COUNTY OF MADISON, VIRGINIA FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2019

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DIRECTORY OF PRINCIPAL OFFICIALS FISCAL YEAR ENDED JUNE 30, 2019

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Madison, Virginia, as of and for the year ended Financial June 30, 2019, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, Virginia, as of June 30, 2019, and the respective changes in financial position 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 21 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Borrowing Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding on pages 4-12 and 96-113 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 Madison, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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, 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*

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the County of Madison, 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 Madison, 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 Madison, Virginia's internal control over financial reporting and compliance.

Charlottesville, Virginia December 27, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Madison, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019.

Financial Highlights

Government-wide Financial Statements

Total net position for Madison County's governmental activities as of June 30, 2019 was \$27.012 million, which represents an increase of \$1.404 million from the previous year. This increase was due to an excess of revenues over expenses for fiscal 2019.

Unrestricted cash and cash equivalents were \$15.764 million as of June 30, 2019, which represents an increase of \$2.155 million from the previous year.

Fund Financial Statements

For the fiscal year ended June 30, 2019, the governmental funds had a combined fund balance of \$16.851 million, which included an increase of \$1.887 million from the balance at the end of the previous fiscal year.

The \$1.887 million increase in governmental fund balance was comprised of \$2.013 million increase in general fund balance and a decrease of approximately \$126,000 in capital improvement fund balance. The decrease in the capital improvement fund was due primarily to a transfer of restricted funds to the General Fund, which was then used to partially pay debt service on the VACO/VML Public Improvement Refunding Bond.

The increase in general fund balance of approximately \$2.013 million included increases in assigned fund balance of \$1.077 million for the fiscal 2020 opening balance appropriation, an increase of approximately \$479,000 for a reserve to support the operations of the Emergency Medical Services Department (EMS), and an increase of approximately \$842,000 in unassigned fund balance. These increases were partially offset by decreases in amounts assigned for capital projects.

The County's General Fund was approximately \$3.386 million favorable to final amended budget for fiscal 2019.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* (Exhibits 1 and 2) are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* (Exhibit 1) presents information on all of the County's assets, deferred outflow of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, 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* (Exhibit 2) presents how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses in this statement are reported for some items that will result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave.)

The statement of activities is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. This statement presents expenses before revenues, emphasizing that in governments, revenues are generated for the express purpose of providing services.

In the government-wide financial statements, the County's activities are divided into two categories:

<u>Governmental activities</u>: The functions of the County are reported here, and include general government; judicial administration; public safety; public works; health and welfare; education; parks, recreation, and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants.

<u>Component units</u>: The County has three component units: the Madison County School Board and the Madison County Parks and Recreation Authority, and the Madison County Industrial Development Authority. Only the Madison County School Board has been included in this analysis, due to the material nature of its relationship to the County as a whole. Although legally separate, the discretely presented component units are important because the County is financially accountable for them. A primary government is accountable for an organization if the primary government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funds for its operations. Additional information on the component units can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

These statements focus in individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. Funds are used to ensure compliance with finance-related legal requirements and keep track of specific sources of revenue and expenditures for particular purposes. The County has two kinds of funds: governmental funds and fiduciary funds.

<u>Governmental funds</u> are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluation of the County's near-term financing requirements. In particular, *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.

Fund balances are the differences between assets and liabilities in governmental funds.

- Nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grantors or bondholders, as well as amounts that restricted through enabling legislation.

Overview of the Financial Statements: (Continued)

Fund Financial Statements: (Continued)

- Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision making authority.
- Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental funds other than the general fund.
- Unassigned fund balance includes all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental funds.

At the end of the current fiscal year, the County's total governmental funds reported an ending fund balance of \$16,851,474.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41.5% of total general fund expenditures, while total general fund balance represents 62.4% of that same amount.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. 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.

The County maintains two individual governmental funds: the General Fund and the Capital Projects Fund. Both funds are considered to be major funds. Data for each fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund (Exhibit 7) and for the Capital Projects Fund (Exhibit 25) to demonstrate compliance with this budget.

<u>Fiduciary funds</u> are used to account for assets held by the County in a trustee capacity (Trust Fund) or an agent or custodian for individuals, private organizations, other governmental units, or other funds (Agency Fund). The County maintains one fiduciary fund, the Special Welfare Fund, which is an Agency Fund. The Fund is accounted for in a separate statement of changes in assets and liabilities (Exhibit 26). The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Overview of the Financial Statements: (Continued)

Other Information

In addition to the basic financial statement and accompanying notes, this report also presents certain required supplemental information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units School Board. The School Board does not issue separate financial statements.

In addition, required supplementary information is included regarding the County's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

Statement of Net Position

The following table reflects condensed information on the County's Net Position as of June 30, 2019 and 2018

Summary of Net Position (\$ in thousands)

(\$ III triousarius)										
	_	Primary G	ove	rnment		Compo	nen	t Units		
	_	Govern	nme	ntal		School				
		Activities				В	oar	d		
	_	2019		2018		2019		2018		
Current assets and other assets	\$	24,289	\$	22,207	\$	2,713	\$	2,670		
Capital assets (net)		20,829		22,625		8,723		8,501		
Total Assets	\$	45,118	\$	44,832	\$	11,436	\$	11,171		
Total Deferred Outflows	\$	543	\$	536	\$	2,129	\$	2,189		
Long term liabilities	\$	9,783	\$	11,578	\$	18,807	\$	19,513		
Other liabilities		2,072		2,068		1,531		1,570		
Total Liabilities	\$	11,855	\$	13,646	\$	20,338	\$	21,083		
Total Deferred Inflows of Resources	\$	6,794	\$	6,114	\$	2,270	\$	2,601		
Net Position:										
Net investment in capital assets	\$	11,444	\$	12,107	\$	8,723	\$	8,501		
Restricted		219		227		53		55		
Unrestricted		15,349		13,274		(17,819)		(18,880)		
Total Net Position	\$	27,012	\$	25,608	\$	(9,043)	\$	(10,324)		

Total net position for Madison County's governmental activities as of June 30, 2019 was \$27.012 million, which represents an increase of \$1.404 million from the previous year.

Total net position for the Madison County School Board was \$(9.043) million as of June 30, 2019; this amount represents an increase of approximately \$1.281 million from the previous year.

The increases in net position for Madison County's governmental activities and School Board reflect the amounts by which revenues exceeded expenses in fiscal 2019 for each reporting unit.

Government-wide Financial Analysis: (Continued)

Statement of Activities

The following table presents summary information for the Change in Net Position for the years ended June 30, 2019 and 2018.

Summary of Changes in Net Position (\$ in thousands)

		Primary	Gove	ernment		Compo	nent	Units
	-	Gove		-		hoo		
	_	Activities				В	Board	
		2019		2018		2019		2018
<u>REVENUES</u>					_			
Program Revenues:								
Charges for services	\$	988	\$	908	\$	262	\$	334
Operating grants & contributions		4,995		4,843		11,092		11,336
General revenues:								
General property taxes		16,438		15,727		-		-
Other local taxes		2,909		2,754		-		-
Use of money & property		240		164		2		2
Miscellaneous		725		350		922		737
Grants & contributions not								
restricted to specific programs		1,668		1,710		-		-
Contribution from County	_	-	_	-	_	9,865		9,785
Total revenues	\$_	27,963	. \$ _	26,456	. \$ _	22,143	\$_	22,194
<u>EXPENSES</u>								
General government		1,557		1,380		-		-
Judicial administration		1,193		1,250		-		-
Public safety		6,475		5,857		-		-
Public works		1,109		936		-		-
Health and welfare		4,838		4,684		-		-
Education		10,079		10,025		20,862		20,930
Parks & Rec		528		435		-		-
Community Development		550		634		-		-
Interest on long-term debt		230	_	276		-		-
Total expenses	\$	26,559	\$	25,477	\$	20,862	\$	20,930
Change in net position	\$	1,404	\$	979	\$	1,281	\$	1,264
Net position - beginning		25,608		24,629		(10,324)		(11,588)
Net position - ending	\$	27,012	\$	25,608	\$	(9,043)	\$ _	(10,324)

The change in net position for Madison County's governmental activities for fiscal 2019 was approximately \$1.404 million. This reflects an increase of \$425,000 from the previous year. The increase from the previous year is the result of an increase of approximately \$1.507 million in revenues offset by an increase of approximately \$1.082 million in expenses relative to fiscal 2018.

The increase in fiscal 2019 revenues for governmental activities was primarily due to an increase of approximately \$710,000 in general property taxes, an increase of approximately \$374,000 in miscellaneous revenue, an increase of approximately \$374,000 in miscellaneous revenue, and an increase of approximately \$152,000 in operating grants and contributions.

Government-wide Financial Analysis: (Continued)

The increase in general property taxes realized in fiscal 2019 was primarily due to a real estate property tax rate increase effective for the collection of the first half of 2019 real estate taxes assessed.

The increase in miscellaneous revenues realized in fiscal 2019 relative to the prior year was due to the receipt of approximately \$453,000 for the sale of timber located on County property.

The increase in local taxes realized in fiscal 2019 relative to the prior year was due to moderate increases in almost all types of taxes comprising this total.

The increase in operating grants and contributions in fiscal 2019 relative to the prior year was primarily due to increased reimbursements for programs administered by the County's Department of Social Services (DSS).

The increase in fiscal 2019 expenses for governmental activities was primarily due to an increase of approximately \$617,000 in public safety expenses, an increase of approximately \$176,000 in general government expenses, an increase of approximately \$154,000 in health and welfare expenses, and an increase of approximately \$92,000 for parks and recreation expenses.

The increase in public safety expenses in fiscal 2019 relative to the prior year was primarily due to an increase of \$137,000 in Sheriff department expenses, an increase of approximately \$325,000 in EMS expenses, an increase of approximately \$150,000 in amounts paid to the Central Virginia Regional Jail, and an increase of approximately \$105,000 in amounts paid to the Rappahannock Juvenile Detention Center (RJDC).

The increase in fiscal 2019 expenses for the Sheriff and EMS departments was primarily related to increases in compensation rates, as well as costs associated with additional staffing. Significant amounts of additional staffing were required for EMS in 2019 to provide adequate coverage for incoming calls.

The increase in general government expenses in fiscal 2019 relative to the prior year were primarily due to increases for the 2019 reassessment, as well as additional costs incurred for consulting services for a compensation study and for an information technology assessment.

The increase in the amounts paid to CVRJ was primarily due to an increase in inmate medical expenses.

The increase in the amounts paid to RJDC was due to increased occupancy of the facility by Madison County residents.

The increase in public health and welfare expenses in fiscal 2019 relative to the prior year was primarily due to programs administered through DSS, including additional staffing to facilitate Medicaid Expansion, and additional payments made for adoption assistance.

The increase in parks and recreation expenses for fiscal 2019 relative to the prior year was due to increased contributions made by the County to the Parks and Recreation Authority to cover additional operating expenses, including the costs associated with hiring an additional full time employee.

The change in net position for the Madison County School Board for fiscal 2019 was approximately \$1.281 million, which represents an increase of approximately \$17,000 from the previous year. Total revenues and total expenses were relatively stable between fiscal 2019 and fiscal 2018 for the School Board.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2019, the governmental funds reflect a combined fund balance of \$16.851 million, which reflects an increase of approximately \$1.887 million from the balance at the end of the previous fiscal year.

The \$1.887 million increase in governmental fund balance was comprised of \$2.013 million increase in general fund balance and a decrease of approximately \$126,000 in the capital improvement fund balance. The decrease in the Capital Improvement Fund was due primarily to a transfer of restricted funds to the General Fund, was then used to partially pay debt service on the VACO/VML Public Improvement Refunding Bond.

The increase in general fund balance of approximately \$2.013 million included increases in assigned fund balance of \$1.077 million for the fiscal 2020 opening balance appropriation, an increase of approximately \$479,000 for a reserve to support the operations of the Emergency Medical Services Department (EMS), and an increase of approximately \$842,000 in unassigned fund balance. These increases were partially offset by decreases in amounts assigned for capital projects.

Total revenues in governmental funds for fiscal 2019 were approximately \$28.341 million, reflecting an increase of approximately \$2.059 million from the previous year.

Total expenditures in governmental funds for fiscal 2019 were approximately \$26.454 million. Total expenditures in governmental funds, net of proceeds from the refinancing of long-term debt, for fiscal 2018 were approximately \$25.367 million. The net change in governmental fund expenditures between 2019 and 2018, after consideration of the refinancing, was an increase of approximately \$1.086 million.

The change in total revenues and expenditures in governmental funds was primarily due to the same factors described in the government wide financial analysis.

General Fund Budgetary Highlights

The following table presents budgeted and actual revenues and expenditures for the General Fund for fiscal 2019:

General Fund Summary Budgetary Information Year Ended June 30, 2019 (\$ in thousands)

		Original Budget	Amended Budget	Actual
Revenues	\$	\$	\$	
Taxes		18,089,250	18,089,250	19,725,254
Intergovernmental		7,579,037	7,660,255	6,663,121
Other	_	1,212,903	1,582,019	1,952,978
Total		26,881,190	27,331,524	28,341,353
Expenditures and transfers	_	27,600,000	28,704,402	26,328,717
Change in fund balance	\$	(718,810)	(1,372,878)	2,012,636

General Fund Budgetary Highlights: (Continued)

General fund budget amendments resulted in an increase of approximately \$1.104 million between the original budget and the final budget.

Significant additional appropriations included the following (rounded to the nearest thousand):

- \$159,170 for prior year encumbrances
- \$152,995 for school capital outlays
- \$150,806 to increase funding for school operations due to state funding shortfall
- \$323,231 for increased operating expenses in EMS department

At the end of fiscal 2019, the County's General Fund was approximately \$3.386 million favorable to final amended budget. This was primarily due to favorable variances of \$1.636 million in tax revenues, \$448,000 in education expenditures, and \$298,000 in appropriated funds at year-end that were committed but not yet incurred.

The favorable variance in 2019 tax revenues relative to budget was primarily due to a real estate tax rate increase effective for the first half of 2019 taxes, as well as moderate increases recognized in a variety of other local taxes collected.

The favorable variance in education expenditures was primarily due to less than anticipated County contributions to the School Board, due to a favorable variance in operating expenditures at the School Board.

Capital Asset and Debt Administration

Capital Assets

The following table reflects condensed information on the County's capital assets as of June 30, 2019 and 2018.

Capital Asset Summary Information (\$ in thousands)

		Primary G	ον	ernment	Component	Units
	-	Gover	nm	ental	Schoo	I
		Acti	ivit	ies	Board	l
	-	2019		2018	2019	2018
Land	\$	1,419	\$	1,419	\$ 110 \$	110
Construction in progress					17	46
Buildings and improvements		17,235		17,235	6,079	5,992
Equipment		3,745		3,664	5,137	4,862
Jointly owned assets		8,333		9,440	11,728	10,621
Accumulated depreciation		(9,903)		(9,133)	(14,348)	(13,130)
	\$	20,829	\$	22,625	\$ 8,723 \$	8,501

The change in capital assets for governmental activities in fiscal 2019 was a decrease of \$1.796 million. This was comprised of reductions for \$1.09 million in depreciation charges, approximately \$883,000 in asset transfers from the County to its component units, and of an increase of approximately \$177,000 for capital additions. Capital additions for governmental activities primarily consisted of the purchase of vehicles for use by County departments, and certain medical equipment for the EMS department.

Capital Asset and Debt Administration: (Continued)

Long-term debt

The following table reflects condensed information on the County's outstanding loans and bonded indebtedness as of June 30, 2019 and 2018.

Summary of Outstanding Debt (\$ in thousands)

(,	- /					
		Primary Government				
		Governmental Activities				
		2019		2018		
Public Facility Lease Revenue Bond	\$	6,908	\$	7,598		
VACO/VML Public Improvement Refunding Bond		1,754		1,938		
State literary fund loan		620		930		
	\$	9,282	\$	10,466		

Please see Note 8 to the Financial Statements for more information on the County's long-term obligations.

Economic Factors and Next Year's Budgets and Rates

The Madison County unemployment rate decreased from 2.6% in June 2018 to 2.4% in June 2019. This compares favorably to the 2.9% state and 3.8% national unemployment rates in June 2019.

Madison County's population changed from 13,308 in 2010 to 13,295 in 2018. During that same time frame, the portion of the population that was 65 years old and older increased from 17.5% to 22.3%. Madison County's population is slightly declining and becoming older.

Madison County did not have significant capital spending in FY19, but efforts are underway to understand and address the issues of aging infrastructure and improving the capital plant. The FY20 Capital Budget contains \$3,517,388 in net outlays.

Of the County's 209,280 acres (327 square miles), 106,991 (51%) is in farmland and 94,015 acres (45%) in forestland. Only about 4% of the County's land mass is used for more intense residential, commercial and industrial purposes. Madison is a rural county.

The Madison County government relies on real estate, personal property and sales taxes for about 80% of locally generated revenue. As typical for rural county with an agribusiness-based economy, these sources are stable but not growing very fast.

The County has a \$0.70/\$100 real estate and \$3.45/\$100 personal property tax rates. This is likely to change in the coming years due to an unchanging tax base, increased operational costs, the need for additional personnel and funding for the capital improvement program that features projects such as replacing the public safety radio system and rehabilitating Madison County Primary School.

For the fiscal year ending June 30, 2020, the total adopted operating budget is \$41,808,989 versus \$39,963,798 in FY19. The FY20 operating budget includes \$1,077,182 in fund balance monies.

Requests for Information

This financial report is designed to provide a general overview of the County of Madison, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, PO Box 705, Madison, Virginia, 22727.



- Basic Financial Statements -

Government-wide Financial Statements

		Primary Government		Component Unit		Component Unit
	_	Governmental Activities		School Board	-	Madison County Parks and Recreation Authority
ASSETS						
Current Assets: Cash and cash equivalents Restricted cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$	15,764,308 115,000	\$	1,461,308	\$	135,531
Property taxes Accounts receivable Inventory		6,843,780 235,945		10,220 27,102		-
Prepaid expenses Due from other governments Due from Component Unit		119,750 891,229 290,551		18,198 404,758		- - -
Total Current Assets	\$	24,260,563	\$	1,921,586	\$	135,531
Noncurrent Assets:	_				-	
Net pension asset Net OPEB asset	\$_ \$_	28,814	\$ \$	790,930	\$ \$	-
Capital assets: Land and construction in progress Buildings and equipment, net of depreciation	\$	1,419,418 19,409,332	\$	127,123 8,595,940	\$	178,043 38,246
Total Capital Assets	\$	20,828,750	\$	8,723,063	\$	216,289
Total Noncurrent Assets	\$_	20,857,564	\$	9,513,993	\$	216,289
Total Assets	\$	45,118,127	\$	11,435,579	\$	351,820
DEFERRED OUTFLOWS OF RESOURCES Pension deferrals OPEB deferrals	\$	472,046 71,149	\$	1,835,099 293,901	\$	-
Total Deferred Outflows of Resources	\$	543,195	\$	2,129,000	\$	_
Total Assets and Deferred Outflows of Resources	\$	45,661,322	\$	13,564,579	\$	351,820
LIABILITIES Current Liabilities:	=		: =		-	
Accounts payable Amounts held for others Deferred grant revenue	\$	549,234 56,783 30,474	\$	178,850	\$	1,925
Accrued liabilities Due to Primary Government Accrued interest payable		- - 129,464		1,020,268 290,551		3,492
Current portion of long-term obligations	_	1,306,485		41,223	_	-
Total Current Liabilities Noncurrent Liabilities:	\$	2,072,440	\$	1,530,892	\$	5,417
Noncurrent portion of long-term obligations	_	9,783,100	-	18,806,852	-	-
Total Liabilities	\$_	11,855,540	\$_	20,337,744	\$_	5,417
DEFERRED INFLOWS OF RESOURCES Deferred revenues - taxes	\$	6,132,355	\$	-	\$	-
OPEB deferrals Pension deferrals		58,629 602,897	_	144,519 2,125,460		
Total deferred inflows of resources	\$_	6,793,881	\$	2,269,979	\$	-
NET POSITION Net investment in capital assets Restricted	\$	11,443,895 219,301	\$	8,723,063 52,969	\$	216,289
Unrestricted		15,348,705		(17,819,176)		130,114
Total Net Position	\$	27,011,901	\$	(9,043,144)	\$	346,403
Total Liabilities, Deferred Inflows of Resources and Net Position	\$	45,661,322	\$	13,564,579	\$	351,820
Total Liabilities, Deferred Inflows of Resources and Net Position	\$_	45,661,322	\$	13,564,579	\$	351,8

