of quality payments	123,639	123,639	119,628	(4,011)
Fringe benefits	771,869	771,869	746,828	(25,041)
VPSA technology	154,000	154,000	-	(154,000)
At risk payments	260,023	260,023	251,601	(8,422)
Primary class size	152,333	152,333	153,965	1,632
Other state funds	805,768	805,768	1,046,150	240,382
Total categorical aid	<u>\$ 8,899,418</u>	<u>\$ 8,899,418</u>	<u>\$ 8,958,328</u>	<u>\$ 58,910</u>
Total revenue from the Commonwealth	<u>\$ 8,899,418</u>	<u>\$ 8,899,418</u>	<u>\$ 8,958,328</u>	<u>\$ 58,910</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 5,500	\$ 5,500	\$ 3,864	\$ (1,636)
Coronavirus relief fund	-	264,215	264,215	-
CARES Act Funding ESSER/GEER	-	117,528	105,751	(11,777)
Title 1/A grants to LEAs	536,945	536,945	505,382	(31,563)
IDEA 611 flow-through (Title VI-B)	542,556	542,556	362,401	(180,155)
Rural and safe schools	-	-	6,795	6,795
TANF - VPI	-	-	9,685	9,685
Title 1 - Carl Perkins vocational	-	-	46,153	46,153
Preschool grants/special ed	13,472	13,472	13,161	(311)
Title V/A innovative ed program	36,441	36,441	-	(36,441)
Title III language acquisition	11,170	11,170	4,634	(6,536)
Title II part A	74,660	74,660	81,262	6,602
Title II - Carl Perkins tech prep	39,563	39,563	-	(39,563)
Title IV	34,904	34,904	43,005	8,101
Title V	5,000	5,000	-	(5,000)
School food	600,000	600,000	909,423	309,423
School food commodities	-	-	70,333	70,333
Total revenue from the federal government	<u>\$ 1,900,211</u>	<u>\$ 2,281,954</u>	<u>\$ 2,426,064</u>	<u>\$ 144,110</u>
Total School Operating Fund	<u>\$ 27,262,821</u>	<u>\$ 28,836,110</u>	<u>\$ 26,379,982</u>	<u>\$ (2,456,128)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 128,769	\$ 128,769	\$ 115,905	\$ 12,864
General and financial administration:				
County administrator	\$ 347,713	\$ 352,305	\$ 338,337	\$ 13,968
County attorney	90,000	90,000	85,578	4,422
Commissioner of revenue	251,033	265,912	256,196	9,716
Reassessment	135,000	135,000	168,576	(33,576)
Treasurer	339,853	348,256	344,371	3,885
Finance and accounting	325,787	332,867	324,260	8,607
Technology	263,697	271,218	253,299	17,919
Land use panel	5,700	5,700	3,556	2,144
Total general and financial administration	\$ 1,758,783	\$ 1,801,258	\$ 1,774,173	\$ 27,085
Board of elections:				
Board of elections	\$ 38,663	\$ 140,585	\$ 130,037	\$ 10,548
Registrar	147,166	152,881	148,466	4,415
Total board of elections	\$ 185,829	\$ 293,466	\$ 278,503	\$ 14,963
Total general government administration	\$ 2,073,381	\$ 2,223,493	\$ 2,168,581	\$ 54,912
Judicial administration:				
Courts:				
Circuit court	\$ 68,706	\$ 69,182	\$ 61,688	\$ 7,494
General district court	6,659	6,659	5,813	846
VJCCA	25,566	46,084	32,954	13,130
Juvenile and domestic relations court	4,459	4,459	2,826	1,633
Magistrate	325	325	275	50
Clerk of the circuit court	372,854	397,056	370,705	26,351
Total courts	\$ 478,569	\$ 523,765	\$ 474,261	\$ 49,504
Commonwealth's attorney:				
Commonwealth's attorney	\$ 531,159	\$ 564,362	\$ 542,025	\$ 22,337
Total commonwealth's attorney	\$ 531,159	\$ 564,362	\$ 542,025	\$ 22,337
Total judicial administration	\$ 1,009,728	\$ 1,088,127	\$ 1,016,286	\$ 71,841
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,723,747	\$ 2,021,707	\$ 1,763,340	\$ 258,367
E-911	520,058	522,343	431,843	90,500
Emergency services council	544,689	625,678	626,106	(428)
Emergency services	493,171	506,264	501,685	4,579
T.J. EMS Council	10,000	10,000	10,000	-
Fire protection	156,000	156,000	156,000	-
Paid EMS	859,437	869,437	834,400	35,037
Forestry service	20,986	20,986	20,986	-