						Net (Expense) Revenue and Changes in Net Position	
			Program Revenu	es	Primary Government	Componer	nt Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Board	Madison County Parks and Recreation Authority
PRIMARY GOVERNMENT: Governmental activities: General government administration Judicial administration	\$ 1,556,893 \$ 1,193,398	- \$ 194,726	5 205,980 \$ 456,498	; - ;	\$ (1,350,913) (542,174)	\$ - \$	-
Public safety Public works Health and welfare Education	6,474,917 1,108,676 4,838,295 10,078,642	634,919 158,676	964,820 7,241 3,360,936	-	(4,875,178) (942,759) (1,477,359)	- - -	-
Parks, recreation, and cultural Community development Interest on long-term debt	527,645 550,440 229,642	- - -	- - -	- - -	(10,078,642) (527,645) (550,440) (229,642)	- - -	- - -
Total governmental activities	\$ 26,558,548 \$	988,321	4,995,475		(20,574,752)	\$\$	
COMPONENT UNITS: School Board Madison County Parks and	\$ 20,862,597 \$	262,379 \$	5 11,091,959	; - !	-	\$ (9,508,259) \$	- (222, 100)
Recreation Authority Total component units	418,310 \$ 21,280,907 \$	195,201 457,580 \$	11,091,959			\$ (9,508,259) \$	(223,109)
·		437,300	11,071,737			+ (7,300,237) +	(223,107)
Genera Local sa Consum Motor v Restaur	revenues: I property taxes ales and use tax ners' utility taxes rehicle licenses rant food taxes ocal taxes			\$	16,437,813 1,074,001 354,993 468,604 502,163 508,854	\$ - \$ - - -	- - - -
Unrestr Miscella Grants	ricted revenues fro aneous and contributions	not restricted	, , , ,	rams	239,955 724,702 1,667,646	2,044 921,737 - 9,865,318	59,648 - 240,300
	ution from County general revenues			Ç	21,978,731		
9	n net position tion - beginning			\$	1,403,979 25,607,922	\$ 1,280,840 \$ (10,323,984)	76,839 269,564
Net posi	tion - ending				27,011,901	\$ (9,043,144) \$	346,403

- Basic Financial Statements -

Fund Financial Statements

7tt 3dile 30, 2017						
ACCETO		General		Capital Improvement		
ASSETS	_	Fund		Fund	_	Total
Cash and cash equivalents Receivables (Net of allowance for uncollectibles):	\$	15,416,394	\$	347,914	\$	15,764,308
Taxes, including penalties		6,843,780		-		6,843,780
Accounts receivable		235,945		-		235,945
Due from component unit		290,551		-		290,551
Due from other governmental units		891,229		-		891,229
Prepaid expenditures Restricted assets:		119,750		-		119,750
Cash and cash equivalents		115,000		-		115,000
Total assets	\$_	23,912,649	\$	347,914	\$	24,260,563
LIABILITIES						
Accounts payable	\$	549,234	\$	_	\$	549,234
Amounts held for others	Ψ	56,783	Ψ	_	Ψ	56,783
Deferred grant revenue		30,474		_		30,474
· ·	_				_	
Total liabilities	\$_	636,491	\$	-	\$	636,491
DEFERRED INFLOWS OF RESOURCES	¢	/ 770 500	¢		¢	/ 772 500
Unavailable revenue - taxes	\$_	6,772,598	_ \$	-	> _	6,772,598
FUND BALANCES						
Nonspendable	\$	119,750	\$	-	\$	119,750
Restricted		219,301		-		219,301
Committed		298,107		347,914		646,021
Assigned		4,896,480		-		4,896,480
Unassigned		10,969,922		-		10,969,922
Total fund balances	\$	16,503,560	\$	347,914	\$	16,851,474
Total liabilities, deferred inflows of	_		_		-	
resources and fund balances	\$_	23,912,649	= \$	347,914	:	
Detailed explanation of adjustments from fund statements to position:	gove	ernment-wide	sta	itement of net		
When capital assets (land, buildings, equipment) that are to be purchased or constructed, the costs of those assets are reported funds. However, the statement of net position includes those can county as a whole.	ed a	s expenditure	s i	n governmental		20,828,750
Interest on long-term obligations is not accrued in governmental f	unds	s, but rather i	s re	ecognized as an		
expenditure when due.		,		3		(129,464)
Because the focus of governmental funds is on short-term available to pay for current-period expenditures. Those assets (f by unavailable revenues in the governmental funds and thus are	or e	xample, rece	ival	oles) are offset		
Unavailable revenue - property taxes						640,243
Deferred inflows related to measurement of net pension liability						(602,897)
Deferred inflows related to measurement of net OPEB liability						(58,629)
Net OPEB asset						28,814
Pesnion and OPEB contributions subsequent to the measurement of be a reduction to the net pension and OPEB liabilities in the nex reported in the funds.						472.044
Deferred outflows related to pensions Deferred outflows related to OPEB						472,046 71,149
Long-term liabilities applicable to the County's governmental active current period and accordingly are not reported as fund liabilities. termare reported in the statement of net position.					-	(11 000 505)
termare reported in the statement of het position.					_	(11,089,585)
Net position of general government activities					\$_	27,011,901

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2019

		General		Capital Improvement	Total
Revenues:					
General property taxes	\$	16,816,639	\$	- \$	16,816,639
Other local taxes		2,908,615		-	2,908,615
Permits, privilege fees and regulatory licenses		262,981		-	262,981
Fines and forfeitures		159,000		-	159,000
Revenue from use of money and property		239,955		-	239,955
Charges for services		566,340		-	566,340
Miscellaneous		724,702		-	724,702
Intergovernmental:					
Commonwealth		5,326,005		-	5,326,005
Federal	_	1,337,116	_		1,337,116
Total revenues	\$	28,341,353	\$	\$_	28,341,353
Expenditures:					
Current:					
General government administration	\$	1,574,914	\$	- \$	1,574,914
Judicial administration		899,824		-	899,824
Public safety		6,443,324		-	6,443,324
Public works		1,132,134		-	1,132,134
Health and welfare		4,881,655		-	4,881,655
Education		8,986,373		-	8,986,373
Parks, recreation, and cultural		454,131		-	454,131
Community development		569,985		-	569,985
Nondepartmental		5,911		-	5,911
Capital projects		-		17,530	17,530
Debt service:					
Principal retirement		1,241,178		-	1,241,178
Interest and other fiscal charges		247,483	_		247,483
Total expenditures	\$	26,436,912	\$	17,530 \$	26,454,442
Excess (deficiency) of revenues over (under) expenditures	\$	1,904,441	\$	(17,530) \$	1,886,911
Other Financing Sources (uses):					
Transfers in	\$	108,195	\$	- \$	108,195
Transfers (out)	_	-		(108,195)	(108,195)
Total other financing sources (uses)	\$	108,195	\$	(108,195) \$	
Net change in fund balances	\$	2,012,636	\$	(125,725) \$	1,886,911
Fund balances at beginning of year	_	14,490,924	\$	473,639 \$	14,964,563
Fund balances at end of year	\$	16,503,560	\$	347,914 \$	16,851,474

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2019

			Primary Government Governmental Funds	_
Amounts reported for governmental activities in the statement of activities are different because:				_
Net change in fund balances - total governmental funds		\$	1,886,911	
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. The following details support this adjustment: Capital outlay Depreciation expense	\$	177,320 (1,089,636)	(912,316)	·)
Transfer of joint tenancy assets from Primary Government to the Component Unit			(883,945))
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of unavailable taxes.				
Unearned revenue - property taxes	5	(378,826)		
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability		(2,147)		
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	_	(152,028)	(533,001))
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting				
this adjustment is as follows: Principal retired on lease revenue bonds	\$	690,000		
Principal retired on refunding bonds		184,020		
Principal retired on capital lease Principal retired on state literary fund loan	-	57,158 310,000	1,241,178	1
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. The following is a summary of items supporting this adjustment:				
Change in compensated absences Change in net OPEB liability/asset Change in landfill closure liability Change in net pension liability Change in deferred outflows related to pensions Change in deferred outflows related to OPER.	.	(4,187) (26,881) 23,565 587,641 (25,263)		
Change in deferred outflows related to OPEB Change in accrued interest payable	_	32,436 17,841	605,152	_
Change in net position of governmental activities		\$	1,403,979	=

Statement of Fiduciary Net Position --Fiduciary Funds At June 30, 2019

ASSETS		Agency Funds
Cash and cash equivalents	\$	63,746
Total assets	\$	63,746
	:	
LIABILITIES		
Amounts held for others	\$	63,746
	•	_
Total liabilities	\$	63,746

Notes to Financial Statements At June 30, 2019

Note 1 - Summary of Significant Accounting Policies:

The County of Madison, Virginia was formed in 1792 and is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

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

Government-wide and Fund Financial Statements:

Government-wide Financial Statements:

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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.

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 unit. 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).

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

Statement of Activities: (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Fund Financial Statements:

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

Budgetary Comparison Schedules:

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their government over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Madison, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

<u>Blended Component Units:</u> The County has no blended component units to be included for the fiscal year ended June 30, 2019.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures (Continued)

<u>Discretely Presented Component Unit:</u> The School Board operates the County Public School System. Members are currently elected by popular vote. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019.

<u>Discretely Presented Component Unit:</u> The Madison County Parks and Recreation Authority was formed in 1982, by action of the Board of Supervisors. The Authority is a seven member board. Each member is appointed by the Board of Supervisors. The Madison County Parks and Recreation Authority is included in the financial statements of the County due to the nature of its contractual relationship with the County. The Authority provides services which benefit the County. The Authority does not issue separate financial statements and is included as a discrete presentation in the County's financial statements.

The Madison County School Board has the following funds:

Governmental Funds:

<u>School Operating Fund</u> - This fund is the primary operating fund of the School Board and accounts for and reports 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 Madison and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

<u>School Cafeteria Fund</u> - This fund accounts for and reports the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales, and state and federal grants. The School Cafeteria Fund is considered a major fund for financial reporting purposes.

<u>School Lottery Fund</u> - This fund accounts for and reports the state school lottery revenues.

<u>School Capital Fund</u> - This fund accounts for and reports for the school capital projects. The school capital fund is considered a major fund for financial reporting purposes.

School Textbook Fund - This fund accounts for and reports for the school textbook funds.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Other Related Organizations

Excluded from the County's Financial Statements:

Rappahannock-Rapidan Community Services Board, Central Virginia Regional Jail, Rappahannock Juvenile Detention Center, and the Rapidan Service Authority: The County, in conjunction with other localities, has created the Rappahannock-Rapidan Community Services Board, Central Virginia Regional Jail, Rappahannock Juvenile Detention Center, and the Rapidan Service Authority. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. 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. All other revenue items are considered to be measurable and available only when cash is received by the government. 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 and claims and judgments, are recorded only when payment is due.

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds:

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

b. Capital Improvement Fund

The Capital Improvement Fund accounts for and reports all financial resources used for the acquisition or construction of major capital facilities. The Capital Improvement Fund is considered a major fund at June 30, 2019.

2. Fiduciary Funds (Trust and Agency Funds):

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County's only Agency Fund is the Special Welfare Fund.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

E. Budgets and Budgetary Accounting

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

- 1. The County Administrator submits to the Board of Supervisors a proposed budget for the fiscal year commencing the following July 1. The 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. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.
- 5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Capital Improvement Fund, School Operating Fund and School Cafeteria Fund of the School Board.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all County units.
- 8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

G. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$322,377 at June 30, 2019 and is comprised solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real Estate taxes are payable and collectible on June 5th and December 5th. Personal property taxes are payable and collectible on December 5th. The County bills and collects its own property taxes.

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. There are no business-type activities reported for Madison County.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	20 to 40
Vehicles	3 to 5
Office and computer equipment	5
Buses	12

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Department of Social Services and the Component Unit School Board pay a portion of unused sick leave upon separation. The County does not have sick leave.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld, from the actual debt proceeds received, are reported as debt service expenditures.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to insure 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 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

M. Fund Balances (Continued)

Financial Policies (Continued)

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

<u>Restricted fund balance</u> - 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).

<u>Committed fund balance</u> - 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. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

<u>Assigned fund balance</u> - 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.

<u>Unassigned fund balance</u> - 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.

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

Note 1 - Summary of Significant Accounting Policies: (Continued)

M. Fund Balances (Continued)

Financial Policies (Continued)

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 County's and School Board's Fund Balances:

Category		General Fund		Capital Projects Fund		Component Jnit School Board
Nonspendable:			_			
Prepaid expenditures Inventory	\$	119,750 -	\$	-	\$	18,198 27,102
Total Nonspendable	\$	119,750	\$	-	\$	45,300
Restricted:	_	<u> </u>	-		-	
Debt Service reserve	\$	115,000	\$	-	\$	-
Asset Forfeitures		44,092		-		-
Toppings Funds		49,616		-		-
Animal donations		10,593		-		-
School Textbook Funds		-	_	-		52,969
Total Restricted	\$	219,301	\$	-	\$	52,969
Committed:	_		-		_	
Capital Projects	\$	_	\$	305,884	\$	11
Encumbrances	•	298,107	*	42,030	*	94,856
School Operations		-		-		2,000
Cafeteria		-		-		254,979
Total Committed	\$	298,107	\$	347,914	\$	351,846
Assigned:						
Tourism	\$	174,340	\$	-	\$	-
Capital Projects		2,761,522		-		-
CSA Stabilization Reserve		360,799		-		-
Town Business Improvement		32,942		-		-
Opening Balance Appropriation		1,077,182		-		-
EMS Reserve		479,907		-		-
Sheriff	_	9,788	_	-	_	-
Total Assigned	\$_	4,896,480	\$	-	\$	-
Unassigned	\$	10,969,922	\$	-	\$	(18,198)
Total Fund Balance	\$_	16,503,560	\$	347,914	\$	431,917

N. Net Position

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

O. 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.

P. 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 asset/liability and net OPEB asset/liability (ies) and/or contributions to the pension and OPEB plan(s) made during the current year and subsequent to the net pension asset/liability and net OPEB asset/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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB asset/liability(ies) are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Q. Pensions

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 1 - Summary of Significant Accounting Policies: (Continued)

R. Other Postemployment Benefits (OPEB)

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

Note 2 - Deposits and Investments:

<u>Deposits</u>

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 the County and Component Unit School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County does not have a policy related to credit risk of debt securities.

The County's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values Fair Quality Ratings Rated Debt Investments AAAm AA+U.S. Government Securities \$ \$ 74,236 Local Government Investment Pool 5,668,758 5,668,758 Total 5,668,758 \$ 5,742,994

Notes to Financial Statements At June 30, 2019 (Continued)

Note 2 - Deposits and Investments: (Continued)

External Investment Pool

The fair value 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.

Interest Rate Risk

The County does not have a policy related to interest rate risk.

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1 year	Greater than 10 years
U.S. Government Securities	\$ 74,236 \$	- :	\$ 74,236
Local Government Investment Pool	5,668,758	5,668,758	
Total	\$ 5,742,994 \$	5,668,758	\$ 74,236

Note 3 - Due From Other Governmental Units:

		Primary Government		Component Unit School Board
Commonwealth of Virginia:	_		-	
Local sales tax	\$	192,985	\$	-
Public assistance and welfare administration		72,629		-
State sales tax		-		253,272
Comprehensive services		286,759		-
Communications tax		78,636		-
Shared expenses		108,034		-
Department of Justice		26,320		-
Other state funds		19,488		1,955
Federal Government:				
School funds		-		149,531
Public safety		9,283		-
Public assistance and welfare administration	_	97,095		
Totals	\$_	891,229	\$	404,758

Notes to Financial Statements At June 30, 2019 (Continued)

Note 4 - Capital Assets:

The following is a summary of capital assets for the fiscal year ended June 30, 2019:

		Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Primary Government: Capital assets not being depreciated: Land	\$	1,419,418 \$	- \$	- \$	1,419,418
Total capital assets not being depreciated	\$	1,419,418 \$	- \$	- \$	1,419,418
Capital assets being depreciated: Buildings and improvements Equipment (including vehicles) Jointly owned assets	\$	17,234,401 \$ 3,664,118 9,439,975	- \$ 177,320 -	- \$ 96,796 1,107,020	17,234,401 3,744,642 8,332,955
Total capital assets being depreciated	\$_	30,338,494 \$	177,320 \$	1,203,816 \$	29,311,998
Less accumulated depreciation: Buildings and improvements Equipment (including vehicles) Jointly owned assets	\$	(5,860,590) \$ (2,280,707) (991,604)	(490,112) \$ (391,200) (208,324)	- \$ (96,796) (223,075)	(6,350,702) (2,575,111) (976,853)
Total accumulated depreciation	\$	(9,132,901) \$	(1,089,636) \$	(319,871) \$	(9,902,666)
Net capital assets being depreciated	\$	21,205,593 \$	(912,316) \$	883,945 \$	19,409,332
Net capital assets	\$	22,625,011 \$	(912,316) \$	883,945 \$	20,828,750
		Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Component Unit - School Board: Capital assets not being depreciated: Land Construction in progress	\$	109,803 \$ 46,488	20,820	- \$ 49,988	109,803 17,320
Total capital assets not being depreciated	\$ <u>_</u>	156,291 \$	20,820 \$	49,988 \$	127,123
Capital assets being depreciated: Buildings and improvements Equipment (including vehicles) Jointly owned assets	\$	5,991,771 \$ 4,861,593 10,621,238	87,795 \$ 274,930 1,107,020	- \$ - -	6,079,566 5,136,523 11,728,258
Total capital assets being depreciated	\$	21,474,602 \$	1,469,745 \$	- \$	22,944,347
Less accumulated depreciation: Buildings and improvements Jointly owned assets Equipment (including vehicles)	\$	(6,429,105) \$ (2,920,623) (3,780,474)	(706,083) \$ (223,075) (289,047)	- \$ - -	(7,135,188) (3,143,698) (4,069,521)
Total accumulated depreciation	\$	(13,130,202) \$	(1,218,205) \$	- \$	(14,348,407)
Net capital assets being depreciated	\$	8,344,400 \$	251,540 \$	- \$	8,595,940
Net capital assets	\$	8,500,691 \$	272,360 \$	49,988 \$	8,723,063

Notes to Financial Statements At June 30, 2019 (Continued)

Note 4 - Capital Assets: (Continued)

The following is a summary of capital assets for the fiscal year ended June 30, 2019: (Continued)

		Balance July 1, 2018	Additions	_	Deletions	Balance June 30, 2019
Component Unit - Parks and Recreation Auth Capital assets not being depreciated:	orit	y:				
Construction in progress	\$	52,776 \$	125,267	\$	- \$	178,043
Total capital assets not being depreciated	\$	52,776 \$	125,267	\$	- \$	178,043
Capital assets being depreciated: Buildings and improvements Equipment	\$	28,395 \$ 80,131	-	\$	- \$ -	28,395 80,131
Total capital assets being depreciated	\$	108,526 \$	-	\$	- \$	108,526
Less accumulated depreciation: Buildings and improvements Equipment	\$	(3,019) \$ (57,498)	(1,599) (8,164)	\$	- \$ -	(4,618) (65,662)
Total accumulated depreciation	\$	(60,517) \$	(9,763)	\$	- \$	(70,280)
Net capital assets being depreciated	\$	48,009 \$	(9,763)	\$	- \$	38,246
Net capital assets	\$	100,785 \$	115,504	\$	- \$	216,289

Depreciation expense was charged to functions/programs of the primary government and Component Unit School Board as follows:

Primary Government:		
Governmental activities:		
General government administration	\$	43,743
Judicial administration		344,217
Public safety		347,972
Public works		36,921
Health and welfare		32,156
Education		208,324
Parks, recreation and cultural		75,164
Community development	_	1,139
Total	\$_	1,089,636
Component Unit School Board	\$	995,130
Depreciation Expense	\$	995,130
Joint tenancy transfer of accumulated depreciation	_	223,075
Total additions to accumulated depreciation, previous page	\$_	1,218,205
Component Unit Parks and Recreation Authority	\$	9,763
	_	

Notes to Financial Statements At June 30, 2019 (Continued)

Note 5 - Compensated Absences:

The County has accrued the liability arising from compensated absences.

County employees earn vacation and sick leave at various rates. No benefits or pay is received for unused sick leave upon termination. The County and School Board had outstanding accrued vacation pay as follows:

Primary Government	\$ 482,207
Component Unit School Board	\$ 454,173

Note 6 - Due From/To Primary Government/Component Units:

Fund	_	Due from	 Due to
General	\$	290,551	\$ -
School Board		-	290,551
Total	\$	290,551	\$ 290,551

Note 7 - Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County 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 <u>Code of Virginia</u>, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

a. Employees hired 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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Benefit Structures: (Continued)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. 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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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 <u>Code of Virginia</u>, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	53	42
Inactive members: Vested inactive members	17	11
Non-vested inactive members	29	15
Inactive members active elsewhere in VRS	41	12
Total inactive members	87	38
Active members	100	44
Total covered employees	240	124

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, 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 contribution rate for the year ended June 30, 2019 was 8.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$407,487 and \$394,774 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 0.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$1,333 and \$1,201 for the years ended June 30, 2019 and June 30, 2018, respectively.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Net Pension Liability/Asset

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

Investment rate of return 7.0%, net of pension plan investment

expenses, including inflation*

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% 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 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 Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% 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 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 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - 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 20%

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

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%

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, 2017, 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, 2018.

Inflation 2.5%

Salary increases, including inflation 3.5% - 4.75%

Investment rate of return 7.0%, net of pension plan investment

expenses, including inflation*

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees: (Continued)

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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.