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Law enforcement and traffic control: (Continued)				
Regional jail services	\$ 789,325	\$ 789,325	\$ 781,105	\$ 8,220
Building inspector	293,543	297,160	282,854	14,306
Animal control	253,329	256,063	242,888	13,175
Coronavirus relief fund	1,000,000	2,334,286	2,324,834	9,452
Humane Society of Nelson County	7,500	7,500	7,500	-
OAR/Jefferson Area Community Corrections	5,602	5,602	5,602	-
Medical examiner	160	220	200	20
Total law enforcement and traffic control	<u>\$ 6,677,547</u>	<u>\$ 8,422,571</u>	<u>\$ 7,989,343</u>	<u>\$ 433,228</u>
Total public safety	<u>\$ 6,677,547</u>	<u>\$ 8,422,571</u>	<u>\$ 7,989,343</u>	<u>\$ 433,228</u>
Public works:				
CARES act utility assistance	\$ -	\$ 77,950	\$ 63,655	\$ 14,295
Maintenance of highways, streets, bridges and sidewalks:				
Automotive/motor pool	\$ 157,000	\$ 272,527	\$ 278,707	\$ (6,180)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 157,000</u>	<u>\$ 272,527</u>	<u>\$ 278,707</u>	<u>\$ (6,180)</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,097,596	\$ 1,153,757	\$ 1,119,337	\$ 34,420
Total sanitation and waste removal	<u>\$ 1,097,596</u>	<u>\$ 1,153,757</u>	<u>\$ 1,119,337</u>	<u>\$ 34,420</u>
Maintenance of general buildings and grounds:				
General properties	\$ 761,142	\$ 762,812	\$ 716,490	\$ 46,322
Total maintenance of general buildings and grounds	<u>\$ 761,142</u>	<u>\$ 762,812</u>	<u>\$ 716,490</u>	<u>\$ 46,322</u>
Total public works	<u>\$ 2,015,738</u>	<u>\$ 2,267,046</u>	<u>\$ 2,178,189</u>	<u>\$ 88,857</u>
Health and welfare:				
Health:				
Health department	\$ 291,644	\$ 291,644	\$ 291,644	\$ -
Total health	<u>\$ 291,644</u>	<u>\$ 291,644</u>	<u>\$ 291,644</u>	<u>\$ -</u>
Mental health and mental retardation:				
Region Ten community services board	\$ 100,586	\$ 100,586	\$ 100,586	\$ -
Total mental health and mental retardation	<u>\$ 100,586</u>	<u>\$ 100,586</u>	<u>\$ 100,586</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Public assistance and administration	\$ 1,632,740	\$ 1,632,740	\$ 1,703,859	\$ (71,119)
MACAA	31,410	31,410	31,410	-
Senior center meals	20,621	20,621	20,621	-
At risk youth program	1,663,059	1,765,227	1,589,370	175,857
Shelter for help	8,160	8,160	8,160	-
JAUNT	67,176	67,176	67,176	-
JABA	101,500	101,500	101,500	-
Sexual assault resource agency	1,000	1,000	1,000	-
CASA of Central Virginia	3,500	3,500	3,500	-
Tax relief for the elderly	-	-	207,131	(207,131)
Total welfare	<u>\$ 3,529,166</u>	<u>\$ 3,631,334</u>	<u>\$ 3,733,727</u>	<u>\$ (102,393)</u>
Total health and welfare	<u>\$ 3,921,396</u>	<u>\$ 4,023,564</u>	<u>\$ 4,125,957</u>	<u>\$ (102,393)</u>
Education:				
Other instructional costs:				
Community College	\$ 1,760	\$ 1,760	\$ 1,760	\$ -
Appropriation to public school system	15,594,822	16,536,368	14,598,046	1,938,322
Total education	<u>\$ 15,596,582</u>	<u>\$ 16,538,128</u>	<u>\$ 14,599,806</u>	<u>\$ 1,938,322</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 253,906	\$ 261,842	\$ 220,455	\$ 41,387
Total parks and recreation	<u>\$ 253,906</u>	<u>\$ 261,842</u>	<u>\$ 220,455</u>	<u>\$ 41,387</u>
Cultural enrichment:				
Wintergreen Performing Arts	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Total cultural enrichment	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
Library:				
Regional library	\$ 301,808	\$ 301,808	\$ 301,748	\$ 60
Total library	<u>\$ 301,808</u>	<u>\$ 301,808</u>	<u>\$ 301,748</u>	<u>\$ 60</u>
Total parks, recreation, and cultural	<u>\$ 564,714</u>	<u>\$ 572,650</u>	<u>\$ 531,203</u>	<u>\$ 41,447</u>
Community development:				
Planning and community development:				
Planning	\$ 161,071	\$ 174,304	\$ 162,636	\$ 11,668
Community development	303,921	327,804	306,167	21,637
Thomas Jefferson Planning District Commission	17,435	17,435	17,435	-
Virginia Institute of Government	1,000	1,000	1,000	-
Colleen water/sewer subsidy	80,000	80,000	50,000	30,000
Community Investment Collaborative	4,000	4,000	4,000	-
Anti-litter program	-	5,828	-	5,828
Nelson County Economic Development Authority	3,100	3,100	3,100	-
Central Virginia Partnership for Economic Development	10,000	10,000	10,000	-
Nelson County Community Development Foundation	55,729	55,729	55,729	-
Total planning and community development	<u>\$ 636,256</u>	<u>\$ 679,200</u>	<u>\$ 610,067</u>	<u>\$ 69,133</u>



Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water district	\$ 33,075	\$ 33,075	\$ 33,075	\$ -
Total environmental management	<u>\$ 33,075</u>	<u>\$ 33,075</u>	<u>\$ 33,075</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 70,584	\$ 70,584	\$ 14,614	\$ 55,970
Total cooperative extension program	<u>\$ 70,584</u>	<u>\$ 70,584</u>	<u>\$ 14,614</u>	<u>\$ 55,970</u>
Total community development	<u>\$ 739,915</u>	<u>\$ 782,859</u>	<u>\$ 657,756</u>	<u>\$ 125,103</u>
Nondepartmental:				
Refunds	\$ 45,314	\$ 102,917	\$ 50,673	\$ 52,244
Reserve for contingency	697,085	718,005	630,220	87,785
Other nondepartmental	236,231	124,258	39,051	85,207
Total nondepartmental	<u>\$ 978,630</u>	<u>\$ 945,180</u>	<u>\$ 719,944</u>	<u>\$ 225,236</u>
Capital projects:				
Blue Ridge Tunnel (TEA-21)	\$ -	\$ 684,823	\$ 345,307	\$ 339,516
Emergency services vehicles	312,794	441,250	441,250	-
E911 equipment	-	75,000	-	75,000
Library expansion	-	118,328	4,141	114,187
Other capital projects	792,005	872,006	430,596	441,410
Total capital projects	<u>\$ 1,104,799</u>	<u>\$ 2,191,407</u>	<u>\$ 1,221,294</u>	<u>\$ 970,113</u>
Total General Fund	<u>\$ 34,682,430</u>	<u>\$ 39,055,025</u>	<u>\$ 35,208,359</u>	<u>\$ 3,846,666</u>
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 2,455,000	\$ 2,455,000	\$ 7,845,000	\$ (5,390,000)
Interest and other fiscal charges	721,552	721,552	812,104	(90,552)
Total Debt Service Fund	<u>\$ 3,176,552</u>	<u>\$ 3,176,552</u>	<u>\$ 8,657,104</u>	<u>\$ (5,480,552)</u>
<b>Capital Projects Fund:</b>				
Capital projects:				
Contingencies	\$ 705,251	\$ 705,251	\$ -	\$ 705,251
Total capital projects	<u>\$ 705,251</u>	<u>\$ 705,251</u>	<u>\$ -</u>	<u>\$ 705,251</u>
Total Capital Projects Fund	<u>\$ 705,251</u>	<u>\$ 705,251</u>	<u>\$ -</u>	<u>\$ 705,251</u>
Total Primary Government	<u>\$ 38,564,233</u>	<u>\$ 42,936,828</u>	<u>\$ 43,865,463</u>	<u>\$ (928,635)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Instructional costs	\$ 18,520,003	\$ 18,570,287	\$ 17,536,118	\$ 1,034,169
Total instruction costs	<u>\$ 18,520,003</u>	<u>\$ 18,570,287</u>	<u>\$ 17,536,118</u>	<u>\$ 1,034,169</u>
Operating costs:				
Administration, attendance and health services	\$ 1,221,275	\$ 1,221,275	\$ 1,257,184	\$ (35,909)
Pupil transportation	2,590,407	2,802,277	1,999,540	802,737
Operation and maintenance of school plant	2,765,302	3,493,582	3,033,104	460,478
School food	1,483,450	1,535,795	1,031,869	503,926
Facilities	-	-	159,281	(159,281)
Technology	1,254,742	1,785,252	1,426,903	358,349
Total operating costs	<u>\$ 9,315,176</u>	<u>\$ 10,838,181</u>	<u>\$ 8,907,881</u>	<u>\$ 1,930,300</u>
Total education	<u>\$ 27,835,179</u>	<u>\$ 29,408,468</u>	<u>\$ 26,443,999</u>	<u>\$ 2,964,469</u>
Debt service:				
Principal retirement	\$ 147,888	\$ 147,888	\$ 147,888	\$ -
Interest and other fiscal charges	27,805	27,805	27,985	(180)
Total debt service	<u>\$ 175,693</u>	<u>\$ 175,693</u>	<u>\$ 175,873</u>	<u>\$ (180)</u>
Total School Operating Fund	<u><u>\$ 28,010,872</u></u>	<u><u>\$ 29,584,161</u></u>	<u><u>\$ 26,619,872</u></u>	<u><u>\$ 2,964,289</u></u>