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014
retirement healthy, and disabled)	projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees: (Continued)

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%

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
*	Expected arithme	tic nominal return	7.30%

^{*} The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. 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 June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Boardcertified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	 Primary Government								
	Increase (Decrease)								
	Total Pension Liability (a)		Plan Fiduciary Net Position (b)	_	Net Pension Liability (a) - (b)				
Balances at June 30, 2017	\$ 17,270,097	\$_	16,643,286	\$	626,811				
Changes for the year:									
Service cost	\$ 570,023	\$	-	\$	570,023				
Interest	1,174,284		-		1,174,284				
Differences between expected									
and actual experience	(508,725)		-		(508,725)				
Contributions - employer	-		394,766		(394,766)				
Contributions - employee	-		222,548		(222,548)				
Net investment income	-	1,217,607			(1,217,607)				
Benefit payments, including refunds									
of employee contributions	(989,214)		(989,214)		-				
Administrative expenses	-		(10,613)		10,613				
Other changes	 -		(1,085)		1,085				
Net changes	\$ 246,368	\$	834,009	\$	(587,641)				
Balances at June 30, 2018	\$ 17,516,465	\$_	17,477,295	\$	39,170				

Note 7 - Pension Plan: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

		Component School Board (nonprofessional) Increase (Decrease)							
	_	Total Pension Liability (a)		Plan Fiduciary Net Position (b)	· .	Net Pension Liability (asset) (a) - (b)			
Balances at June 30, 2017	\$	3,250,264	\$_	4,003,840	\$.	(753,576)			
Changes for the year:									
Service cost	\$	63,158	\$	-	\$	63,158			
Interest		221,119		-		221,119			
Differences between expected									
and actual experience		8,879		-		8,879			
Contributions - employer		-		1,208		(1,208)			
Contributions - employee		-		39,120		(39,120)			
Net investment income		-		293,037		(293,037)			
Benefit payments, including refunds									
of employee contributions		(182,847)		(182,847)		-			
Administrative expenses		-		(2,597)		2,597			
Other changes		-		(258)		258			
Net changes	\$	110,309	\$	147,663	\$	(37,354)			
Balances at June 30, 2018	\$	3,360,573	\$	4,151,503	\$	(790,930)			

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

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

		Rate	
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	\$ 2,375,759 \$	39,170 \$	(1,890,381)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ (402,234) \$	(790,930) \$	(1,116,969)

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$2,871) and (\$163,635), respectively. At June 30, 2019, 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:

					Component Unit School			
	_	Primary G	ov	ernment		Board (nonprofessional)		
	-	Deferred		Deferred		Deferred		Deferred
		Outflows of		Inflows of		Outflows of		Inflows of
	-	Resources		Resources		Resources	_	Resources
Differences between expected and actual								
experience	\$	64,559	\$	438,572	\$	5,313	\$	23,571
Change in assumptions		-		20,226		-		6,112
Net difference between projected and actual earnings on pension plan investments		-		144,099		-		31,777
Employer contributions subsequent to the measurement date	_	407,487		-		1,333	_	
Total	\$	472,046	\$	602,897	\$	6,646	\$_	61,460

\$407,487 and \$1,333 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, 2020. 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	_	School Board (nonprofessional)
2020	\$	(125,363)	\$	(10,623)
2021		(133,681)		(479)
2022		(266,095)		(41,473)
2023		(13,199)		(3,572)
Thereafter		-		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$1,541,453 and \$1,590,403 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$14,720,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .12517% as compared to .12619% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$688,000. 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - 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)

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,259,000
Change in assumptions	176,000	-
Net difference between projected and actual earnings on pension plan investments	-	312,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,000	493,000
Employer contributions subsequent to the measurement date	1,541,453	
Total	\$ 1,828,453	\$ 2,064,000

\$1,541,453 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, 2020. 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	_	
2020	\$	(371,000)
2021		(455,000)
2022		(691,000)
2023		(194,000)
Thereafter		(66,000)

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.95%

Investment rate of return 7.0%, net of pension plan investment

expenses, including inflation*

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.

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	_	Teacher Employee Retirement Plan
Total Pension Liability Plan Fiduciary Net Position Employer's Net Pension Liability (Asset)	\$ \$_	46,679,555 34,919,563 11,759,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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.

Long-Term Expected Rate of Return

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

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

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

		Rate	
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate			
share of the VRS Teacher			
Employee Retirement Plan			
Net Pension Liability (Asset) \$	22,485,000	\$ 14,720,000	\$ 8,292,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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

VRS Pension Plans:

		Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government	•				_
Primary Government	\$	472,046	\$ 602,897	\$ 39,170 \$	(2,871)
Totals	\$	472,046	\$ 602,897	\$ 39,170 \$	(2,871)
Component Unit School Board					
School Board Nonprofessional	\$	6,646	\$ 61,460	\$ (790,930) \$	(163,635)
School Board Professional		1,828,453	2,064,000	14,720,000	688,000
Totals	\$	1,835,099	\$ 2,125,460	\$ 13,929,070 \$	524,365

Notes to Financial Statements At June 30, 2019 (Continued)

Note 8 - Long-Term Obligations:

Primary Government-Long-term Obligations:

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

		Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Governmental Activities:						
Direct Borrowings and Direct Placements:						
Public Facility Lease Revenue Bond	\$	7,598,500 \$	- \$	690,000 \$	6,908,500 \$	703,500
Public Improvement Refunding Bond		1,938,010	-	184,020	1,753,990	188,440
Landfill closure liability		378,539	8,706	32,271	354,974	32,271
State literary fund loan		930,000	-	310,000	620,000	310,000
Capital leases		159,523	-	57,158	102,365	24,472
Net OPEB liability:						
Net Health Insurance OPEB liability	\$	421,942 \$	52,453 \$	15,016 \$	459,379 \$	-
Net Group Life Insurance OPEB liability		367,000	73,000	71,000	369,000	-
Total net OPEB liability	\$	788,942 \$	125,453 \$	86,016 \$	828,379 \$	-
Net pension liability		626,811	1,756,005	2,343,646	39,170	-
Compensated absences	_	478,020	51,989	47,802	482,207	47,802
Total governmental activities	\$_	12,898,345 \$	1,942,153 \$	3,750,913 \$	11,089,585 \$	1,306,485

Annual requirements to amortize long-term obligations and related interest are as follows:

Direct Borrowings and Direct Placements									
	_			VACO/\		VACO/\	/ML		
Year		State Lite	erary	Public Facili	ity Lease	Public Impro	ovement		
Ending		Fund L	oan	Revenue	enue Bond Refunding Bond		Bond	Capital Leases	
June 30,		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$	310,000 \$	18,600 \$	703,500 \$	148,533 \$	188,440 \$	40,801 \$	24,472 \$	3,061
2021		310,000	9,300	719,000	133,408	192,980	36,270	25,203	2,329
2022		-	-	734,500	117,949	197,620	31,630	25,957	1,575
2023		-	-	750,500	102,157	202,370	26,880	26,733	799
2024		-	-	766,500	86,022	207,230	22,013	-	-
2025		-	-	783,000	69,542	212,220	17,031	-	-
2026		-	-	800,000	52,707	217,320	11,929	-	-
2027		-	-	817,000	35,507	222,540	6,704	-	-
2028	_			834,500	17,942	113,270	1,354	-	
Total	\$_	620,000 \$	27,900 \$	6,908,500 \$	763,767 \$	1,753,990 \$	194,612 \$	102,365 \$	7,764

Note 8 - Long-Term Obligations: (Continued)

Details of Long-Term Obligations:

		Amount Outstanding		Amounts Due Within One Year
State Literary Fund Loan:				_
\$6,200,000, issued December 1, 2000 due in varying installments through December 1, 2020, interest at 3%	\$_	620,000	. \$_	310,000
VACO/VML Public Facility Lease Revenue Bond:				
\$10,762,500 loan issued January 25, 2013 due in varying installments through November 2027. Interest is payable annually at 2.15%.	\$_	6,908,500	. \$_	703,500
VACO/VML Public Improvement Refunding Bond:				
\$2,028,000 Public Improvement Refunding Bond, Series 2017 issued July 28, 2017, due in various semiannual installments of principal and interest through August 1, 2027. Interest paid semiannually at 2.39%.	\$_	1,753,990	. \$ _	188,440
Capital Leases:				
\$126,126 lease issued October 20, 2017 due in annual installments of principal and interest of \$27,532 through October 2022. Interest is payable at 2.99%. The assets acquired through the capital lease are \$118,886 for election equipment and had \$7,925 of accumulated depreciation as of June 30, 2018.	\$	102,365	\$	24,472
	· -	,		
Total Capital Leases	\$_	102,365	\$	24,472
Landfill closure liability	\$_	354,974	\$_	32,271
Net OPEB liability	\$_	828,379	\$	
Net pension liability	\$_	39,170	\$	
Compensated absences	\$_	482,207	\$	47,802
Total long-term obligations	\$_	11,089,585	\$	1,306,485

Notes to Financial Statements At June 30, 2019 (Continued)

Note 8 - Long-Term Obligations: (Continued)

<u>Discretely Presented Component Unit-School Board Obligations:</u>

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2019:

	_	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Compensated absences	\$	450,079 \$	49,102 \$	45,008 \$	454,173 \$	41,223
Net pension liability		15,518,000	3,252,000	4,050,000	14,720,000	-
Net OPEB liability:						
Net Health Insurance OPEB liability	\$	1,089,712 \$	135,017 \$	38,827 \$	1,185,902 \$	-
Net Group Life Insurance OPEB liability		882,000	170,000	168,000	884,000	-
Net Health Insurance Credit OPEB liability		1,614,000	174,000	184,000	1,604,000	-
Total net OPEB liability	\$	3,585,712 \$	479,017 \$	390,827 \$	3,673,902 \$	
Total Component Unit	\$	19,553,791 \$	3,780,119 \$	4,485,835 \$	18,848,075 \$	41,223

Note 9 - Deferred/Unavailable/Unearned Revenue:

Unavailable revenue represents 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.

	G	Government-wide		Balance
		Statements		Sheet
		Governmental		Governmental
		Activities		Funds
Primary Government:				
Deferred/Unavailable property tax revenue:				
Deferred/Unavailable revenue representing uncollected				
property tax billings for which asset recognition criteria				
has not been met. The uncollected tax billings are not				
available for the funding of current expenditures.	\$	-	\$	640,243
2nd half assessments due after June 30th		5,870,828		5,870,828
Prepaid property tax revenues representing collections received for property taxes that are applicable to the				
subsequent budget year.	_	261,527		261,527
Total governmental activities	\$_	6,132,355	\$_	6,772,598

Notes to Financial Statements At June 30, 2019 (Continued)

Note 10 - Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management 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.

Note 11 - Surety Bonds:

		Amount				
Virginia Department of Risk Management - Surety						
Stephanie Murray, Treasurer	\$	400,000				
Leeta D. Louk, Clerk of the Circuit Court		25,000				
Brian Daniel, Commissioner of the Revenue		3,000				
Erik Weaver, Sheriff		30,000				
Above constitutional officers' employees - blanket bond		50,000				
Madison County Department of Social Services employee blanket bond		100,000				
Virginia Association of Counties Group Self Insurance Risk Pool						
Madison County School Board Public Officials Liability		1,000,000				
Madison County Public Officials Liability		250,000				
Madison County Crime Coverage		250,000				

Note 12 - Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is insured by the Virginia Association of Counties (VACO) for all risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years. Worker's Compensation is also carried through VACO.

Note 13 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste, which occurred in fiscal year 2005, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$354,974 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from any funds accumulated for this purpose in the General Fund.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 13 - Landfill Closure and Postclosure Care Cost: (Continued)

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

The County plans to meet all federal laws, regulations and tests of financial assurance related to the financing of closure and postclosure care when they become effective.

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan):

County:

Plan Description

The County post-retirement health care plan is a single employer defined benefit healthcare plan that offers insurance benefits for employees who are eligible for retirement benefits. All full-time employees who have at least 10 years of service with Madison County, and is eligible for immediate retirement benefits under VRS, or have at least 10 years of service with Madison County and is eligible for immediate disability retirement benefits under VRS. Once the participant is Medicare eligible they are no longer eligible to remain in the plan. The County's post-retirement health care Plan does not issue a separate, audited GAAP basis report.

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 participating retirees, the retirees pay 100% of the published rates for individual and dependent coverage until age 65. Surviving spouses are not allowed access to the plan.

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$ 95
Total retirees with coverage	 3
Total	\$ 98

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Ranging from 3.50% to 4.75% depending on years of service per year for general salary inflations as of June 30, 2018 and June 30, 2019 respectively
Discount Rate	3.50%

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Total Dataset Mortality Table fully generational using scale BB while mortality rates for disabled retirees were based on a RP-2014 Disabled Mortality Table fully generational using scale BB.

The date of the most recent actuarial experience study for which significant assumptions were based is July 1, 2017.

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.50% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2018	\$ 421,942
Changes for the year:	
Service cost	18,578
Interest	16,760
Changes in assumptions	17,115
Benefit payments	(15,016)
Net changes	37,437
Balances at June 30, 2019	\$ 459,379

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

		Rate			
1% Decrease		Current Discount	1% Increase		
 (2.50%)		Rate (3.50%)		(4.50%)	
\$ 509,541	\$	459,379	\$	414,835	

The following presents the total OPEB liability of the County was calculated using healthcare cost trend rates that are one percentage point lower (4.80% decreasing to 3.20% after 2073) or one percentage point higher (6.80% decreasing to 5.20% after 2073) than the current healthcare cost trend rates:

_			Rates	
-			Healthcare Cost	
	1% Decrease		Trend	1% Increase
	(4.80% decreasing to		(5.80% decreasing to	(6.80% decreasing to
	3.20% after 2073)	_	4.20% after 2073)	5.20% after 2073)
_		_		
\$	393,406	\$	459,379	\$ 539,798

Notes to Financial Statements At June 30, 2019 (Continued)

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

For the year ended June 30, 2019, the County recognized OPEB expense in the amount of \$36,166. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces		Deferred Inflows of Resources	
Changes in assumptions	\$ 14,635	\$	9,744	
Total	\$ 14,635	\$	9,744	

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	_	
	_	
2020	\$	828
2021		828
2022		828
2023		828
2024		828
Thereafter		751

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 Retiree Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has at least seven consecutive years of service immediately preceding retirement, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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. The School Board Extended Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. For participating retirees the School Board pays an amount per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Coverage ceases after seven years and there is no benefit provided after age 65. Surviving spouses are not allowed access to the plan.

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$ 244
Total retirees with coverage	 6
Total	\$ 250

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Ranging from 3.50% to 4.75% depending on years of service per year for general salary inflations as of June 30, 2018 and June 30, 2019 respectively
Discount Rate	3.50%

Notes to Financial Statements At June 30, 2019 (Continued)

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Actuarial Assumptions: (Continued)

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Total Dataset Mortality Table fully generational using scale BB while mortality rates for disabled retirees were based on a RP-2014 Disabled Mortality Table fully generational using scale BB.

The date of the most recent actuarial experience study for which significant assumptions were based is July 1, 2017.

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.50% as of the end of the fiscal year with the expectation that the School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2018	\$	1,089,712
Changes for the year:		
Service cost		56,266
Interest		43,605
Changes in assumptions		35,146
Benefit payments		(38,827)
Net changes	•	96,190
Balances at June 30, 2019	\$	1,185,902

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

		Rate	
1% Decrease (2.50%)			1% Increase (4.50%)
\$ 1,284,659	\$	1,185,902	\$ 1,092,821

Notes to Financial Statements At June 30, 2019 (Continued)

Note 14 - Health Insurance - Pay-as-you-Go (OPEB Plan): (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 was calculated using healthcare cost trend rates that are one percentage point lower (4.80% decreasing to 3.20% after 2073) or one percentage point higher (6.80% decreasing to 5.20% after 2073) than the current healthcare cost trend rates:

		Rates	
_		Healthcare Cost	
	1% Decrease	Trend	1% Increase
	(4.80% decreasing to	(5.80% decreasing to	(6.80% decreasing to
	3.20% after 2073)	4.20% after 2073)	5.20% after 2073)
\$	1,026,488	\$ 1,185,902	\$ 1,376,392

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$101,386. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	_	Deferred Outflows of Resouces		Deferred Inflows of Resources	
Changes in assumptions	\$ _	30,522	\$	20,519	
Total	\$ _	30,522	\$	20,519	

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	
2020	\$ 1,515
2021	1,515
2022	1,515
2023	1,515
2024	1,515
Thereafter	2,428

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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the <u>Code of Virginia</u>, 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 Program upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

The Political Subdivision Retiree HIC Program 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 Program 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 Program 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members: Vested inactive members	-
Total inactive members	
Active members	45
Total covered employees	48

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2019 was 0.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 County to the HIC Program were \$1,645 and \$1,683 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability

The County's net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation 2.5%

Salary increases, including inflation:

Locality - General employees 3.5%-5.35% Locality - Hazardous Duty employees 3.5%-4.75%

Investment rate of return 7.0%, net of investment expenses,

including inflation*

Mortality Rates - 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.

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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 20%

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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014
retirement healthy, and disabled)	projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each
	age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014
retirement healthy, and disabled)	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%

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
*E:	xpected arithme	tic nominal return	7.30%

^{*}The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. 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, 2018, 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, 2018 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.

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)					
		Total HIC OPEB Liability (a)		Plan Fiduciary Net Position (b)		Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$	49,272	\$	65,530	\$	(16,258)
Changes for the year:						
Service cost	\$	3,059	\$	-	\$	3,059
Interest		3,350		-		3,350
Differences between expected						
and actual experience		(13,071)		-		(13,071)
Contributions - employer		-		1,683		(1,683)
Net investment income		-		4,655		(4,655)
Benefit payments		(2,817)		(2,817)		-
Administrative expenses		-		(109)		109
Other changes		-		(335)	_	335
Net changes	\$	(9,479)	\$	3,077	\$	(12,556)
Balances at June 30, 2018	\$	39,793	\$	68,607	\$	(28,814)

Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

The follow presents the County's HIC Program net HIC OPEB liability (asset) using the discount rate of 7.00%, as well as what the County's net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate			
	1% Decrease Current Discount		1% Increase	
	(6.00%)	(7.00%)	(8.00%)	
County's				
Net HIC OPEB Liability (Asset)	(23,729)	(28,814)	(33,100)	

Notes to Financial Statements At June 30, 2019 (Continued)

Note 15 - Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of (\$74). At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

	_	Deferred Outflows of Resources	_	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$	11,515
Net difference between projected and actual earnings on HIC OPEB plan investments		-		1,692
Change in assumptions		-		1,678
Employer contributions subsequent to the measurement date	-	1,645	_	
Total	\$	1,645	\$	14,885

\$1,645 reported as deferred outflows of resources related to the HIC OPEB resulting from the County'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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2020	\$	(2,395)
2021	Ψ	(2,395)
2022		(2,393)
2023		(1,861)
2024		(1,838)
Thereafter		(4,003)

HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the <u>Code of Virginia</u>, 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 Program. 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 Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program 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 Program 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 with at least 15 years of service credit, 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 Program 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the <u>Code of Virginia</u>, 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, 2019 was 1.20% 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, 2017. 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 \$122,122 and \$125,687 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the school division reported a liability of \$1,604,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.12635% as compared to 0.1272% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$134,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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: (Continued)

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	_	Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ 8,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments		-	1,000
Change in assumptions		-	14,000
Change in proportion		21,000	10,000
Employer contributions subsequent to the measurement date	_	122,122	
Total	\$_	143,122	\$ 33,000

\$122,122 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2020	\$ (1,000)
2021	(1,000)
2022	(1,000)
2023	-
2024	(1,000)
Thereafter	(8,000)

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation 2.5%

Salary increases, including inflation:

Teacher employees 3.5%-5.95%

Investment rate of return 7.0%, net of investment expenses,

including inflation*

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	_	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability Plan Fiduciary Net Position	\$	1,381,313 111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$ =	1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
*Ex	kpected arithme	tic nominal return	7.30%

^{*}The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher

Notes to Financial Statements At June 30, 2019 (Continued)

Note 16 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Discount Rate: (Continued)

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate					
		1% Decrease		Current Discount		1% Increase
		(6.00%)		(7.00%)		(8.00%)
School division's proportionate						
share of the VRS Teacher						
Employee HIC OPEB Plan						
Net HIC OPEB Liability	\$	1,792,000	\$	1,604,000	\$	1,445,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the <u>Code of Virginia</u>, 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 Program 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 Program. For members who elect the optional GLI 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 program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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 Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the <u>Code of Virginia</u>, 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 Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 Program from the entity were \$25,869 and \$24,030 for the years ended June 30, 2019 and June 30, 2018, respectively, for the County; \$4,337 and \$4,373 for the years ended June 30, 2019 and June 30, 2018, respectively, for the School Board (nonprofessional); and \$52,920 and \$53,136 for the years ended June 30, 2018, 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 Program OPEB

At June 30, 2019, the entity reported a liability of \$369,000, \$68,000, and \$816,000 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, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.02430%, 0.00442%, and 0.05374% as compared to 0.02441%, 0.00413%, and 0.05445% at June 30, 2017 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$3,000, \$1,000, and \$8,000 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.