## **Statistical Information**

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
	Government Administration	Judicial Administration									
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	
2016	1,949,333	717,437	5,158,634	1,982,740	2,684,740	16,010,197	574,628	762,775	964,793	30,805,277	
2017	2,195,124	759,914	5,427,281	2,131,248	2,961,759	17,177,335	587,648	818,106	804,949	32,863,364	
2018	2,380,593	952,178	5,547,471	1,860,789	3,520,080	17,422,795	613,334	765,642	704,490	33,767,372	
2019	2,285,005	770,841	6,050,356	1,326,860	3,536,192	16,385,204	674,601	823,167	661,937	32,514,163	
2020	3,117,491	996,430	6,411,572	2,212,255	3,956,898	16,108,123	569,528	801,084	618,473	34,791,854	
2021	2,813,274	1,088,257	8,819,205	2,292,566	4,143,436	16,182,973	660,283	735,980	609,126	37,345,100	

(1) Primary Government's Governmental Activities only

COUNTY OF NELSON, VIRGINIA

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Use of Money and Property	Miscellaneous	Contributions Not Restricted to Specific Programs	Grants and Contributions			
										General Property Taxes	Other Local Taxes	
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			
2015	934,970	2,868,264	753,001	22,191,371	4,256,941	59,213	71,605	2,412,973	33,548,338			
2016	744,739	3,080,455	201,490	22,900,404	4,167,376	166,633	131,388	2,398,629	33,791,114			
2017	745,516	3,464,684	19,985	22,941,866	4,432,849	170,882	90,549	2,406,195	34,272,526			
2018	667,084	3,733,082	-	23,087,057	4,827,998	294,101	118,390	2,285,266	35,012,978			
2019	584,651	4,270,101	2,135,054	23,273,910	4,723,968	426,877	132,489	2,344,744	37,891,794			
2020	580,106	4,316,931	2,439,506	21,452,989	4,680,575	528,397	314,843	2,336,964	36,650,311			
2021	759,324	7,601,859	290,845	23,958,585	5,841,886	57,295	173,874	2,296,344	40,980,012			

(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
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									
2016	22,605,217	4,167,376	220,105	269,649	166,667	698,989	421,705	834,401	16,102,394	45,486,503									
2017	22,965,908	4,432,849	225,659	247,923	170,928	703,956	378,337	953,802	16,115,152	46,194,514									
2018	23,016,862	4,827,998	216,790	181,025	2,021,353 (2)	666,479	372,240	931,700	16,126,930	48,361,377									
2019	23,048,894	4,723,968	200,533	104,541	426,979	664,440	309,036	964,718	19,572,037	50,015,146									
2020	21,596,875	4,680,575	225,841	88,571	528,485	595,260	493,537	793,944	19,842,979	48,846,067									
2021	23,740,313	5,841,886	377,629	106,860	57,417	280,238	455,668	992,164	21,573,440	53,425,615									

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

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

COUNTY OF NELSON, VIRGINIA

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

Fiscal Year	General Administration	Judicial Administration	Public		Health and Welfare	Education (2)	Recreation and Cultural	Community Development	Nondepartmental	Capital		Debt Service	Total
			Safety	Works						Projects	Service		
2012	\$ 1,684,480	\$ 692,589	\$ 3,902,854	\$ 1,701,133	\$ 2,326,951	\$ 23,717,607	\$ 448,611	\$ 941,321	\$ 62,459	\$ 3,011,998	\$ 4,083,263	\$ 42,573,266	
2013	1,885,620	733,316	4,452,145	1,766,078	2,446,824	23,920,947	465,924	1,502,758	87,166	1,463,724	3,429,231	42,153,733	
2014	1,721,530	757,806	4,838,651	2,057,624	2,517,465	25,079,440	459,772	789,983	65,419	2,593,285	3,309,774	44,190,749	
2015	1,633,671	731,991	4,715,943	1,835,938	2,502,319	25,064,722	468,588	771,534	84,208	2,368,313	3,407,600	43,584,827	
2016	1,669,590	749,324	4,956,762	1,809,476	2,780,209	25,579,745	474,866	818,236	69,951	3,700,404	3,563,805	46,172,368	
2017	1,844,773	766,410	5,002,511	1,901,844	3,060,817	26,661,744	492,716	839,124	66,313	3,175,469	3,732,658	47,544,379	
2018	1,983,869	773,494	5,051,737	2,016,664	3,604,945	26,831,217	523,582	775,489	71,278	1,123,135	3,376,685	46,132,095	
2019	1,938,766	795,823	5,298,773	2,034,512	3,655,624	26,718,978	515,938	829,821	92,690	3,920,663	3,365,701	49,167,289	
2020	1,875,480	947,585	5,601,536	2,022,659	3,979,752	25,857,090	512,077	728,944	1,134,105	5,112,880	3,350,370	51,122,478	
2021	2,168,581	1,016,286	7,989,343	2,178,189	4,125,957	26,445,759	531,203	657,756	719,944	1,221,294	8,832,977	55,887,289	

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

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

COUNTY OF NELSON, VIRGINIA

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1) (2)		Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)		Percent of Delinquent Taxes to Tax Levy	
	Tax Levy												
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%
2016		23,434,201	23,040,817	98.32%		916,054		23,956,871	102.23%		2,254,765		9.62%
2017		23,774,405	23,375,376	98.32%		944,757		24,320,133	102.30%		2,452,150		10.31%
2018		23,957,389	23,373,470	97.56%		990,656		24,364,126	101.70%		2,438,968		10.18%
2019		24,201,337	23,506,336	97.13%		941,922		24,448,258	101.02%		2,577,549		10.65%
2020	(3)	22,580,929	21,939,361	97.16%		1,046,092		22,985,453	101.79%		2,408,348		10.67%
2021		24,914,698	24,246,438	97.32%		859,591		25,106,029	100.77%		2,408,348		9.67%

- (1) Exclusive of penalties and interest.
- (2) Real estate taxes are collected in installments. The due date of the first half installment is June 5. The tax levy includes the second half of the prior year and first half of the current year real estate tax levies.
- (3) In fiscal year 2020, the first half of the 2020 personal property taxes and machinery and tools taxes were forgiven in the amount of \$2,051,542.