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

Primary Government Resources	Resources 7,000
	7,000
Differences between expected and actual experience \$ 18,000 \$	
Net difference between projected and actual earnings on GLI OPEB program investments -	12,000
Change in assumptions -	15,000
Changes in proportion 11,000	-
Employer contributions subsequent to the measurement date 25,869	-
Total Primary Government \$ 54,869 \$	34,000
Component Unit School Board (nonprofessional)	
Differences between expected and actual experience \$ 3,000 \$	1,000
Net difference between projected and actual earnings on GLI OPEB program investments -	2,000
Change in assumptions -	3,000
Changes in proportion 3,000	-
Employer contributions subsequent to the measurement date 4,337	-
Total Component Unit School Board (nonprofessional) \$ 10,337 \$	6,000
Component Unit School Board (professional)	
Differences between expected and actual experience \$ 40,000 \$	14,000
Net difference between projected and actual earnings on GLI OPEB program investments -	27,000
Change in assumptions -	34,000
Changes in proportion 17,000	10,000
Employer contributions subsequent to the measurement date 52,920	-
Total Component Unit School Board (professional) \$ 109,920 \$	85,000

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

\$25,869, \$4,337 and \$52,920 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, 2020. 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:

_	Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
	2020	\$ (3,000) \$	-	\$ (10,000)
	2021	(3,000)	-	(10,000)
	2022	(3,000)	-	(10,000)
	2023	-	-	(2,000)
	2024	4,000	-	1,000
	Thereafter	-	-	3,000

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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
Line of Duty Disability	Increased rate from 14% to 25%

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014
retirement healthy, and disabled)	projected to 2020 and reduced margin for future
	improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality Rates - VaLORS 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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 20%

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

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

Mortality Rates - 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program'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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	1,518,735
Plan Fiduciary Net Position as a Percentage	_	
of the Total GLI OPEB Liability		51.22%

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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
*E	7.30%		

^{*}The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS 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, 2018, 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, 2018 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.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 17 - Group Life Insurance (GLI) Program (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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate					
	1% Decrease		Current Discount		1% Increase	
	(6.00%)	_	(7.00%)		(8.00%)	
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 482,000	\$	369,000	\$	277,000	
School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 88,000	\$	68,000	\$	51,000	
School Board(professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,067,000	\$	816,000	\$	613,000	

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Notes to Financial Statements At June 30, 2019 (Continued)

Note 18 - Aggregate OPEB Information:

VRS OP	EB Plar	ns			
		Deferred Defer		Net OPEB	OPEB
	_	Outflows	Inflows	Liability	Expense
Primary Government					
Group Life Insurance Program (Note 17):					
County	\$	54,869 \$	34,000 \$	369,000	\$ 3,000
County Health Insurance Credit Program (Note 15)		1,645	14,885	(28,814)	(74)
County Stand-Alone Plan (Note 14)		14,635	9,744	459,379	36,166
Totals	\$	71,149 \$	58,629 \$	799,565	\$ 39,092
Component Unit School Board					
Group Life Insurance Program (Note 17):					
School Board Nonprofessional	\$	10,337 \$	6,000 \$	68,000	\$ 1,000
School Board Professional		109,920	85,000	816,000	8,000
Teacher Health Insurance Credit Program (Note 16)		143,122	33,000	1,604,000	134,000
School Stand-Alone Plan (Note 14)		30,522	20,519	1,185,902	101,386
Totals	\$	293,901 \$	144,519 \$	3,673,902	\$ 244,386

Note 19 - Litigation:

At June 30, 2019, there were no matters of litigation involving the County or its component unit that would have an adverse material effect on the financial position of the reporting entity.

Note 20 - Fair Value Measurements:

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2019 (Continued)

Note 20 - Fair Value Measurements: (Continued)

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

The County has the following recurring fair value measurements as of June 30, 2019:

			Fair Value Measurements Using					
			Quoted Prices	Quoted Prices S				
			in Active		Other		Significant	
			Markets or		Observable		Unobservable	
			Identical Assets		Inputs		Inputs	
Investment	_	6/30/2019	(Level 1)		(Level 2)		(Level 3)	
U.S. Government Securities	\$	74,236	\$ 74,236	\$	-	\$		
	\$	74,236	\$ 74,236	\$	-	\$	-	

Note 21 - Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

Note 22 - Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, Leases, increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

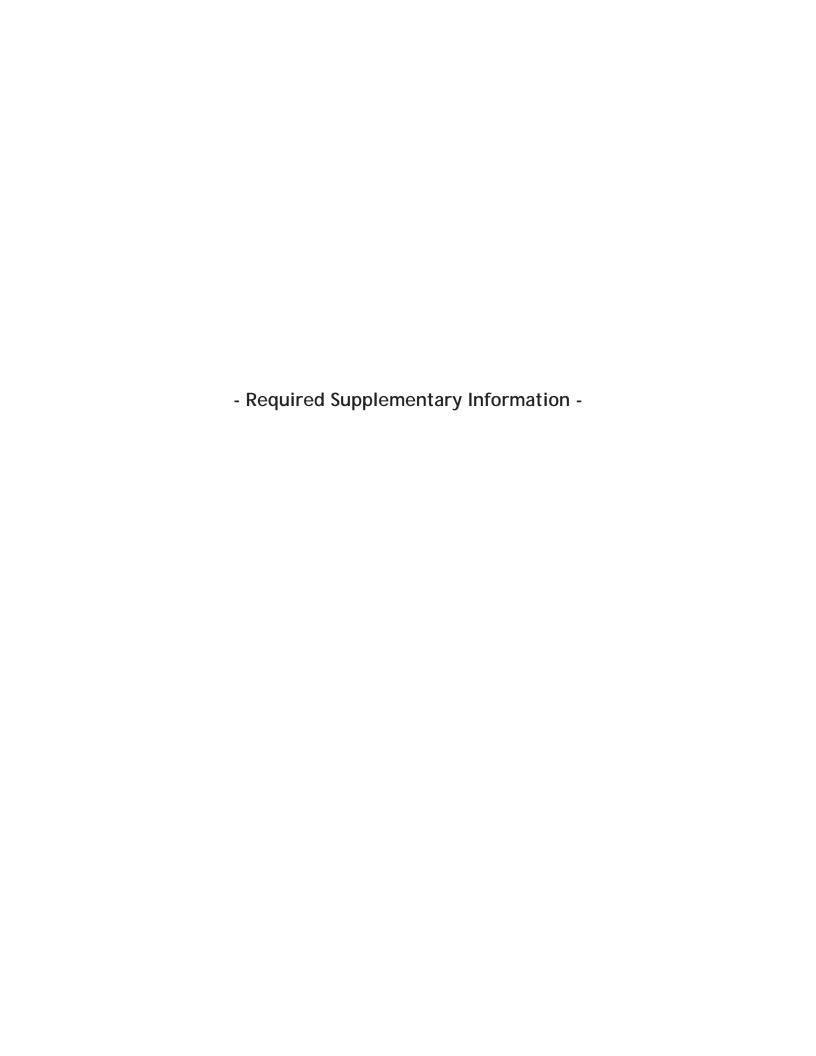
COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2019 (Continued)

Note 22 - Upcoming Pronouncements: (Continued)

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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



Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual -- General Fund Year Ended June 30, 2019

	_	Original Budget		Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:						
General property taxes	\$	15,387,250	\$	15,387,250 \$	16,816,639 \$	
Other local taxes		2,702,000		2,702,000	2,908,615	206,615
Permits, privilege fees and regulatory licenses		219,525		219,525	262,981	43,456
Fines and forfeitures		176,350		176,350	159,000	(17,350)
Revenue from use of money and property		110,202		110,202	239,955	129,753
Charges for services		512,394		512,394	566,340	53,946
Miscellaneous		194,432		563,548	724,702	161,154
Intergovernmental:						
Commonwealth		6,001,837		6,075,317	5,326,005	(749,312)
Federal	_	1,577,200	_	1,584,938	1,337,116	(247,822)
Total revenues	\$_	26,881,190	\$	27,331,524 \$	28,341,353 \$	1,009,829
Expenditures:						
Current:						
General government administration	\$	1,709,080	\$	1,857,365 \$	1,574,914 \$	282,451
Judicial administration		942,921		956,064	899,824	56,240
Public safety		5,918,338		6,750,426	6,443,324	307,102
Public works		1,092,607		1,188,071	1,132,134	55,937
Health and welfare		5,959,228		5,959,228	4,881,655	1,077,573
Education		9,130,538		9,434,339	8,986,373	447,966
Parks, recreation, and cultural		453,522		454,131	454,131	-
Community development		610,400		630,805	569,985	60,820
Nondepartmental		317,898		8,505	5,911	2,594
Debt service:		211,212		-,	-7	_,
Principal retirement		1,247,834		1,247,834	1,241,178	6,656
Interest and other fiscal charges		240,829		240,829	247,483	(6,654)
Total expenditures	\$	27,623,195	\$	28,727,597 \$	26,436,912 \$	2,290,685
Excess (deficiency) of revenues over						
(under) expenditures	\$	(742,005)	\$	(1,396,073) \$	1,904,441 \$	3,300,514
	_					
Other Financing Sources (uses):			_			
Transfers in	\$	108,195	\$	108,195 \$	108,195 \$	
Transfers (out)	_	(85,000)		(85,000)		85,000
Total other financing sources (uses)	\$_	23,195	\$	23,195 \$	108,195	85,000
Net change in fund balances	\$	(718,810)	\$	(1,372,878) \$	2,012,636 \$	3,385,514
Fund balances at beginning of year	_	718,810	_	1,372,878	14,490,924	13,118,046
Fund balances at end of year	\$_		\$	- \$	16,503,560 \$	16,503,560

COUNTY OF MADISON, VIRGINIA Exhibit 8

Schedule of Changes in Net Pension Liability and Related Ratios Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2018

		2014	_	2015	_	2016	_	2017		2018
Total pension liability										
Service cost	\$	541,330	\$	541,394	\$	516,914	\$	561,082	\$	570,023
Interest		977,153		1,037,311		1,078,393		1,111,394		1,174,284
Differences between expected and actual experience		-		(156,191)		(282,251)		140,511		(508,725)
Changes in assumptions		-		-		-		(44,022)		-
Benefit payments, including refunds of employee contributions	_	(578,303)	_	(739,879)	_	(931,371)	_	(751,849)	_	(989,214)
Net change in total pension liability	\$	940,180	\$	682,635	\$	381,685	\$	1,017,116	\$	246,368
Total pension liability - beginning	_	14,248,481	_	15,188,661	_	15,871,296	_	16,252,981	_	17,270,097
Total pension liability - ending (a)	\$ _	15,188,661	\$_	15,871,296	\$_	16,252,981	\$ _	17,270,097	\$_	17,516,465
Plan fiduciary net position										
Contributions - employer	\$	506,793	\$	471,484	\$	489,952	\$	390,309	\$	394,766
Contributions - employee		198,721		201,091		208,419		219,531		222,548
Net investment income		1,957,999		663,732		261,173		1,825,862		1,217,607
Benefit payments, including refunds of employee contributions		(578,303)		(739,879)		(931,371)		(751,849)		(989,214)
Administrative expense		(10,342)		(9,028)		(9,269)		(10,482)		(10,613)
Other	_	103	_	(137)		(110)		(1,626)		(1,085)
Net change in plan fiduciary net position	\$	2,074,971	\$	587,263	\$	18,794	\$	1,671,745	\$	834,009
Plan fiduciary net position - beginning	_	12,290,513	_	14,365,484		14,952,747		14,971,541		16,643,286
Plan fiduciary net position - ending (b)	\$ _	14,365,484	\$_	14,952,747	\$ _	14,971,541	\$ _	16,643,286	\$_	17,477,295
County's net pension liability - ending (a) - (b)	\$	823,177	\$	918,549	\$	1,281,440	\$	626,811	\$	39,170
Plan fiduciary net position as a percentage of the total pension liability		94.58%		94.21%		92.12%		96.37%		99.78%
pension nability		74.30%		74.2170		72.12/0		70.37 //		77.70%
Covered payroll	\$	3,980,282	\$	4,048,172	\$	4,233,595	\$	4,466,281	\$	4,584,440
County's net pension liability as a percentage of covered payroll		20.68%		22.69%		30.27%		14.03%		0.85%

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 (Asset) and Related Ratios Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

		2014	2015	2016	2017	2018
Total pension liability	_					
Service cost	\$	76,301 \$	74,089 \$	66,822 \$	68,751 \$	63,158
Interest		218,017	226,502	227,787	220,674	221,119
Differences between expected and actual experience		-	(103,073)	(210,778)	(61,562)	8,879
Changes in assumptions		-	-	-	(21,588)	-
Benefit payments, including refunds of employee contributions	_	(141,719)	(204,473)	(153,861)	(217,007)	(182,847)
Net change in total pension liability	\$	152,599 \$	(6,955) \$	(70,030) \$	(10,732) \$	110,309
Total pension liability - beginning		3,185,382	3,337,981	3,331,026	3,260,996	3,250,264
Total pension liability - ending (a)	\$	3,337,981 \$	3,331,026 \$	3,260,996 \$	3,250,264 \$	3,360,573
	=					
Plan fiduciary net position						
Contributions - employer	\$	41,634 \$	33,962 \$	34,045 \$	1,243 \$	1,208
Contributions - employee		38,268	35,046	35,144	37,596	39,120
Net investment income		515,077	167,887	64,136	444,970	293,037
Benefit payments, including refunds of employee contributions		(141,719)	(204,473)	(153,861)	(217,007)	(182,847)
Administrative expense		(2,804)	(2,399)	(2,362)	(2,689)	(2,597)
Other	_	27	(38)	(27)	(391)	(258)
Net change in plan fiduciary net position	\$	450,483 \$	29,985 \$	(22,925) \$	263,722 \$	147,663
Plan fiduciary net position - beginning	_	3,282,575	3,733,058	3,763,043	3,740,118	4,003,840
Plan fiduciary net position - ending (b)	\$	3,733,058 \$	3,763,043 \$	3,740,118 \$	4,003,840 \$	4,151,503
School Division's net pension liability (asset) - ending (a) - (b)	\$	(395,077) \$	(432,017) \$	(479,122) \$	(753,576) \$	(790,930)
Plan fiduciary net position as a percentage of the total pension liability		111.84%	112.97%	114.69%	123.19%	123.54%
Covered payroll	\$	765,340 \$	707,545 \$	731,331 \$	763,392 \$	841,045
School Division's net pension liability (asset) as a percentage of covered payroll		-51.62%	-61.06%	-65.51%	-98.71%	-94.04%

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.

COUNTY OF MADISON, VIRGINIA Exhibit 10

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan For the Measurement Dates of June 30, 2014 through June 30, 2018

	_	2014	2015	2016	2017	2018
Employer's Proportion of the Net Pension Liability (Asset)		0.13142%	0.12919%	0.12492%	0.12619%	0.12517%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$	15,882,000 \$	16,260,000 \$	17,507,000 \$	15,518,000 \$	14,720,000
Employer's Covered Payroll		9,603,425	9,660,903	9,359,189	10,295,095	10,210,771
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		165.38%	168.31%	187.06%	150.73%	144.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%	70.88%	68.28%	72.92%	74.81%

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 Employer Contributions - Pension For the Years Ended June 30, 2010 through June 30, 2019

Date		ontractually Required contribution (1)		Contributions in Relation to Contractually Required Contribution (2)	-	Contribution Deficiency (Excess) (3)	_	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary G	overn	ment							
2019	\$	407,487	\$	407,487	\$	-	\$	4,940,970	8.25%
2018		394,774		394,774		-		4,584,440	8.61%
2017		393,926		393,926		-		4,466,281	8.82%
2016		493,214		493,214		-		4,233,595	11.65%
2015		471,612		471,612		-		4,048,172	11.65%
2014		507,088		507,088		-		3,980,282	12.74%
2013		504,675		504,675		-		3,961,344	12.74%
2012		326,368		326,368		-		3,464,625	9.42%
2011		346,452		346,452		-		3,677,829	9.42%
2010		295,687		295,687		-		3,673,136	8.05%
Componer	nt Unii	t School Boar	rd (ı	nonprofessional	I)				
2019	\$	1,333	\$	1,333	\$	-	\$	831,157	0.16%
2018		1,201		1,201		-		841,045	0.14%
2017		4,002		4,002		-		763,392	0.52%
2016		35,470		35,470		-		731,331	4.85%
2015		34,316		34,316		-		707,545	4.85%
2014		41,634		41,634		-		765,340	5.44%
2013		41,830		41,830		-		768,936	5.44%
2012		11,625		11,625		-		653,093	1.78%
2011		11,931		11,931		-		670,285	1.78%
2010		25,776		25,776		-		696,646	3.70%
Componer	nt Unit	t School Boar	rd (professional)					
2019	\$	1,541,453	\$	1,541,453	\$	-	\$	10,176,839	15.15%
2018		1,590,403		1,590,403		-		10,210,771	15.58%
2017		1,509,261		1,509,261		-		10,295,095	14.66%
2016		1,315,902		1,315,902		-		9,359,189	14.06%
2015		1,400,831		1,400,831		-		9,660,903	14.50%

Current year contributions are from County of Madison and Madison 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. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information - Pension For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-
Retirement Rates	Lowered rates at older ages and changed final
Withdrawal Rates	Adjusted rates to better fit experience at each
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-
Retirement Rates	Lowered rates at older ages and changed final
Withdrawal Rates	Adjusted rates to better fit experience at each
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-
Retirement Rates	Increased age 50 rates, and lowered rates at
Withdrawal Rates	Adjusted rates to better fit experience at each
Disability Rates	Adjusted rates to better fit experience

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios Primary Government For the Measurement Dates of June 30, 2018 through June 30, 2019

	2018			2019	
Total OPEB liability				-	
Service cost	\$	18,953	\$	18,578	
Interest		15,356		16,760	
Changes in assumptions		(13,048)		17,115	
Benefit payments		(18,464)		(15,016)	
Net change in total OPEB liability	\$	2,797	\$	37,437	
Total OPEB liability - beginning		419,145		421,942	
Total OPEB liability - ending	\$	421,942	\$	459,379	
Covered payroll	\$	4,288,858	\$	4,288,858	
County's total OPEB liability (asset) as a percentage of		0.040/		10.710	
covered payroll		9.84%		10.71%	

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 of June 30, 2018 through June 30, 2019

		2018		2019
Total OPEB liability			_	
Service cost \$;	57,167	\$	56,266
Interest		39,196		43,605
Changes in assumptions		(26,737)		35,146
Differences between expected and actual experience		-		-
Benefit payments		(34,934)	_	(38,827)
Net change in total OPEB liability \$	5	34,692	\$	96,190
Total OPEB liability - beginning		1,055,020	_	1,089,712
Total OPEB liability - ending \$; <u> </u>	1,089,712	\$	1,185,902
			_	
Covered payroll \$;	9,729,827	\$	9,729,827
County's total OPEB liability (asset) as a percentage of				
covered payroll		11.20%		12.19%

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, 2019

Valuation Date: 7/1/2017 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	
	3.50%
Inflation	
	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.80% in 2018 and gradually declines to 4.20% by the year 2074
Salary Increase Rates	The salary increase rate starts at 5.95% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table fully generational using scale BB. The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Mortality Table fully generational using scale BB.

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios Health Insurance Credit (HIC) Program

For the Measurement Dates of June 30, 2017 through June 30, 2018

	2017	2018
Total HIC OPEB Liability		
Service cost	\$ 2,985	\$ 3,059
Interest	3,183	3,350
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(13,071)
Changes in assumptions	(2,242)	-
Benefit payments	 (234)	(2,817)
Net change in total HIC OPEB liability	\$ 3,692	\$ (9,479)
Total HIC OPEB Liability - beginning	 45,580	49,272
Total HIC OPEB Liability - ending (a)	\$ 49,272	\$ 39,793
Plan fiduciary net position		
Contributions - employer	\$ 1,632	\$ 1,683
Net investment income	6,718	4,655
Benefit payments	(234)	(2,817)
Administrative expense	(111)	(109)
Other	 335	(335)
Net change in plan fiduciary net position	\$ 8,340	\$ 3,077
Plan fiduciary net position - beginning	57,190	65,530
Plan fiduciary net position - ending (b)	\$ 65,530	\$ 68,607
County's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (16,258)	\$ (28,814)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	133.00%	172.41%
Covered payroll	\$ 1,812,803	\$ 1,870,043
County's net HIC OPEB liability as a percentage of covered payroll	-0.90%	-1.54%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions Health Insurance Credit (HIC) Program For the Years Ended June 30, 2010 through June 30, 2019

Data	Contractually Required Contribution	(Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll	Contributions as a % of Covered Payroll
Date	 (1)	-	(2)	-	(3)	-	(4)	(5)
2019	\$ 1,645	\$	1,645	\$	-	\$	2,056,575	0.08%
2018	1,683		1,683		-		1,870,043	0.09%
2017	1,632		1,632		-		1,812,803	0.09%
2016	2,052		2,052		-		1,710,367	0.12%
2015	1,942		1,942		-		1,618,587	0.12%
2014	942		942		-		1,570,676	0.06%
2013	2,377		2,377		-		3,961,344	0.06%
2012	1,732		1,732		-		3,464,625	0.05%
2011	1,839		1,839		-		3,677,829	0.05%
2010	4,775		4,775		-		3,673,136	0.13%

Notes to Required Supplementary Information Health Insurance Credit (HIC) Program For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
healthy, and disabled)	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 20%

Non-Largest Ten Locality Employers - General Employees

	1 3
3 "	Updated to a more current mortality table - RP-2014
healthy, and disabled)	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%

Largest Ten Locality Employers - Hazardous Duty Employees

<u></u>	1 3
Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
healthy, and disabled)	projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each
	age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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%

Schedule of Madison County School Board's Share of Net OPEB Liability Teacher Employee Health Insurance Credit (HIC) Program For the Measurement Dates of June 30, 2017 through June 30, 2018

				Employer's Proportionate Share	
	Employer's	Employer's Proportionate		of the Net HIC OPEB Liability (Asset)	Plan Fiduciary
Data	Proportion of the Net HIC OPEB	Share of the Net HIC OPEB	Employer's Covered	as a Percentage of Covered Payroll	Net Position as a Percentage of Total
Date (1)	Liability (Asset) (2)	Liability (Asset) (3)	Payroll (4)	(3)/(4) (5)	HIC OPEB Liability (6)
2018	0.1264% \$	1,604,000	\$ 10,218,425	15.70%	8.08%
2017	0.1272%	1,614,000	10,038,856	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) Program
For the Years Ended June 30, 2010 through June 30, 2019

				Contributions in					
	Relation to								Contributions
		Contractually		Contractually		Contribution		Employer's	as a % of
		Required		Required		Deficiency		Covered	Covered
		Contribution		Contribution		(Excess)		Payroll	Payroll
Date		(1)		(2)		(3)	_	(4)	(5)
2019	\$	122,122	\$	122,122	\$	-	\$	10,176,839	1.20%
2018		125,687		125,687		-		10,218,425	1.23%
2017		111,431		111,431		-		10,038,856	1.11%
2016		100,960		100,960		-		9,524,521	1.06%
2015		101,806		101,806		-		9,604,352	1.06%
2014		106,683		106,683		-		9,611,082	1.11%
2013		105,543		105,543		-		9,508,337	1.11%
2012		54,435		54,435		-		9,072,582	0.60%
2011		54,332		54,332		-		9,055,312	0.60%
2010		72,932		72,932		-		9,326,028	0.78%

Notes to Required Supplementary Information Teacher Employee Health Insurance Credit (HIC) Program For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Schedule of County and School Board's Share of Net OPEB Liability Group Life Insurance Program For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	 Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Go	vernment				
2018	0.02430% \$	369,000	\$ 4,621,166	7.98%	51.22%
2017	0.02441%	367,000	4,502,245	8.15%	48.86%
Component	Unit School Board (nonpr	ofessional)			
2018	0.00442% \$	68,000	\$ 841,045	8.09%	51.22%
2017	0.00413%	63,000	762,592	8.26%	48.86%
Component	Unit School Board (profes	ssional)			
2018	0.05374% \$	816,000	\$ 10,218,425	7.99%	51.22%
2017	0.05445%	819,000	10,042,981	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 Program For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	 Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Go	overnment				
2019	\$ 25,869	\$ 25,869	\$ -	\$ 4,974,756	0.52%
2018	24,030	24,030	-	4,621,166	0.52%
2017	23,412	23,412	-	4,502,245	0.52%
2016	20,338	20,338	-	4,237,107	0.48%
2015	19,517	19,517	-	4,066,077	0.48%
2014	19,138	19,138	-	3,987,155	0.48%
2013	19,063	19,063	-	3,971,451	0.48%
2012	9,701	9,701	-	3,464,625	0.28%
2011	10,298	10,298	-	3,677,829	0.28%
2010	7,442	7,442	-	3,673,136	0.20%
Componen	t Unit School Board	(nonprofessional)			
2019	\$ 4,337	\$ 4,337	\$ -	\$ 834,058	0.52%
2018	4,373	4,373	-	841,045	0.52%
2017	3,965	3,965	-	762,592	0.52%
2016	3,510	3,510	-	731,331	0.48%
2015	3,475	3,475	-	724,051	0.48%
2014	3,674	3,674	-	765,340	0.48%
2013	3,691	3,691	-	768,936	0.48%
2012	1,829	1,829	-	653,093	0.28%
2011	1,877	1,877	-	670,285	0.28%
2010	1,422	1,422	-	696,646	0.20%
Componen	t Unit School Board	(professional)			
2019	\$ 52,920	\$ 52,920	\$ -	\$ 10,176,839	0.52%
2018	53,136	53,136	-	10,218,425	0.52%
2017	52,224	52,224	-	10,042,981	0.52%
2016	45,745	45,745	-	9,530,192	0.48%
2015	46,101	46,101	-	9,604,352	0.48%
2014	46,133	46,133	-	9,611,082	0.48%
2013	46,361	46,361	-	9,658,467	0.48%
2012	25,791	25,791	-	9,211,022	0.28%
2011	25,366	25,366	-	9,059,366	0.28%
2010	18,960	18,960	-	9,341,673	0.20%

Notes to Required Supplementary Information Group Life Insurance Program For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State 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
Line of Duty Disability	Increased rate from 14% to 25%

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 50% to 35%

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Notes to Required Supplementary Information Group Life Insurance Program For the Year Ended June 30, 2019 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

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 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014 projected
retirement healthy, and disabled)	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%

Largest Ten Locality Employers - Hazardous Duty Employees

Largost For Essanty Employers Trazaraous Buty Employees						
Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014 projected					
retirement healthy, and disabled)	to 2020					
Retirement Rates	Lowered retirement rates at older ages					
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year					
Disability Rates	Increased disability rates					
Salary Scale	No change					
Line of Duty Disability	Increased rate from 60% to 70%					

Non-Largest Ten Locality Employers - Hazardous Duty Employees

	3 · 3
Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014 projected
retirement healthy, and disabled)	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%

- Other Supplementary Information
Combining and Individual Fund Statements and Schedules

Capital Improvement Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Year Ended June 30, 2019

		Budgeted Amounts						Variance with Final Budget -
	_	Original	_	Final	_	Actual Amounts		Positive (Negative)
EXPENDITURES								
Capital projects	\$	126,633	\$	126,633	\$_	17,530	\$	109,103
Total expenditures	\$	126,633	\$	126,633	\$_	17,530	\$_	109,103
Excess (deficiency) of revenues over								
(under) expenditures	\$	(126,633)	\$	(126,633)	\$_	(17,530)	\$_	109,103
OTHER FINANCING SOURCES (USES)								
Transfers in	\$	85,000	\$	85,000	\$	-	\$	(85,000)
Transfers out		(108,195)		(108,195)	_	(108,195)		
Total other financing sources (uses)	\$	(23,195)	\$	(23,195)	\$_	(108,195)	\$_	(85,000)
Net change in fund balances	\$	(149,828)	\$	(149,828)	\$	(125,725)	\$	24,103
Fund balances at beginning of year		149,828		149,828	_	473,639	_	323,811
Fund balances at end of year	\$	-	\$	-	\$	347,914	\$	347,914

Statement of Changes in Assets and Liabilities - Agency Funds Year Ended June 30, 2019

		Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund: Assets:					
Cash and cash equivalents	\$_	47,124	\$ 69,286	\$ 52,664	\$ 63,746
Total assets	\$	47,124	\$ 69,286	\$ 52,664	\$ 63,746
Liabilities:					
Amounts held for others	\$_	47,124	\$ 69,286	\$ 52,664	\$ 63,746
Total liabilities	\$_	47,124	\$ 69,286	\$ 52,664	\$ 63,746

Combining Balance Sheet - Discretely Presented Component Unit - School Board At June $30,\ 2019$

ASSETS	-	School Operating Fund	School Cafeteria Fund		School Capital Fund		Nonmajor Funds		Total
Cash and cash equivalents Accounts receivable Due from other governmental units Prepaid expenditures Inventory	\$	993,033 \$ 3,389 387,931 18,198	262,382 6,831 16,827 - 27,102	\$	152,924 - - -	\$	52,969 - - -	\$	1,461,308 10,220 404,758 18,198 27,102
Total assets	\$ =	1,402,551 \$	313,142	\$_	152,924	\$_	52,969	\$	1,921,586
LIABILITIES									
Accounts payable Accrued liabilities Due to Primary Government	\$	118,967 \$ 991,033 290,551	1,826 29,235 -	\$	58,057 - -	\$	- - -	\$	178,850 1,020,268 290,551
Total liabilities	\$_	1,400,551 \$	31,061	\$_	58,057	\$_	-	\$_	1,489,669
FUND BALANCES Nonspendable Restricted Committed Unassigned	\$	18,198 \$ - 2,000 (18,198)	27,102 - 254,979 -	\$	- - 94,867 -	\$	- 52,969 - -	\$	45,300 52,969 351,846 (18,198)
Total fund balances	\$_	2,000 \$	282,081	\$_	94,867	\$	52,969	\$	431,917
Total liabilities and fund balances	\$_	1,402,551 \$	313,142	\$_	152,924	\$_	52,969	=	
Detailed explanation of adjustments from fund st When capital assets (land, buildings, equipment purchased or constructed, the costs of those ass However, the statement of net position includes as a whole.	nt) that ar sets are rep	e to be used ported as exper	in governmen	tal a	activities are				0 722 042
The net pension asset is not an available resource	e and, there	efore, is not rep	orted in the fu	ınds					8,723,063 790,930
Deferred inflows related to measurement of net current-period expenditures Deferred inflows related to pensions Deferred inflows related to OPEB									(2,125,460) (144,519)
Pesnion and OPEB contributions subsequent to the reduction to the net pension and OPEB liabilities the funds. Deferred outflows related to pensions									1,835,099
Deferred outflows related to OPEB Long-term liabilities applicable to the School Bothe current period and accordingly are not report termare reported in the statement of net positi	ed as fund								293,901
									(18,848,075)
Net position of General Government Activities								\$_	(9,043,144)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Discretely Presented Component Unit - School Board Year Ended June 30, 2019

	_	School Operating Fund	_	School Cafeteria Fund		School Capital Fund		Nonmajor Funds	_	Total
Revenues:										
Revenue from use of money and property	\$	2,020	\$	-	\$	8	\$	16	\$	2,044
Charges for services		2,150		260,229		-		-		262,379
Miscellaneous		869,297		52,440		-		-		921,737
Intergovernmental:										
County contribution to School Board		8,528,378		-		452,995		-		8,981,373
Commonwealth		9,619,101		24,859		-		-		9,643,960
Federal	_	873,298		574,701		-		-	_	1,447,999
Total revenues	\$_	19,894,244	\$	912,229	\$	453,003	\$	16	\$_	21,259,492
Expenditures:										
Current:										
Education	\$	19,894,244	\$	922,662	\$	-	\$	-	\$	20,816,906
Capital projects	_	-		-		398,673		-	_	398,673
Total expenditures	\$_	19,894,244	\$	922,662	\$	398,673	\$	-	\$_	21,215,579
Excess (deficiency) of revenues over										
(under) expenditures	\$	-	\$	(10,433)	\$	54,330	\$	16	\$_	43,913
Other financing sources (uses):										
Transfers in	\$	_	\$	_	\$	1,896	\$	_	\$	1,896
Transfers out	Ψ	-	Ψ	-	Ψ	1,070	Ψ	(1,896)	Ψ	(1,896)
Total other financing sources (uses)	\$	-	\$	-	\$	1,896	\$	(1,896)	\$	-
Changes in fund halons	-		¢	(10, 422)	¢	F/ 22/	ф.	(1.000)	ф.	42.012
Changes in fund balances	\$	-	\$	(10,433)	\$	56,226	>	(1,880)	\$	43,913
Fund balances at beginning of year	_	2,000		292,514		38,641		54,849	_	388,004
Fund balances at end of year	\$_	2,000	\$	282,081	\$	94,867	\$	52,969	\$_	431,917

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Discretely Presented Component Unit - School Board Year Ended June 30, 2019

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	:	43,913
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period computed as follows:		
Capital additions Depreciation expense	\$ 333,557 (995,130)	(661,573)
Change in deferred inflows related to the measurement of the net pension liability/asset Change in deferred inflows related to the measurement of the net OPEB		335,176
liability/asset		(3,891)
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. The following is a summary of items supporting this adjustment:		
Change in compensated absences	(4,094)	
Change in deferred outflows related to pensions	835,354	
Change in deferred outflows related to pensions Change in deferred outflows related to OPEB	(124,505) 64,705	
Change in net OPEB liability	(88,190)	683,270
Transfer of joint tenancy assets from Primary Government to the Component Unit		883,945
Change in net position of governmental activities	:	1,280,840

COUNTY OF MADISON, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board Year Ended June 30, 2019

				School C)pera	ating Fund		
	_	Original Budget		Budget As Amended		Actual		Variance From Amended Budget Positive (Negative)
Revenues: Revenue from use of money and property Charges for services Miscellaneous Intergovernmental:	\$	1,000 - 900,654	\$	1,000 - 900,654	\$	2,020 2,150 869,297	\$	1,020 2,150 (31,357)
County contribution to School Board Commonwealth Federal	_	8,825,538 9,918,563 878,386		8,976,344 9,679,137 878,386		8,528,378 9,619,101 873,298		(447,966) (60,036) (5,088)
Total revenues	\$	20,524,141	\$	20,435,521	\$	19,894,244	\$	(541,277)
Expenditures: Current: Education Capital projects	\$	20,524,141	\$	20,435,521	\$	19,894,244	\$	541,277 -
Total expenditures	\$	20,524,141	\$	20,435,521	\$	19,894,244	\$	541,277
Excess (deficiency) of revenues over (under) expenditures	\$		\$_		\$_		\$_	
Other financing sources (uses) Transfers in	\$	-	\$_	-	\$_	-	_ \$ _	
Changes in fund balances	\$	-	\$	-	\$	-	\$	-
Fund balances at beginning of year			_	<u>-</u>		2,000		2,000
Fund balances at end of year	\$	-	\$	-	\$	2,000	\$	2,000

_		School (Cafe	teria Fun	d		School Capital Fund										
-	Original Budget	 Budget As Amended		Actual		Variance From Amended Budget Positive (Negative)		Original Budget		Budget As Amended		Actual		Variance From Amended Budget Positive (Negative)			
\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	8	\$	8			
	365,000	365,000		260,229		(104,771)		-		-		-		-			
	38,000	38,000		52,440		14,440		-		-		-		-			
	-	-		-		-		300,000		452,995		452,995		-			
	20,000	20,000		24,859		4,859		-		-		-		-			
_	452,000	 452,000	_	574,701		122,701		-	_	-	_	-		-			
\$_	875,000	\$ 875,000	\$_	912,229	\$_	37,229	\$_	300,000	. \$ _	452,995	\$_	453,003	\$_	8			
\$	875,000	\$ 875,000	\$	922,662	\$	(47,662)	\$	300,000	\$	- 493,529	\$	- 398,673	\$	- 94,856			
\$	875,000	\$ 875,000	 \$	922,662	- \$	(47,662)	\$	300,000	- \$	493,529	\$	398,673	 \$	94,856			
•	· ·	 · ·				<u> </u>	_	· · ·		· · · · · · · · · · · · · · · · · · ·	· -	<u> </u>		·			
\$_	-	\$ -	\$_	(10,433)	\$	(10,433)	\$_	-	\$_	(40,534)	\$_	54,330	\$_	94,864			
\$_	-	\$ -	\$_	-	\$	-	\$_	-	\$_	1,894	\$_	1,896	\$_	1,896			
\$	-	\$ -	\$	(10,433)	\$	(10,433)	\$	-	\$	(38,640)	\$	56,226	\$	96,760			
_	-	 -		292,514		292,514	_	-		38,640	. <u> </u>	38,641		1			
\$	-	\$ -	\$	282,081	\$	282,081	\$	-	\$	-	\$	94,867	\$	96,761			

Combining Balance Sheet Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board As of June 30, 2019

	School Lottery Fund	 School Textbook Fund	 Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 52,969	\$ 52,969
Total assets	\$ -	\$ 52,969	\$ 52,969
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$
Fund balances:			
Restricted	\$ -	\$ 52,969	\$ 52,969
Total fund balances	\$ -	\$ 52,969	\$ 52,969
Total liabilities and fund balances	\$ -	\$ 52,969	\$ 52,969

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2019

		School Lottery	School Textbook		
	_	Fund	 Fund	_	Total
REVENUES					
Revenue from the use of money and property	\$_	-	\$ 16	\$_	16
Total revenues	\$_	-	\$ 16	\$_	16
EXPENDITURES					
Current:					
Education	\$	-	\$ -	\$	-
Total expenditures	\$	-	\$ -	\$	
Excess (deficiency) of revenues over (under)					
expenditures	\$_	-	\$ 16	\$	16
OTHER FINANCING SOURCES (USES)					
Transfers out	\$_	(1,896)	\$ -	\$_	(1,896)
Net change in fund balances	\$	(1,896)	\$ 16	\$	(1,880)
Fund balances - beginning		1,896	52,953		54,849
Fund balances - ending	\$	-	\$ 52,969	\$	52,969

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2019

				School I	Lo	ttery Fu	nc	d		School Textbook Fund						
	-	Budg Amo				-	,	Variance with Final Budget Positive		Budgeted A	٩m٠	ounts				Variance with Final Budget Positive
	-	Original		Final		Actual		(Negative)	-	Original		inal	-	Actual		(Negative)
REVENUES	-		-		_		-						_			
Revenue from the use of money																
and property	\$	-	\$_	- :	\$_	-	\$	-	\$	- \$		-	\$	16	\$	16
Total revenues	\$		\$_	- :	\$_	-	\$	-	\$	- \$		-	\$_	16	\$	16
EXPENDITURES																
Current:																
Education	\$		\$_	- :	\$_	-	\$	-	\$	- \$		-	\$	-	\$	
Total expenditures	\$		\$_	- !	\$_	-	\$	-	\$	\$		-	\$_	-	\$	
Excess (deficiency) of revenues																
over (under) expenditures	\$		\$_		\$_	-	\$	-	\$	- \$		-	\$	16	\$	16
OTHER FINANCING SOURCES (US	ES)															
Transfers out	\$		\$_	(1,896)	\$_	(1,896)	\$	-	\$	- \$		-	\$	-	\$	<u>-</u>
Net change in fund balances	\$	-	\$	(1,896)	\$	(1,896)	\$	-	\$	- \$		-	\$	16	\$	16
Fund balances - beginning		-		1,896		1,896		-		-		-		52,953		52,953
Fund balances - ending	\$	-	\$	- :	\$_	-	\$	-	\$	- \$		-	\$	52,969	\$	52,969

Statement of Fiduciary Net Position - Fiduciary Fund Discretely Presented Component Unit - School Board At June 30, 2019

	: 	Scholarship Private- Purpose Trust Fund
ASSETS		
Cash and cash equivalents	\$	94,735
Total assets	\$_	94,735
NET POSITION		
Held in trust for scholarships	\$	94,735
Total net position	\$_	94,735
Total liabilities and net position	\$	94,735

Statement of Changes in Fiduciary Net Position - Fiduciary Fund Discretely Presented Component Unit - School Board Year Ended June 30, 2019

		Scholarship Private- Purpose Trust Fund
Additions:	•	
Interest income	\$	8,390
Total additions	\$	8,390
Deductions:		
Scholarships awarded	\$	5,139
Total deductions	\$	5,139
Change in net position	\$	3,251
Net position - beginning of year		91,484
Net position - end of year	\$	94,735

Discretely Presented Component Unit - Madison County Parks and Recreation Authority Statement of Net Position

At June 3	30, 2	019
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Current assets: Cash and cash equivalents Noncurrent assets: Capital assets (net of depreciation): Construction in progress Building improvements Equipment Total capital assets Current liabilities: Accounts payable Accrued expenses Total liabilities Total liabilities Net Position Investment in capital assets \$ 216,289 Liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Liabilities \$ 5,417	Assets		
Noncurrent assets: Capital assets (net of depreciation): Construction in progress \$ 178,043 Building improvements 23,777 Equipment 14,469 Total capital assets \$ 216,289 Total assets \$ 351,820 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Current assets:		
Capital assets (net of depreciation): \$ 178,043 Construction in progress \$ 178,043 Building improvements 23,777 Equipment 14,469 Total capital assets \$ 216,289 Total assets \$ 351,820 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted 130,114	Cash and cash equivalents	\$	135,531
Capital assets (net of depreciation): \$ 178,043 Construction in progress \$ 178,043 Building improvements 23,777 Equipment 14,469 Total capital assets \$ 216,289 Total assets \$ 351,820 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted 130,114			
Construction in progress \$ 178,043 Building improvements 23,777 Equipment 14,469 Total capital assets \$ 216,289 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted 130,114			
Building improvements 23,777 Equipment 14,469 Total capital assets \$ 216,289 Total assets \$ 351,820 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses \$ 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Capital assets (net of depreciation):		
Equipment 14,469 Total capital assets \$ 216,289 Total assets \$ 351,820 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses \$ 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Construction in progress	\$	178,043
Total capital assets \$ 216,289 Total assets \$ 351,820 Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses \$ 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Building improvements		23,777
Total assets \$\frac{351,820}{251,820}\$ Liabilities Current liabilities: Accounts payable \$1,925 Accrued expenses \$3,492 Total liabilities \$\frac{5,417}{25}\$ Net Position Investment in capital assets \$216,289 Unrestricted \$130,114	Equipment	_	14,469
Liabilities Current liabilities: Accounts payable \$ 1,925 Accrued expenses \$ 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Total capital assets	\$	216,289
Current liabilities: Accounts payable \$ 1,925 Accrued expenses \$ 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Total assets	\$_	351,820
Accounts payable \$ 1,925 Accrued expenses 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Liabilities		
Accrued expenses 3,492 Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted 130,114	Current liabilities:		
Total liabilities \$ 5,417 Net Position Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Accounts payable	\$	1,925
Net Position Investment in capital assets Unrestricted \$ 216,289 130,114	Accrued expenses	_	3,492
Investment in capital assets \$ 216,289 Unrestricted \$ 130,114	Total liabilities	\$_	5,417
Unrestricted 130,114	Net Position		
Unrestricted 130,114	Investment in capital assets	\$	216,289
Total net position \$ 346,403		_	130,114
Total net position \$ 346.403			
7 S 16/165	Total net position	\$	346,403

Discretely Presented Component Unit - Madison County Parks and Recreation Authority Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2019