COUNTY OF NELSON, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Public Utility	Total
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
2016	2,454,837,405	150,643,025	4,552,937	1,841,760	80,041,583	2,691,916,710
2017	2,471,704,199	152,783,120	4,515,700	3,778,757	109,287,296	2,742,069,072
2018	2,465,471,934	157,853,731	4,573,430	5,628,496	112,550,419	2,746,078,010
2019	2,462,132,877	162,744,378	4,631,543	7,015,142	122,074,091	2,758,598,031
2020	2,480,933,184	166,691,512	4,634,964	7,001,602	125,563,949	2,784,825,211
2021	2,504,933,598	174,837,503	4,680,524	6,976,714	135,752,340	2,827,180,679

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	
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
2016	0.72	3.45	0.72		1.25
2017	0.72	3.45	0.72		1.25
2018	0.72	3.45	0.72		1.25
2019	0.72	3.45	0.72		1.25
2020	0.72	3.45	0.72		1.25
2021	0.72	3.45	0.72		1.25

(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
				Service Monies Available	Debt		Debt to Assessed Value	Debt per Capita	
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		
2016	14,789	2,691,916,710	27,839,133	-	27,839,133	1.03%	1,882		
2017	14,789	2,742,069,072	25,064,070	-	25,064,070	0.91%	1,695		
2018	14,789	2,746,078,010	22,554,995	-	22,554,995	0.82%	1,525		
2019	14,943	2,758,598,031	22,329,658	-	22,329,658	0.81%	1,494		
2020	14,930	2,784,825,211	19,748,849	-	19,748,849	0.71%	1,323		
2021	14,775	2,827,180,679	17,205,364	-	17,205,364	0.61%	1,164		

(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
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%
2016	2,387,989	1,175,816	3,563,805	46,172,368	7.72%
2017	2,663,874	1,068,784	3,732,658	47,544,379	7.85%
2018	2,425,311	951,374	3,376,685	46,132,095	7.32%
2019	2,461,868	903,833	3,365,701	49,167,289	6.85%
2020	2,494,718	855,652	3,350,370	51,122,478	6.55%
2021	7,992,888	840,089	8,832,977	55,887,289	15.80%

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

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

## Compliance





**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Nelson, Virginia, as of and for the year ended June 30, 2021 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 December 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of Nelson, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Nelson, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Nelson, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 15, 2021





**Independent Auditors' Report on Compliance For Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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To the Honorable Members of the Board of Supervisors  
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 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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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, 2021.

## 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 15, 2021

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed- through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Direct Payments:				
COVID-19 - Provider Relief Fund	93.498	N/A	\$ -	\$ 22,138
Pass Through Payments:				
Virginia Department of Education:				
Temporary Assistance for Needy Families	93.558	Not Available	-	9,685
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400109/0400110	-	113,938
Total 93.558			\$ -	\$ 123,623
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	\$ -	\$ 1,174
Refugee and Entrant Assistance - State/Replacement Designee				
Administered Programs	93.566	0500109/0500110	-	274
Low Income Home Energy Assistance	93.568	0600409/0600410	-	18,937
Child Care and Development Block Grant (CCDF Cluster)				
Child Care Mandatory and Matching Funds of the	93.575	0770109/0770110	\$ -	\$ (241)
Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	-	23,951
Total CCDF Cluster			\$ -	\$ 23,710
Chafee Education and Training Vouchers Program (ETV)	93.599	9160116	\$ -	\$ 8,031
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	-	55
Foster Care - Title IV-E	93.658	1100109/1100110	-	296,842
Adoption Assistance	93.659	1120109/1120110	-	78,636
Social Services Block Grant	93.667	1000109/1000110	-	99,003
John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	9150108/9150109/9150110	-	1,940
Children's Health Insurance Program	93.767	0540109/0540110	-	1,586
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	120,668
Total Department of Health and Human Services			\$ -	\$ 796,617
Department of Agriculture:				
Pass Through Payments:				
Department of Education:				
Child Nutrition Cluster:				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	201818N109941	\$ -	\$ 770,243
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	201818N109941	-	97,189
Total 10.559			\$ -	\$ 867,432
COVID-19 - School Breakfast Program (Child Nutrition Cluster)	10.553	201717N109941/201818N109941	\$ -	\$ 7,516
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ -	\$ 742
COVID-19 - National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	-	33,733
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	-	70,333
Total 10.555			\$ -	\$ 104,808
Total Child Nutrition Cluster			\$ -	\$ 979,756