Operating revenues	
Charges for services	\$ 195,201
Miscellaneous	 59,648
Total operating revenues	\$ 254,849
Operating Expenses	
Personal services	\$ 41,618
Fringe benefits	3,613
Contractual services	140,528
Other charges	222,788
Depreciation	 9,763
Total operating expenses	\$ 418,310
Operating income (loss)	\$ (163,461)
Nonoperating revenues	
Contribution from Madison County and Madison County School Board	\$ 240,300
Total nonoperating revenues	\$ 240,300
Change in net position	\$ 76,839
Net position, beginning of year	 269,564
Net position, end of year	\$ 346,403

Discretely Presented Component Unit - Madison County Parks and Recreation Authority Statement of Cash Flows Year Ended June 30, 2019

Cash flows from operating activities		
Receipts from customers	\$	254,849
Payments to employees		(44,485)
Payments to suppliers		(365,270)
Net cash provided by (used for) by operating activities	\$	(154,906)
Cash flows from capital and related financing activities		
Purchases of capital assets	\$	(125,267)
Cash flows from noncapital financing activities		
Contribution from Madison County and Madison County School Board	\$	240,300
Net increase (decrease) in cash and cash equivalents	\$	(39,873)
Net increase (decrease) in cash and cash equivalents	φ	(37,073)
Cash and cash equivalents, beginning of year		175,404
Cash and cash equivalents, end of year	\$	135,531
Reconciliation of operating income (loss) to net cash		
provided by (used for) operating activities:		
Operating income (loss)	\$	(163,461)
Depreciation		9,763
Change in assets and liabilities:		
Accounts payable		(1,954)
Accrued expenses	_	746
Net cash provided by (used for) by operating activities	\$	(154,906)

- Other Supplementary Information - Supporting Schedules

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended		Actual	,	Variance From Amended Budget Positive (Negative)
Primary Government:								
General Fund:								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	11,163,000	\$	11,163,000	\$	12,142,494	\$	979,494
Real and personal public service corporation	Ψ	11,100,000	Ψ	11,100,000	Ψ	12,142,474	Ψ	,,,,,,,
property taxes		320,000		320,000		320,972		972
Personal property taxes		3,275,000		3,275,000		3,499,970		224,970
Mobile home taxes		7,500		7,500		8,627		1,127
Machinery and tools taxes		70,250		70,250		97,265		27,015
Merchants capital taxes		241,500		241,500		221,890		(19,610)
Penalties		150,000		150,000		237,746		87,746
						237,740		
Interest		100,000		100,000		- /		118,787
Tax collection fee	_	60,000		60,000	-	68,888	-	8,888
Total general property taxes	\$_	15,387,250	\$_	15,387,250	\$_	16,816,639	\$_	1,429,389
Other local taxes:								
Local sales and use taxes	\$	1,025,000	\$	1,025,000	\$	1,074,001	\$	49,001
Consumers' utility taxes		330,000		330,000		354,993		24,993
Local consumption tax		39,500		39,500		42,199		2,699
Restaurant food taxes		460,000		460,000		502,163		42,163
Transient occupancy taxes		162,500		162,500		154,340		(8,160)
Gross receipts taxes		20,000		20,000		16,324		(3,676)
Bank stock taxes		85,000		85,000		133,442		48,442
Motor vehicle licenses		440,000		440,000		468,604		28,604
Taxes on recordation and wills		140,000		140,000	_	162,549	_	22,549
Total other local taxes	\$_	2,702,000	\$_	2,702,000	\$_	2,908,615	\$	206,615
Permits, privilege fees and regulatory licenses:								
Animal licenses	\$	10,000	¢	10,000	¢	23,004	¢	13,004
Building and related permits	Ψ	186,775	Ψ	186,775	Ψ	215,955	Ψ	29,180
Land transfer fees		500		500		522		27,100
Land transfer fees Land use application fees		22,250		22,250		23,500		1,250
Land use application rees	_	22,230		22,230	-	23,300	-	1,230
Total permits, privilege fees and regulatory licenses	\$_	219,525	\$_	219,525	\$_	262,981	\$_	43,456
Fines and Forfeitures:								
Court fines and forfeitures	\$	176,350	\$	176,350	\$	159,000	\$	(17,350)
	· -		-		· -	, , , , , , , , , , , , , , , , , , , ,	- ' -	
Total fines and forfeitures	\$_	176,350	\$_	176,350	\$_	159,000	\$_	(17,350)
Revenue from use of money and property:								
Revenue from use of money	\$	75,000	\$	75,000	\$	204,451	\$	129,451
Revenue from use of property	_	35,202		35,202	_	35,504	_	302
Total revenue from use of money and property	\$	110,202	\$	110,202	\$	239,955	\$	129,753
rotar revenue from use of money and property	Ψ_	110,202	- Ψ _	110,202	-Ψ_	207,700	Ψ_	127,100

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended	Actual	V	ariance From Amended Budget Positive (Negative)
Primary Government: (Continued)							
General Fund: (Continued)							
Revenue from local sources: (continued)							
Charges for services:							
Sheriff's fees	\$	344	\$	344 \$	344 9	\$	-
Commonwealth attorney fees		1,200		1,200	1,018		(182)
Courthouse maintenance fees		8,400		8,400	6,187		(2,213)
Courtroom security fees		42,000		42,000	28,177		(13,823)
Other charges for services		30,450		30,450	23,773		(6,677)
Ambulance transportation fees		310,000		310,000	348,165		38,165
Waste collection and disposal charges	_	120,000		120,000	158,676	_	38,676
Total charges for services	\$_	512,394	\$	512,394 \$	566,340	\$	53,946
Miscellaneous:							
Expenditure refunds	\$	40,632	\$	42,591 \$	111,653	\$	69,062
CSA	Ψ	-	Ψ	-	18,486	Ψ	18,486
Miscellaneous	_	153,800		520,957	594,563		73,606
Total miscellaneous	\$	194,432	\$	563,548 \$	724,702	\$	161,154
Total revenue from local sources	\$	19,302,153	\$	19,671,269 \$	21,678,232	\$	2,006,963
	_						
Intergovernmental:							
Revenue from the Commonwealth:							
Noncategorical aid: Motor vehicle carrier's tax	\$	400	\$	400 \$	197 (φ.	(202)
Rental tax - DMV	Ф	1,700	Ф	1,700	435	Ф	(203) (1,265)
Moped ATV sales tax		1,700		1,700	134		134
Mobile home titling taxes		9,000		9,000	14,234		5,234
PPTRA		1,029,053		1,029,053	1,029,053		5,254
Communication taxes		550,000		550,000	492,677		(57,323)
Recordation tax		39,000		39,000	39,216		216
Total noncategorical aid	\$_	1,629,153	\$	1,629,153 \$	1,575,946	\$	(53,207)
Categorical aid:							
Shared expenses:							
Commonwealth's attorney	\$	173,810	\$	173,810 \$	171,359	\$	(2,451)
Sheriff	Ψ	733,694	Ψ	733,694	737,657	~	3,963
Commissioner of the Revenue		79,180		79,180	77,905		(1,275)
Treasurer		91,772		91,772	90,575		(1,197)
Registrar/electoral board		37,882		37,882	37,500		(382)
Clerk of the Circuit Court	_	218,161		224,003	224,508		505
Total shared expenses	\$_	1,334,499	\$	1,340,341 \$	1,339,504	\$	(837)

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)						
General Fund: (Continued)						
Intergovernmental: (continued)						
Revenue from the Commonwealth: (continued)						
Other categorical aid:						
Fire programs	\$	44,000	\$	45,271 \$	45,271 \$	-
Litter Control		7,240		7,240	7,241	1
Four for life		15,000		29,904	15,102	(14,802)
Domestic Violence		45,000		45,000	45,000	-
Victim witness		13,297		15,876	15,157	(719)
Department of Juvenile Justice		8,079		8,079	6,338	(1,741)
E-911		45,000		45,000	47,528	2,528
PSAP State 911 grant		-		-	7,950	7,950
Comprehensive Services Act Sheriff - asset forfeiture		1,969,280		1,969,280	1,370,573	(598,707)
Public assistance and welfare		843,989		843,989	9,624 790,782	9,624 (53,207)
Other state grants		47,300		96,184	49,989	(46,195)
Other state grants	_	47,300		70,104	47,707	(40,173)
Total other categorical aid	\$_	3,038,185	\$_	3,105,823 \$	2,410,555 \$	(695,268)
Total categorical aid	\$_	4,372,684	\$_	4,446,164 \$	3,750,059 \$	(696,105)
Total revenue from the Commonwealth	\$_	6,001,837	\$_	6,075,317 \$	5,326,005 \$	(749,312)
Revenue from the Federal Government:						
Payments in lieu of taxes	\$	87,000	\$	87,000 \$	91,700 \$	4,700
rayments in nea or taxes	Ψ_	07,000	- Ψ -	Φ_	71,700 ¢	4,700
Categorical aid:						
Public assistance and welfare	\$	1,439,083	\$	1,439,083 \$	1,199,581 \$	(239,502)
Justice assistance grant		1,226		1,226	_	(1,226)
Victim Witness		39,891		47,629	45,474	(2,155)
Ground Safety Transportation		10,000		10,000	361	(9,639)
or our and our orly real operations	_	.57555		,		(1/001)
Total categorical aid	\$_	1,490,200	\$	1,497,938 \$	1,245,416 \$	(252,522)
Total revenue from the Federal Government	\$_	1,577,200	\$	1,584,938 \$	1,337,116 \$	(247,822)
Total General Fund	\$	26,881,190	\$	27,331,524 \$	28,341,353 \$	1,009,829
	_					

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended	Actual		riance From Amended Budget Positive (Negative)
Discretely Presented Component Unit - School Board: School Operating Fund:							
Revenue from local sources:							
Revenue from use of money and property:							
3 3	¢	1 000	¢	1 000 ¢	2 020	ሰ	1 020
Revenue from use of property	\$_	1,000	_ Þ -	1,000 \$	2,020	» —	1,020
Charges for services:							
Charges for education	\$	_	\$	- \$	2,150	\$	2,150
•	· -		- : -	·_			
Total charges for services	\$_	-	\$.	\$_	2,150	\$	2,150
Miscellaneous:							
Rebates and refunds	\$	844,654	\$	844,654 \$	808,429	\$	(36,225)
Miscellaneous	_	56,000		56,000	60,868		4,868
Total miscellaneous	_	900,654		900,654	869,297		(31,357)
Total revenue from local sources	\$	901,654	\$	901,654 \$	873,467	\$	(28,187)
Intergovernmental	_	,		· · · · · · · · · · · · · · · · · · ·	· ·		
Intergovernmental: County contribution to School Board	\$	8,825,538	\$	8,976,344 \$	8,528,378	\$	(447,966)
•	Ψ_	0,025,550	_Ψ_	<u> </u>	0,320,370	Ψ	(447,700)
Revenue from the Commonwealth:							
Categorical aid:	•	0.405.547		0.405.547	0.455.000	Φ.	40.770
Share of state sales tax	\$	2,135,547	\$	2,135,547 \$	2,155,209	\$	19,662
Basic school aid		4,604,532		4,604,532	4,480,291		(124,241)
Special ed SOQ Vocational SOQ		344,557 168,166		344,557 168,166	337,647 164,793		(6,910) (3,373)
At risk funds		108,100		108,100	116,838		8,789
Remedial education		142,575		142,575	139,716		(2,859)
Technology		154,000		154,000	154,000		(2,037)
Special education - Regional tuition		288,923		282,387	298,198		15,811
Textbook payments		92,025		92,025	90,180		(1,845)
Primary class size		157,147		157,147	154,256		(2,891)
Fringe benefits		835,345		835,345	818,594		(16,751)
Other state funds		887,697		654,807	709,379		54,572
Total categorical aid	\$	9,918,563	\$	9,679,137 \$	9,619,101	\$	(60,036)
Total revenue from the Commonwealth	\$	9,918,563	\$	9,679,137 \$	9,619,101	\$	(60,036)
Revenue from the federal government:							<u> </u>
Categorical aid:							
Title I	\$	323,401	\$	323,401 \$	360,470	\$	37,069
Title III	•	986	*	986	1,041	*	55
Title VI - B Special Education		460,577		460,577	405,217		(55,360)
Vocational education		27,493		27,493	32,280		4,787
Preschool		-		-	11,144		11,144
Other funds		-		-	26,610		26,610
Title II	_	65,929		65,929	36,536		(29,393)
Total categorical aid	\$_	878,386	\$ _	878,386 \$	873,298	\$	(5,088)
Total revenue from the federal government	\$_	878,386	\$	878,386 \$	873,298	\$	(5,088)
Total School Operating Fund	\$_	20,524,141	\$	20,435,521 \$	19,894,244	\$	(541,277)
	_		- =			_	

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended	Actual	Vā	Ariance From Amended Budget Positive (Negative)
Discretely Presented Component Unit School Board: Special Revenue Funds: School Cafeteria Fund:	(Continued)						
Revenue from local sources: Charges for services:							
Cafeteria sales	\$	365,000	\$_	365,000 \$	260,229	\$	(104,771)
Total charges for services	\$	365,000	\$	365,000 \$	260,229	\$	(104,771)
Miscellaneous: Miscellaneous	\$	38,000	\$	38,000 \$	52,440	\$	14,440
Total revenue from local sources	\$	403,000	\$	403,000 \$	312,669	_	(90,331)
Intergovernmental: Revenue from the Commonwealth: Categorical aid: School food grant	<u> </u>	20,000	\$	20,000 \$	24,859	\$	4,859
Revenue from the federal government: Categorical aid:	Φ.	452.000	•	450 000 ¢	574.704	Φ.	100 701
School food grant Total School Cafeteria Fund	\$ \$	452,000 875,000	-	452,000 \$ 875,000 \$	574,701 912,229		122,701 37,229
School Lottery Fund: Revenue from local sources: Revenue from use of money and property: Revenue from use of money	\$	-	\$	- \$	- :	\$	-
Total revenue from use of money and property	\$	-	\$	- \$	- :	\$	-
Total School Lottery Fund	\$	-	\$	- \$	-	\$	-
School Capital Fund: Revenue from local sources: Revenue from use of money and property: Revenue from use of money	<u> </u>	-	\$	\$_	8 :	\$	8
Total revenue from use of money and property	\$	-	\$	\$_	8	\$	8
Intergovernmental: County contribution to School Board	\$_	300,000	\$_	452,995 \$	452,995	\$	
Total School Capital Fund	\$	300,000	\$	452,995 \$	453,003	\$	8
School Textbook Fund: Revenue from local sources: Revenue from use of money and property: Revenue from use of money	\$_	-	\$_	\$_	16_:	\$	16
Total revenue from use of money and property	\$	-	\$	- \$	16	\$	16
Total revenue from local sources	\$		\$	- \$	16	\$	16
Total School Textbook Fund	\$	-	\$	- \$	16	\$	16
Total RevenuesDiscretely Presented Component Unit School Board	\$ <u></u>	21,699,141	\$_	21,763,516 \$	21,259,492	\$	(504,024)

Governmental Funds - Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2019

Primary Government: General Fund: General Fund: General Government administration: Legislative: Board of supervisors \$ 61,019 \$ 61,539 \$ 61,539 \$	Fund, Function, Activities and Elements		Original Budget		Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
General Fund: General government administration: Legislative: Board of supervisors \$ 61.019 \$ 61.539 \$ 61.539 \$	Primary Government:						
Legislative	General Fund:						
Board of supervisors	General government administration:						
County administrator	Legislative:						
County administrator \$ 241,313 \$ 300,143 \$ 291,502 \$ 8,641 Legal services 76,717 76,717 76,717 76,2313 14,404 Independent auditor 56,638 56,638 48,336 8,302 Commissioner of the revenue 224,062 227,442 216,430 11,012 Personal property 5,650 5,650 4,422 1,228 Data processing 234,718 314,668 130,429 184,439 Land use 1,850 1,850 1,695 155 Assessor 175,975 175,575 171,537 4,388 Assessor 175,975 175,575 171,537 4,389 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: \$ 1,244,078 \$ 2,447,078 \$ 2,447,078 \$ 1,4742	Board of supervisors	\$	61,019	\$_	61,539 \$	61,539 \$	
Legal services	General and financial administration:						
Legal services	County administrator	\$	241,313	\$	300,143 \$	291,502 \$	8,641
Independent auditor 56,638 56,638 48,336 8,302 Commissioner of the revenue 224,062 227,442 216,430 11,012 Personal property 5,650 5,650 4,422 1,228 Data processing 234,718 314,868 130,429 184,39 Land use 1,850 1,850 1,695 155 Assessor 175,975 171,537 4,438 Board of Equalization 17,548 17,548 4,956 12,592 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 \$ 14,68 Total board of elections \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451				·			
Commissioner of the revenue 224,062 227,442 216,430 11,012 Personal property 5,650 5,650 4,422 1,228 Data processing 234,718 314,868 130,429 184,439 Land use 1,850 1,850 1,695 155 Assessor 175,975 175,975 171,537 4,438 Board of Equalization 17,548 17,548 4,966 12,592 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 4,168 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration:	-						
Personal property 5,650 5,650 4,422 1,228 Data processing 234,718 314,868 130,429 184,439 Land use 1,850 1,850 1,695 155 Assessor 175,975 175,975 171,537 4,438 Board of Equalization 17,548 4,956 12,592 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration 1,518,585 1,661,255 1,397,714 263,541 Board of Elections: Electoral board and officials 49,310 49,310 34,568 14,742 Registrar 80,166 85,261 81,093 4,168 Total board of elections 129,476 134,571 115,661 18,910 Total general government administration 1,709,080 1,857,365 1,574,914 282,451 Judicial administration: 20,000 1,800 1,800 1,800 1,800							
Data processing Land use 234,718 314,868 130,429 184,439 Land use 1,850 1,685 1,695 155 Assessor 175,975 175,975 1715,975 14,488 Board of Equalization 17,548 17,548 4,956 12,592 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 4,168 Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts \$ 30,413 \$ 30,413 \$ 29							
Land use 1,850 1,850 1,695 155 Assessor 175,975 175,975 171,537 4,438 Board of Equalization 17,548 17,548 4,956 12,592 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 4,168 Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Commoled court \$ 11,100 \$ 11,100 \$ 9,197 \$ 1,90							
Assessor 175,975 175,975 171,537 4,438 Board of Equalization 117,548 17,548 4,956 12,592 Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 4,168 Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court \$ 11,100 \$ 11,100 \$ 91,973 \$ 1,903 Clerk of the circuit court \$ 317,523 323,644 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>							
Board of Equalization 17,548 (214,078) 17,548 (214,078) 4,956 (2592) 12,592 (270,346) 12,592 (270,346) 200,715 (2592) 6,963 (270,346) 258,979 (258,979) 11,367 Total general and financial administration \$ 1,518,585 (270,346) \$ 270,346 (258,979) \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 (270,346) \$ 34,568 (270,346) \$ 14,742 (270,346) \$ 34,568 (270,346) \$ 14,742 (270,346) <t< td=""><td>Assessor</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Assessor						
Finance department 214,078 214,078 207,115 6,963 Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 4,168 Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court \$ 11,100 \$ 11,100 \$ 9,197 \$ 1,903 Clerk of the circuit court \$ 317,523 323,644 310,723 \$ 12,921 Sheriff - court security \$ 80,713 \$ 75,011 \$ 150,674 \$ 24,637 Magistrates \$ 500 \$ 500 <td>Board of Equalization</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Board of Equalization						
Treasurer 270,036 270,346 258,979 11,367 Total general and financial administration \$ 1,518,585 \$ 1,661,255 \$ 1,397,714 \$ 263,541 Board of Elections: Electoral board and officials \$ 49,310 \$ 34,568 \$ 14,742 Registrar 80,166 85,261 81,093 4,168 Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts: \$ 20,473 \$ 30,413 \$ 29,623 \$ 790 Courts: \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court \$ 317,523 323,644 310,723 12,921 Sheriff - court security \$ 180,713 \$ 175,311 \$ 150,674 24,637 Magistrates \$ 500 500 396 104 Victim witness program \$ 53,188 63,	Finance department		214,078		214,078		
Board of Elections: Electoral board and officials \$ 49,310 \$ 49,310 \$ 34,568 \$ 14,742	·	_			270,346		
Electoral board and officials \$49,310 \$49,310 \$34,568 \$14,742 Registrar \$80,166 \$85,261 \$81,093 \$4,168 Total board of elections \$129,476 \$134,571 \$115,661 \$18,910 Total general government administration \$1,709,080 \$1,857,365 \$1,574,914 \$282,451 Judicial administration:	Total general and financial administration	\$	1,518,585	\$_	1,661,255 \$	1,397,714 \$	263,541
Electoral board and officials \$49,310 \$49,310 \$34,568 \$14,742 Registrar \$80,166 \$85,261 \$81,093 \$4,168 Total board of elections \$129,476 \$134,571 \$115,661 \$18,910 Total general government administration \$1,709,080 \$1,857,365 \$1,574,914 \$282,451 Judicial administration:	Roard of Elections:						
Registrar 80,166 85,261 81,093 4,168 Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court 11,100 11,100 9,197 1,903 Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney: \$\$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012		\$	49 310	\$	49 310 \$	34 568 \$	14 742
Total board of elections \$ 129,476 \$ 134,571 \$ 115,661 \$ 18,910 Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court 11,100 11,100 9,197 1,903 Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012		Ψ		Ψ			
Total general government administration \$ 1,709,080 \$ 1,857,365 \$ 1,574,914 \$ 282,451 Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court \$ 11,100 \$ 11,100 \$ 9,197 \$ 1,903 Clerk of the circuit court \$ 317,523 \$ 323,644 \$ 310,723 \$ 12,921 Sheriff - court security \$ 180,713 \$ 175,311 \$ 150,674 \$ 24,637 Magistrates \$ 500 \$ 500 \$ 396 \$ 104 Victim witness program \$ 53,188 \$ 63,505 \$ 60,632 \$ 2,873 Commissioner of accounts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	Registral	_	00,100		03,201	01,073	4,100
Judicial administration: Courts: Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court 11,100 11,100 9,197 1,903 Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	Total board of elections	\$_	129,476	\$_	134,571 \$	115,661 \$	18,910
Courts: \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court 11,100 11,100 9,197 1,903 Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	Total general government administration	\$_	1,709,080	\$_	1,857,365 \$	1,574,914 \$	282,451
Circuit court \$ 30,413 \$ 30,413 \$ 29,623 \$ 790 Combined court 11,100 11,100 9,197 1,903 Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	Judicial administration:						
Combined court 11,100 11,100 9,197 1,903 Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012							
Clerk of the circuit court 317,523 323,644 310,723 12,921 Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012		\$		\$			
Sheriff - court security 180,713 175,311 150,674 24,637 Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 - Total courts \$ 594,157 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012							
Magistrates 500 500 396 104 Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 - Total courts \$ 594,157 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012							
Victim witness program 53,188 63,505 60,632 2,873 Commissioner of accounts 720 720 720 - Total courts \$ 594,157 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	· · · · · · · · · · · · · · · · · · ·						
Commissioner of accounts 720 720 720 - Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012							
Total courts \$ 594,157 \$ 605,193 \$ 561,965 \$ 43,228 Commonwealth's attorney: Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012							2,873
Commonwealth's attorney: \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	Commissioner of accounts	_	720		720	720	
Commonwealth's attorney \$ 348,764 \$ 350,871 \$ 337,859 \$ 13,012	Total courts	\$	594,157	\$_	605,193 \$	561,965 \$	43,228
	Commonwealth's attorney:						
Total judicial administration \$ 942,921 \$ 956,064 \$ 899,824 \$ 56,240	Commonwealth's attorney	\$_	348,764	\$_	350,871 \$	337,859 \$	13,012
	Total judicial administration	\$	942,921	\$	956,064 \$	899,824 \$	56,240

Fund, Function, Activities and Elements		Original Budget		Budget As Amended		Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued) General Fund: (Continued)							
Public safety: Law enforcement and traffic control:							
Sheriff	\$	1,754,833	\$	1,884,940	\$	1,840,850 \$	44,090
Public safety		54,831		61,387		38,027	23,360
E-911 system	_	823,899		859,924		777,988	81,936
Total law enforcement and traffic control	\$	2,633,563	\$_	2,806,251	\$	2,656,865 \$	149,386
Fire and rescue services:							
Volunteer fire department	\$	126,000	\$	127,271	\$	127,271 \$	-
Ambulance and rescue service		115,000		129,904		115,102	14,802
Emergency medical services		1,397,232		1,720,463		1,624,767	95,696
EMS Council	_	7,743		7,743	. —	7,743	-
Total fire and rescue services	\$	1,645,975	_\$_	1,985,381	\$	1,874,883 \$	110,498
Correction and detention:							
Confinement of prisoners	\$	400	\$	400	\$	41 \$	359
Regional jail		900,329		1,077,187		1,073,756	3,431
Jefferson area community corrections		8,137		8,137		8,137	-
Juvenile detention Probation office		168,944 20,669		201,098 20,669		200,744 16,774	354 3,895
Total correction and detention	\$	1,098,479	- <u>-</u>	1,307,491	φ	1,299,452 \$	8,039
	Φ_	1,090,479	- ⁻	1,307,491	Φ	1,299,432 \$	0,039
Inspections: Building	\$	255,648	\$	308,828	\$	275,040 \$	33,788
Total inspections	\$_ \$	255,648		308,828		275,040 \$	33,788
Other protection:	Φ_	200,040	- ^Φ -	300,020	Φ	275,040 \$	33,700
Animal control and shelter facility	\$	241,695	\$	296,065	\$	290,954 \$	5,111
Line of Duty Act	*	39,078	*	42,510	*	42,510	-
Services to abused families		1,000		1,000		1,000	-
Foothills Child Advocacy Center		2,400		2,400		2,400	-
Medical examiner (coroner)	_	500	_	500		220	280
Total other protection	\$	284,673	\$_	342,475	\$	337,084 \$	5,391
Total public safety	\$	5,918,338	\$	6,750,426	\$	6,443,324 \$	307,102
Public works:							
Sanitation and waste removal:		400.000		500 404		505 050 ±	0.570
County landfill	\$	482,080	\$_	528,436	\$	525,858 \$	2,578
Total sanitation and waste removal	\$_	482,080	\$_	528,436	\$	525,858 \$	2,578
Maintenance of general buildings and grounds:							
General properties	\$	610,527		659,635		606,276 \$	
Total maintenance of general buildings and grounds	\$_	610,527	\$_	659,635	\$	606,276 \$	53,359
Total public works	\$	1,092,607	\$_	1,188,071	\$	1,132,134 \$	55,937

Fund, Function, Activities and Elements		Original Budget		Budget As Amended		Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued) General Fund: (Continued) Health and welfare:							
Health:							
Supplement of local health department	\$_	140,412	\$_	140,412	\$	140,412 \$	
Total health	\$_	140,412	\$_	140,412	\$	140,412 \$	
Mental health and mental retardation:							
Chapter X board	\$	75,979	\$_	75,979	\$	75,979 \$	<u>-</u> _
Total mental health and mental retardation	\$	75,979	\$	75,979	\$	75,979 \$	-
Welfare:							
Administration	\$	2,778,429	\$	2,778,429	\$	2,419,778 \$	358,651
Tax relief for the elderly	Ψ	-	Ψ	-	Ψ	56,814	(56,814)
Madison free clinic		2,500		2,500		2,500	-
Piedmont Regional Dental Clinic		2,500		2,500		2,500	-
Rapp-Rapidan medical reserve corporation		5,488		5,488		5,488	-
CSA - at risk youth	_	2,953,920		2,953,920		2,178,184	775,736
Total welfare	\$	5,742,837	\$_	5,742,837	\$	4,665,264 \$	1,077,573
Total health and welfare	\$	5,959,228	\$_	5,959,228	\$	4,881,655 \$	1,077,573
Education:							
Contributions to community colleges	\$	5,000	\$	5,000	\$	5,000 \$	_
Contributions to component unit school board	_	9,125,538		9,429,339		8,981,373	447,966
Total education	\$	9,130,538	\$_	9,434,339	\$	8,986,373 \$	447,966
Parks, recreation and cultural:							
Parks and recreation:							
Parks and recreation	\$	108,250	\$	108,859	\$	108,859 \$	-
Recreation authority	_	210,300		210,300		210,300	
Total parks and recreation	\$	318,550	\$_	319,159	\$	319,159 \$	
Cultural enrichment:							
Boys and girls club	\$	2,000	\$	2,000	\$	2,000 \$	-
Senior center		500		500		500	-
Madison county fair	_	500		500		500	
Total cultural enrichment	\$	3,000	\$_	3,000	\$	3,000 \$	
Library:							
County library	\$	131,972	\$_	131,972	\$	131,972 \$	-
Total parks, recreation and cultural	\$	453,522	\$	454,131	\$	454,131 \$	-
•	· -	•		· · · · · · · · · · · · · · · · · · ·	-		

Primary Government: (Continued) General Fund: (Continued) General Fund: (Continued) Community development: Planning and community development: Planning commission \$ 14,640 \$ 11,588 \$ 3,052 Zoning and planning 142,762 \$ 150,347 \$ 142,588 7,759 Economic development 122,008 128,828 \$ 121,279 \$ 7,599 Foothills housing 7,000 \$	Fund, Function, Activities and Elements		Original Budget		Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Planning and community development: Planning and community development: Planning commission \$ 14,640 \$ 14,640 \$ 11,588 \$ 3,052	Primary Government: (Continued)						
Planning and community development: Planning commission \$ 14,640 \$ 14,640 \$ 11,588 \$ 3,052 Zoning and planning 142,762 150,347 142,588 7,759 Economic development 122,008 128,828 121,279 7,549 Foothills housing 7,000 7,000 7,000 3,000 0							
Planning commission \$ 14,640 \$ 11,588 \$ 3,052 Zoning and planning 142,762 150,347 142,588 7,759 Economic development 122,008 128,828 121,279 7,549 Foothills housing 7,000 7,000 7,000 7,000 Aging together 3,000 3,000 3,000 2,246 754 Board of zoning appeals 3,000 80,000 2,246 754 Board of building code appeals 400 400 400 400 Tourism 75,000 80,000 56,573 23,427 Planning district commission 21,246 21,246 21,246 21,246 Geographic information system 18,582 19,582 13,151 6,431 Pledment workforce network 500 500 500 6.00 Skyline CAP 47,585 47,585 47,585 47,585 6.31 Total planning and community development 8 465,723 8 486,128 8 436,756 8 49,372 Environmental management: Signal and water conservation district 29,321 29,321 29,321 29,321 Forestry service 5,584 5,594 5,594 42 Water quality management 36,305 36,305 36,305 36,263 42 Cooperative extension program: VP extension 750 750 750 Total community development 8 107,622 107,622 96,216 11,406 Northern VA 4-H center 750 750 750 750 Total community development 8 103,372 103,532 96,966 11,406 Total community development 8 103,372 103,532 96,966 5,911 2,594 Nondepartmental: Signal and several program 108,372 108,372 103,48 5,941 5,942 5,942 Debt service: Principal retirement 1,247,834 1,247,834 1,241,78 6,656 Interest and fiscal charges 240,829 240,829 247,483 6,656 Interest and fiscal charges 240,829 240,829 247,483 6,656 Interest and fiscal charges 240,829 240,829 247,483 6,656	Community development:						
Total planning 142,762 150,347 142,588 7,759	Planning and community development:						
Concomic development		\$		\$	14,640 \$	11,588 \$	3,052
Potithils housing 7,000					150,347	142,588	7,759
Aging together					128,828	121,279	7,549
Board of zoning appeals 3,000 3,000 2,246 754							-
Board of building code appeals					3,000		-
Tourism	0 1.					2,246	
Planning district commission	Board of building code appeals					-	
Ceographic information system 18,582 19,582 13,151 6,431 Piedmont workforce network 500 500 500 500 Central Virginia Economic development 10,000 10,000 10,000 Skyline CAP 47,585 47,585 47,585 47,585 - Total planning and community development \$ 465,723 \$ 486,128 \$ 436,756 \$ 49,372 Environmental management: Soil and water conservation district \$ 29,321 \$ 29,321 \$ 29,321 \$ - Forestry service 5,984 5,984 5,942 42 Water quality management \$ 36,305 \$ 36,305 \$ 36,263 \$ 42 Cooperative extension program: VPI extension \$ 107,622 \$ 107,622 \$ 96,216 \$ 11,406 Northern VA 4-H center 750 750 750 - Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 -					80,000	56,573	23,427
Piedmont workforce network						21,246	-
Central Virginia Economic development 10,000 47,585 10,000 47,585 10,000 47,585 - Total planning and community development \$465,723 \$486,128 \$436,756 \$49,372 Environmental management: Soil and water conservation district \$29,321 \$29,321 \$29,321 \$29,321 \$36,305 \$36,305 \$36,263 \$42 Water quality management \$36,305 \$36,305 \$36,263 \$42 Cooperative extension program: VPI extension \$107,622 \$107,622 \$96,216 \$11,406 Northern VA 4-H center 750 750 750 - Total cooperative extension program \$108,372 \$108,372 \$96,966 \$11,406 Total community development \$610,400 \$630,805 \$59,985 \$60,820 Nondepartmental: Miscellaneous \$5,550 \$8,505 \$5,911 \$2,594 Contingency 312,348 - - - - Total nondepartmental \$317,898 \$8,505 \$5,911 \$2,594 Debt service:			18,582		19,582	13,151	6,431
Skyline CAP 47,585 47,585 47,585 - Total planning and community development \$ 465,723 \$ 486,128 \$ 436,756 \$ 49,372 Environmental management: Soil and water conservation district \$ 29,321 \$ 29,321 \$ 29,321 \$ 29,321 \$ 42 Forestry service 5,984 5,984 5,942 42 42 Water quality management 36,305 \$ 36,305 \$ 36,263 \$ 42 Cooperative extension program: VPI extension \$ 107,622 \$ 107,622 \$ 96,216 \$ 11,406 Northern VA 4-H center 750 750 750 - - Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: * 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348							-
Total planning and community development \$ 465,723 \$ 486,128 \$ 436,756 \$ 49,372 Environmental management: Soil and water conservation district \$ 29,321 \$ 29,321 \$ 29,321 \$ - Forestry service \$ 5,984 \$ 5,984 \$ 5,942 42 Water quality management \$ 1,000 \$ 1,000 \$ - Total environmental management \$ 36,305 \$ 36,305 \$ 36,263 \$ 42 Cooperative extension program: VPI extension \$ 107,622 \$ 107,622 \$ 96,216 \$ 11,406 Northern VA 4-H center \$ 750 \$ 750 \$ 750 \$ - Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency \$ 312,348 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$			10,000		10,000	10,000	-
Environmental management: Soil and water conservation district Soil and water conservation district distance	Skyline CAP	-	47,585	-	47,585	47,585	-
Soil and water conservation district \$ 29,321 \$ 29,321 \$ 5,984 \$ 29,321 \$ 5,984 \$ 5,984 \$ 5,984 \$ 42 Cooperative extension program: VPI extension \$ 107,622 \$ 107,622 \$ 96,265 \$ 11,406 Norday of 5,996 \$ 11,406 Total community development \$ 108,372 \$ 96,966 \$ 11,406 \$ 11,406 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$	Total planning and community development	\$_	465,723	\$_	486,128 \$	436,756_\$	49,372
Soil and water conservation district \$ 29,321 \$ 29,321 \$ 5,984 \$ 29,321 \$ 5,984 \$ 5,984 \$ 5,984 \$ 42 Cooperative extension program: VPI extension \$ 107,622 \$ 107,622 \$ 96,265 \$ 11,406 Norday of 5,996 \$ 11,406 Total community development \$ 108,372 \$ 96,966 \$ 11,406 \$ 11,406 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$	Environmental management:						
Forestry service Water quality management 5,984 1,000 5,984 1,000 5,942 1,000 42 Total environmental management \$ 36,305 \$ 36,305 \$ 36,263 \$ 42 Cooperative extension program: \$ 107,622 \$ 107,622 \$ 96,216 \$ 11,406 Northern VA 4-H center 750 750 750 750 750 750 - Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 \$		\$	29,321	\$	29,321 \$	29,321 \$	-
Water quality management 1,000 1,000 1,000 - Total environmental management \$ 36,305 \$ 36,305 \$ 36,263 \$ 42 Cooperative extension program: VPI extension \$ 107,622 \$ 107,622 \$ 96,216 \$ 11,406 Northern VA 4-H center 750 750 750 750 - Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 - - - - Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges 240,829 240,829 247,483 6,654) Total debt service \$ 1,488,663 \$ 1,488,663 \$ 1,488,661 \$ 2		·					42
Cooperative extension program: VPI extension VPI extension Northern VA 4-H center Total cooperative extension program **I07,622 ** 107,622 ** 96,216 ** 11,406 **Northern VA 4-H center Total cooperative extension program **I08,372 ** 108,372 ** 96,966 ** 11,406 Total community development **I08,372 ** 108,372 ** 96,966 ** 11,406 Total community development **I08,372 ** 108,372 ** 96,966 ** 11,406 Total community development **I08,372 ** 96,966 ** 11,406 **I08,372 ** 96,966 ** 98 **I08,372 ** 96,9	· · · · · · · · · · · · · · · · · · ·	_		_			-
VPI extension Northern VA 4-H center \$ 107,622 750 107,622 750 96,216 750 \$ 11,406 750 Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous Contingency \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 - - - - Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement Interest and fiscal charges \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges 240,829 240,829 247,483 (6,654) Total debt service \$ 1,488,663 \$ 1,488,661 \$ 2	Total environmental management	\$_	36,305	\$_	36,305 \$	36,263 \$	42
VPI extension Northern VA 4-H center \$ 107,622 750 107,622 750 96,216 750 \$ 11,406 750 Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous Contingency \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 - - - - Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement Interest and fiscal charges \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges 240,829 240,829 247,483 (6,654) Total debt service \$ 1,488,663 \$ 1,488,661 \$ 2	Cooperative extension program:						
Northern VA 4-H center 750 750 750 - Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 - - - - Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges 240,829 240,829 247,483 (6,654) Total debt service \$ 1,488,663 \$ 1,488,661 \$ 2		\$	107.622	\$	107.622 \$	96.216 \$	11.406
Total cooperative extension program \$ 108,372 \$ 108,372 \$ 96,966 \$ 11,406 Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348		*		*			-
Total community development \$ 610,400 \$ 630,805 \$ 569,985 \$ 60,820 Nondepartmental: Miscellaneous \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Contingency 312,348 - - - - Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges 240,829 240,829 247,483 (6,654) Total debt service \$ 1,488,663 \$ 1,488,661 \$ 2		-				_	
Nondepartmental: Miscellaneous Contingency Solve 1,247,834 1,247,834 1,241,178 6,656 Interest and fiscal charges Nondepartmental: \$ 5,550	Total cooperative extension program	\$_	108,372	.\$_	108,372 \$	96,966_\$	11,406
Miscellaneous Contingency \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement Interest and fiscal charges \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 (6,654) Total debt service \$ 240,829 \$ 240,829 \$ 247,483 \$ (6,654)	Total community development	\$_	610,400	\$	630,805 \$	569,985 \$	60,820
Miscellaneous Contingency \$ 5,550 \$ 8,505 \$ 5,911 \$ 2,594 Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement Interest and fiscal charges \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 (6,654) Total debt service \$ 240,829 \$ 240,829 \$ 247,483 \$ (6,654)	Nondepartmental:						
Total nondepartmental \$ 317,898 \$ 8,505 \$ 5,911 \$ 2,594 Debt service: Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges \$ 240,829 \$ 240,829 \$ 247,483 \$ (6,654) Total debt service \$ 1,488,663 \$ 1,488,663 \$ 1,488,661 \$ 2	·	\$	5,550	\$	8,505 \$	5,911 \$	2,594
Debt service: Principal retirement Interest and fiscal charges **Total debt service** **I,247,834	Contingency	_	312,348		<u> </u>		
Principal retirement \$ 1,247,834 \$ 1,247,834 \$ 1,241,178 \$ 6,656 Interest and fiscal charges 240,829 240,829 240,829 247,483 (6,654) Total debt service \$ 1,488,663 \$ 1,488,663 \$ 1,488,661 \$ 2	Total nondepartmental	\$_	317,898	\$_	8,505 \$	5,911 \$	2,594
Interest and fiscal charges 240,829 240,829 247,483 (6,654) Total debt service \$ 1,488,663 \$ 1,488,663 \$ 1,488,661 \$ 2	Debt service:						
Total debt service \$ 1,488,663 \$ 1,488,663 \$ 1,488,661 \$ 2	Principal retirement	\$	1,247,834	\$		1,241,178 \$	6,656
	Interest and fiscal charges	_	240,829	_	240,829	247,483	(6,654)
Total General Fund \$27,623,195 \$28,727,597 \$26,436,912 \$2,290,685	Total debt service	\$_	1,488,663	\$_	1,488,663 \$	1,488,661_\$	2
	Total General Fund	\$_	27,623,195	\$	28,727,597 \$	26,436,912 \$	2,290,685

Fund, Function, Activities and Elements		Original Budget		Budget As Amended	 Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued) Capital Improvement Fund: Capital Projects:						
Public safety radio dispatch Office consolidation Criglersville school project	\$	41,633 60,000 25,000	\$	41,633 60,000 25,000	\$ 17,530 \$ - -	24,103 60,000 25,000
Total capital projects	\$_	126,633	\$_	126,633	\$ 17,530 \$	109,103
Total Capital Improvement Fund	\$_	126,633	\$_	126,633	\$ 17,530 \$	109,103
Total ExpendituresPrimary Government	\$	27,749,828	\$	28,854,230	\$ 26,454,442 \$	2,399,788
Discretely Presented Component Unit School Board: School Operating Fund: Education: Instruction Administration, attendance and health Pupil transportation services Operation and maintenance services Technology	\$	14,936,967 1,158,223 1,478,873 2,233,966 716,112	\$	14,812,570 1,158,223 1,478,873 2,269,743 716,112	\$ 14,716,154 \$ 1,137,770 1,362,544 1,996,814 680,962	96,416 20,453 116,329 272,929 35,150
Total education	\$	20,524,141	\$	20,435,521	\$ 19,894,244 \$	541,277
Total School Operating Fund	\$_	20,524,141	\$_	20,435,521	\$ 19,894,244 \$	541,277
Special Revenue Funds: School Cafeteria Fund: Education: School food program	\$ <u></u>	875,000	\$_	875,000	\$ 922,662_\$	(47,662)
School Capital Fund: Capital Projects: School projects	\$_	300,000	\$	493,529	\$ 398,673_\$	94,856
Total capital projects	\$	300,000	\$	493,529	\$ 398,673 \$	94,856
Total School Capital Fund	\$	300,000	\$	493,529	\$ 398,673 \$	94,856
Total ExpendituresDiscretely Presented Component Unit School Board	\$_	21,699,141	\$_	21,804,050	\$ 21,215,579 \$	588,471