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed- through to Subrecipients	Federal Expenditures
Department of Agriculture: (Continued)				
Schools and Roads - Grants to States (Forest Service Schools and Roads Cluster)	10.665	10.665	\$ -	\$ 3,864
Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110/0040109/0040110	-	162,339
Total Department of Agriculture			\$ -	\$ 1,145,959
Department of Homeland Security: Pass Through Payments: Department of Emergency Services: Emergency Management Performance Grants	97.042	Not Available	\$ -	\$ 5,265
Total Department of Homeland Security			\$ -	\$ 5,265
Department of Housing and Urban Development: Pass Through Payments: Virginia Department of Housing and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not Available	\$ -	\$ 18,568
Total Department of Housing and Urban Development			\$ -	\$ 18,568
Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Crime Victims Assistance	16.575	17VAGX0018/18VAGX0011/18V2GX0011	\$ -	\$ 38,831
Total Department of Justice - pass-through			\$ -	\$ 38,831
Total Department of Justice			\$ -	\$ 38,831
Department of Treasury: Pass Through Payments: Virginia Department of Accounts: COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 325,000	\$ 2,897,940
Virginia Department of Education: COVID-19 - Coronavirus Relief Fund	21.019	SLT0218	-	264,215
Total 21.019			\$ 325,000	\$ 3,162,155
Total Department of Treasury			\$ 325,000	\$ 3,162,155
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	154AL2050121/154AL2151018	\$ -	\$ 10,600
Department of Transportation: Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	Not Available	\$ -	\$ 290,845
Total Highway Planning and Construction Cluster			\$ -	\$ 290,845
Total Department of Transportation			\$ -	\$ 301,445

COUNTY OF NELSON, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed- through to Subrecipients	Federal Expenditures
Election Assistance Commission:				
Pass Through Payments:				
Virginia Election Commission:				
COVID-19 HAVA Election Security Grants	90.404	Not Available	\$ -	\$ 50,313
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ -	\$ 505,382
Special Education -- Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	-	362,401
Special Education -- Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	-	13,161
Total Special Education Cluster			\$ -	\$ 375,562
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	-	46,153
Rural Education	84.358	Not Available	-	6,795
English Language Acquisition State Grants	84.365	T365A120046/S365A130046	-	4,634
Supporting Effective Instruction State Grants	84.367	S367A120044/S367A130044	-	81,262
Student Support and Academic Enrichment Program	84.424	Not Available	-	43,005
COVID-19 Elementary and Secondary School Emergency Relief FundEducati	84.425D	S425D200008	-	105,751
Total Department of Education			\$ -	\$ 1,168,544
Total Expenditures of Federal Awards			\$ 325,000	\$ 6,687,697

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, 2021

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Nelson, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Nelson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Nelson, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund \$ 4,311,495

Total primary government \$ 4,311,495

Component Unit School Board:

School Operating Fund \$ 2,426,064

Total component unit school board \$ 2,426,064

Add Provider Relief Funds reported on the prior year Schedule of Expenditures of Federal Awards \$ 22,138

Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards (72,000)

Total federal expenditures per basic financial statements \$ 6,687,697

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 6,687,697

Note 7 - Provider Relief Funds

For fiscal years ended (FYE) on or before June 29, 2021, no Provider Relief Fund (PRF) expenditures (including lost revenue) should have been reported on the SEFA. Due to guidance available when the FYE 2020 report was issued, the entity reported \$22,138 of PRF expenditures on the FYE 2020 SEFA with no significant impact on the SEFA. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for Period 1, as specified by HHS.

COUNTY OF NELSON, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? No

    Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

    Material weaknesses identified? No

    Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance  
for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19-Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**COUNTY OF NELSON, VIRGINIA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021

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There were no findings reported for the year ended June 30, 2020.