COUNTY OF MADISON, VIRGINIA

Government-Wide Expenses by Function Last Ten Fiscal Years

!	lotal	19,344,082	20,109,777	20,734,398	22,398,796	27,875,143	24,281,054	25,966,427	25,497,481	25,478,369
Interest on	Debt	411,120 \$ 199,776 \$ 19,344,082	179,355	132,026	226,396	315,760	292,905	282,647	268,648	275,811
Community	Development	411,120 \$	654,796	484,057	483,237	511,140	588,519	524,074	541,843	633,599
Parks Recreation and	Cultural	371,752 \$	364,838	382,268	430,365	422,822	450,261	477,023	571,513	434,972
	Education	8,259,183 \$	8,285,417	7,967,091	7,736,750	13,029,097	9,350,811	10,374,212	9,248,253	10,024,701
Health and	Welfare	,266,320 \$ 1,235,080 \$ 2,580,466 \$	2,880,632	3,804,200	4,639,198	4,752,444	4,932,052	5,537,755	5,865,685	4,684,211
Public	Works	1,235,080 \$	1,275,161	932,928	1,134,355	958,957	948,947	956,205	925,800	936,466
Public	Safety	4,266,320 \$	4,487,980	4,744,000	5,044,642	5,486,234	5,199,293	5,300,042	5,551,564	5,857,718
Judicial Adminis-	tration	784,033 \$	772,906	1,060,673	1,259,543	1,207,655	1,133,013	1,153,156	1,257,440	1,249,955
General Sovernment Adminis-	tration	1,236,352 \$	1,208,692	1,227,155	1,444,310	1,191,034	1,385,253	1,361,313	1,266,735	1,380,936
Fiscal	Year	2009-10 \$	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18

COUNTY OF MADISON, VIRGINIA

Government-Wide Revenues Last Ten Fiscal Years

nues the	of	sy & Miscella-	erty neous Total	174,695 \$ 133,961 \$ 19,510,011	125,474 185,893 21,065,832	99,377 268,350 23,474,628	12,497 613,492 24,245,421	20,246 290,046 29,579,439	106,236 290,340 25,574,410	115,497 386,279 26,049,981	131,991 308,067 26,520,566	
Grants and Revenues Contributions from the		to Specific Money &	Programs (1) Property	1,082,024 \$	1,763,040	1,756,719 99,3	1,749,093 112,	1,749,820 120,	1,727,109 106,:	1,736,350 115,	1,716,160 131,	
	Other	Local	Taxes	320,479 \$ 265,345 \$	282,431	401,744	418,580	408,787	421,898	432,878	472,885	
	Restaurant	Food	Taxes			335,143	341,365	351,835	380,853	401,303	445,670	
	Motor	Vehicle	Licenses	1,410 \$		420,975	423,225	425,198	436,137	447,600	446,360	
	Consumers'	Utillity	Тах	304,321 \$	347,299	317,594	321,273	322,800	334,364	334,021	339,369	
	Comm-	unication	Tax (1)	608,119 \$	٠	٠	٠				1	
Local	Sales	and	Use Tax	776,952 \$	763,844	839,405	856,431	865,583	965,923	982,248	1,021,382	
	General	Property	Taxes	- \$ 11,966,643 \$	12,513,243	13,623,003	14,158,939	14,730,276	14,880,317	14,881,805	15,244,661	
	Capital	Grants and	Contributions			6,250	•	4,601,477	1	1	,	
	Operating	Grants and	Contributions Contributions	3,192,291 \$		4,168,508	4,302,181	4,650,409	5,016,167	5,301,202	5,510,808	
	Charges	for	Services	2009-10 \$ 683,771 \$	914,025	1,237,560	948,345	1,062,962	1,015,066	1,030,798	883,213	
		Fiscal	Year	009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	

(1) Starting in FY 2011 Communication Tax is reported as a revenue from the commonwealth instead of a local revenue in accordance with the Auditor of Public Accounts.

COUNTY OF MADISON, VIRGINIA

General Government Revenues by Source (1)

Last Ten Fiscal Years

Total	29,779,162	34,052,784	35,541,333	35,733,183	36,703,658	37,644,775	38,621,519	38,690,659	40,619,472
Inter- governmental (<u>2)</u>	14,020,795 \$	15,606,531	16,559,976	16,795,001	17,107,278	17,568,139	18,154,186	17,888,757	17,755,080
Recovered	↔ ' '		ı	1	ı	ı	ı	1	•
Miscel- laneous	214,365 \$	741,178	909,130	519,461	996' 269	1,063,394	1,106,690	407,068	1,646,439
Charges for Services	818,527 \$	1,304,487	984' 286	968,135	919,345	968,408	827,494	1,552,193	828,719
Revenues from the Use of Money & Property	213,718 \$	129,874	146,549	152,516	128,613	123,980	132,017	165,346	241,999
Fines & Forfeitures	160,201 \$	152,815	164,756	189,681	218,303	170,894	170,298	182,666	159,000
Permits, Privilege Fees & Regulatory Licenses	193,601 \$	164,269	161,826	242,529	176,783	212,473	222,790	188,292	262,981
Other Local Taxes	2,276,626 \$	2,314,861	2,360,874	2,374,203	2,539,175	2,598,050	2,725,666	2,753,993	2,908,615
General Property Taxes (3)	11,881,329 \$	13,638,769	14,250,356	14,491,657	14,916,195	14,939,437	15,282,378	15,552,344	16,816,639
Fiscal	2009-10 \$	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19

⁽¹⁾ Includes General and Capital Improvement Funds of the primary government and its discretely presented component unit.

⁽²⁾ The General Fund contributions to the Component Unit School Board are not included.

⁽³⁾ In 2009, the County changed to semiannual collections for real estate taxes. In the year of change one and a half years of real estate taxes were collected.

COUNTY OF MADISON, VIRGINIA

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

Total	34,504,649	30,759,140	32,631,943	36,066,667	39,421,332	42,175,516	36,881,685	37,379,721	39,932,900	38,688,648
Debt Service	1,648,163 \$	1,585,967	1,892,410	2,581,873	1,232,766	1,428,288	1,447,093	1,453,435	3,517,411	1,488,661
Capital Projects	84,874 \$ 4,634,042 \$ 1,648,163 \$ 34,504,649	239,673	52,249	1,038,856	4,663,682	6,539,841	400,226	38,000	180,048	416,203
Non- departmental		111,112	90,040	130,309	36,702	5,584	1,116	64,096	702	5,911
Community Develop- ment	382,894 \$	653,101	481,807	481,924	508,977	595,144	535,745	544,945	631,453	286'699
Recreation and Cultural	302,702 \$	304,055	314,751	360,431	435, 199	420,701	476,491	356, 465	361,640	454,131
Education(2)	2,549,199 \$ 17,619,776 \$	17,506,718	18,111,745	18,972,672	19,094,380	19,626,160	19,804,268	20,194,751	21,052,695	20,821,906
Health and Welfare		2,899,404	3,795,114	4,454,921	4,731,099	4,950,311	5,582,522	5,900,655	4,692,827	4,881,655
Public Works	2009-10 \$ 1,032,617 \$ 751,801 \$ 4,285,339 \$ 1,213,242 \$	1,203,558	1,184,056	1,146,436	999,430	1,025,561	950,854	946,045	921,347	1,132,134
Public Safety	4,285,339 \$	4,423,250	4,915,378	4,869,780	5,634,475	5,465,454	5,506,166	2,609,963	6,167,216	6,443,324
Judicial Admini- stration	751,801 \$	752,503	730,518	763,682	865,373	819,898	848,738	918,656	918,471	899,824
General Admini- stration	1,032,617 \$	1,079,799	1,063,875	1,265,783	1,219,249	1,298,574	1,328,466	1,352,710	1,489,090	1,574,914
Fiscal Year	2009-10 \$	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19

⁽¹⁾ Includes General and Capital Improvement Funds of the primary government and its discretely presented component unit.

(2) The General Fund contributions to the Component Unit School Board are not included.

COUNTY OF MADISON, VIRGINIA

Property Tax Levies and Collections Last Ten Fiscal Years

			Delinquent		Percent of	Outstanding	Percent of
	Current	Percent	(1)	Total	Total Tax	(1)	Delinquent
	Tax (1) (3)	of Levy	Tax (2)	Тах	Collections	Delinquent	Taxes to
1	Collections	Collected	Collections	Collections	to Tax Levy	Taxes	Tax Levy
2009-10 \$ 12,769,838 \$	11,763,290 \$	92.12% \$	863,163 \$	12,626,453	\$ %88.86	1,103,966	8.65%
13,253,517	12,332,708	93.05%	993,265	13,325,973	100.55%	1,226,886	9.26%
13,415,513	12,322,112	91.85%	949,858	13,271,970	98.93%	1,137,175	8.48%
14,099,257	13,045,127	92.52%	902,588	13,947,715	98.93%	1,163,158	8.25%
14,346,454	13,203,008	92.03%	931,044	14,134,052	98.52%	1,359,533	9.48%
14,599,617	13,851,493	94.88%	702,747	14,554,240	%69.66	1,457,348	6.98%
14,705,489	13,404,674	91.15%	1,175,209	14,579,883	99.15%	1,457,348	9.91%
4,974,584	13,894,171	92.79%	1,013,226	14,907,397	99.55%	1,454,428	9.71%
15,436,200	14,218,972	92.11%	962,988	15,181,960	98.35%	1,455,940	9.43%
16,035,565	15,090,736	94.11%	1,260,211	16,350,947	101.97%	1,295,330	8.08%

⁽¹⁾ Exclusive of penalties and interest.

(3) Includes Commonwealth of Virginia Personal Property Tax Relief Act funds.

⁽²⁾ Does not include land redemptions.

Assessed Value of Taxable Property (1)

Last Ten Fiscal Years

Total	2,159,308,052	2,171,462,056	1,976,852,922	1,779,816,863	1,801,789,246	1,811,346,437	1,831,652,549	1,884,816,669	1,914,177,833
Public Service	41,188,982 \$	47,248,097	46,116,154	44,805,961	48,828,075	47,366,304	45,692,315	47,090,233	47,201,812
Merchants' Capital	26,865,146 \$	24,618,756	22,921,593	20,776,576	24,428,195	24,036,071	26,384,953	28,532,503	25,940,260
Machinery and Tools	4,930,033 \$	4,386,450	3,801,840	3,844,827	4,144,481	4,071,363	4,469,521	4,997,202	4,738,091
Mobile Homes	1,331,600 \$	1,351,300	1,367,700	1,104,500	1,142,200	1,160,600	1,192,500	1,224,400	1,287,500
Personal Property	122,898,091 \$	115,602,303	116,902,835	117,824,549	118,207,845	114,334,699	118,763,510	125,966,256	131,516,620
Real Estate (2)	1,962,094,200 \$	1,978,255,150	1,785,742,800	1,591,460,450	1,605,038,450	1,620,377,400	1,635,149,750	1,677,006,075	1,703,493,550
Fiscal	2009-10 \$	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19

^{(1) 100%} fair market value. (2) FY 09 includes 2008 and 1st half of 2009 assessment. FY 09 was the first year the County collected Real Estate

Property Tax Rates (1) Last Ten Fiscal Years

Doal	Dorconal	olidoM	Machinery	Morchante'
고 입	Property (2)	Homes	and Tools (2)	Merchants Capital (2)
	2.95/2.80 \$	0.44 \$	1.47 \$	0.86
•	2.95/2.80	0.44	1.47	0.86
7	2.95/2.80	0.50	1.62	98.0
ω.	3.45/2.80	0.53	1.67	98.0
	3.45	0.67	1.67	0.86
	3.45	0.68	1.67	98.0
	3.45	0.68	1.67	98.0
	3.45	0.68	1.67	98.0
	3.45	0.68	1.67	0.86
	3.45	0.68	1.67	98.0

(1) Per \$100 of assessed value.

(2) Levied at 20% of fair market value through FY 05 -- at 100% in FY 06.

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

Net Bonded Debt per Capita	618	361	976	946	872 793	869
Ratio of Net General Obligation Debt to Assessed Value	0.0036	0.0022	0.0072	0.0069	0.0063	0.0048
Net Bonded Debt	7,743,068 6,428,248	4,810,000	12,881,500	12,483,000	11,513,000 10,466,510	9,282,490
Gross Bonded Debt (3)	7,743,068 \$ 6,428,248	4,810,000	12,881,500	12,483,000	11,513,000 10,466,510	9,282,490
Assessed Value (2)	2,159,308,052 \$ 2,157,129,026	2,171,462,056	1,779,816,863	1,811,346,437	1,831,652,549 1,884,816,669	1,914,177,833
Population (1)	12,520 \$	13,308	13,200	13,200	13,200 13,200	13,295
Fiscal	2009-10	2011-12	2013-14	2015-16	2016-17	2018-19

⁽¹⁾ Bureau of the Census.

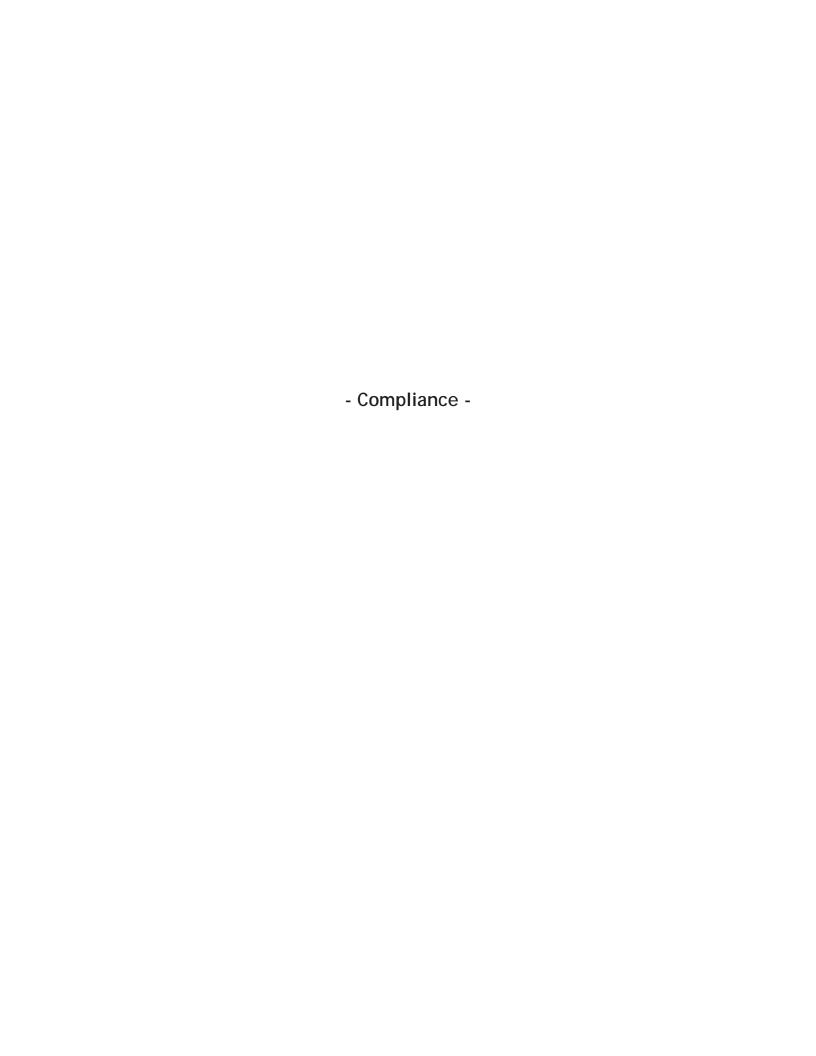
⁽²⁾ From Table 6.

⁽³⁾ Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes compensated absences and landfill closure liability.

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures Last Ten Years

Ratio of Debt Service to General Governmental Expenditures	4.78% 5.16% 5.65%	7.16% 3.25% 3.39%	3.92% 3.89% 8.81% 3.85%
Total General Governmental Expenditures (1)	34,504,649 30,759,140 32,631,943	36,066,667 39,421,332 42,175,516	36,881,685 37,379,721 39,932,900 38,688,648
1	<i>⇔</i>	m .0 m	m 10 — —
Total Debt Service	1,648,163 1,585,967 1,842,459	2,581,873 1,282,716 1,428,288	1,447,093 1,453,435 3,517,411 1,488,661
ı	↔		
Interest	197,157 195,248 144,328	133,710 274,563 308,377	299,673 288,237 271,582 247,483
I	↔		
Principal	1,451,006 1,390,719 1,698,131	2,448,163 1,008,153 1,119,911	1,147,420 1,165,198 3,245,829 1,241,178
I	↔		
Fiscal	2009-10 2010-11 2011-12	2012-13 2013-14 2014-15	2015-16 2016-17 2017-18 2018-19

(1) Includes primary government and discretely presented component unit.





ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with Government Auditing Standards

To the Honorable Members of the Board of Supervisors County of Madison, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Madison, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Madison, Virginia's basic financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Madison, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Madison, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Madison, 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 Madison, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Arbinson, Famul, Cox Associats Charlottesville, Virginia December 27, 2019



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Madison, 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 Madison, Virginia's major federal programs for the year ended June 30, 2019. County of Madison, 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 County of Madison, 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* (CFR) 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 County of Madison, 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 Madison, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Madison, 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, 2019.

Report on Internal Control over Compliance

Management of County of Madison, 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 Madison, 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 Madison, 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.

Charlottesville, Virginia

Arbinson, Found, Cox associets

December 27, 2019

Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	<u>E</u>	Federal kpenditures
Primary Government:				
Department of Justice				
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	CJS5601701	\$	45,474
Total Department of Justice			\$	45,474
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
State and Community Highway Safety(Highway Safety Cluster)	20.600	FSC1858376 & SC1757414	\$	361
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950109/0950110	\$	11,580
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400109/0400110		103,005
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110		79
Low-Income Home Energy Assistance	93.568	0600409/0600410		16,337
Child Care Mandatory and Matching Funds of the Child				
Care and Development Fund(CCDF Cluster)	93.596	0760109/0760110		17,471
Chafee Education and Training Vouchers Program	93.599	9160110		10,670
Adoption and Legal Guardianship Incentive Payments	93.603	1130116/1130117		1,609
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110		118
Foster Care - Title IV-E	93.658	1100109/1100110		268,620
Adoption Assistance	93.659	1120109/1120110		209,106
Social Services Block Grant	93.667	1000109/1000110		164,180
Chafee Foster Care Independence Program	93.674	9150108/9150109/91501110		3,937
Children's Health Insurance Program	93.767	0540109/0540110		4,540
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110		206,863
Total Department of Health and Human Services			\$	1,018,115

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	
Primary Government: (continued) Department of Agriculture: Pass Through Payments: Department of Social Services: State Administrative Matching Grants for the Supplemental nutrition assistance program (SNAP Cluster)	10.561	0010111/0010112/0040111/0040112	\$181,466	
Total Expenditures of Federal Awards-Primary Government			\$ 1,245,416	
Component Unit School Board:				
Department of Agriculture: Pass Through Payments: Department of Agriculture: Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ 62,743	
Department of Education: National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	351,493 414,236	
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	111,581	
Department of Agriculture: Food Distribution (Child Nutrition Cluster) Summer Food Service Program for Children (Child Nutrition Cluster)	10.559 10.559	2013IN109941/2014IN109941	441 48,443 48,884	
Total Department of Agriculture/Child Nutrition Cluster			\$ 574,701	
Department of Education: Pass Through Payments: Department of Education:				
Title I Grants to Local Educational Agencies Supporting Effective Instruction State Grants English Language Acquisition State Grants	84.010 84.367 84.365	S010A120046/S010130046 S367A120044/S367A13044 Not Available	\$ 360,470 36,536 1,041	
Special Education - Grants to States (Special Education Cluster) Special Education - Preschool Grants (Special Education Cluster) Special Education Cluster Total Student Support and Academic Enrichment Program Career and Technical Education - Basic Grants to States	84.027 84.173 84.424 84.048	H027A120107/H027A130107 H173A120112/H173A130112 S424A170048 V048A120046/V048A130046	405,217 11,144 416,361 26,610 32,280	
Total Department of Education			\$ 873,298	
Total Expenditures of Federal Awards-Component Unit School Board			\$ 1,447,999	
Total Expenditures of Federal Awards-Reporting Entity			\$ 2,693,415	

See accompanying notes to the schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Madison, Virginia under programs of the federal government for the year ended June 30, 2019. 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 Madison, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Madison, 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 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

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

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$_	1,337,116
Total primary government	\$_	1,337,116
Component Unit School Board:		
School Operating Fund	\$	873,298
School Cafeteria Fund	_	574,701
Total component unit school board	\$	1,447,999
Total federal expenditures per basic financial	_	
statements	\$_	2,785,115
Payments in lieu of taxes	\$_	(91,700)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	2,693,415

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

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)?

Identification of major programs:

CFDA # Name of Federal Program or Cluster

10.553/10.555/10.559 Child Nutrition Cluster
93.659 Adoption Assistance
10.561 State Administrative Matching Grants for the Supplement Nutrition Assistance Program
93.667 Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B

programs \$750,000

Auditee qualified as low-risk auditee?

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.

Section IV - Prior Year Findings and Questioned Costs

There are no prior year findings and questioned costs to report.