



**COUNTY OF MADISON, VIRGINIA**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2020**



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**FISCAL YEAR ENDED JUNE 30, 2020**



# COUNTY OF MADISON, VIRGINIA

Financial Report  
Year Ended June 30, 2020

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**COUNTY OF MADISON, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**FISCAL YEAR ENDED JUNE 30, 2020**

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**BOARD OF SUPERVISORS**

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R. Clay Jackson, Chair  
Charlotte Hoffman, Vice-Chair

Amber Foster

Kevin McGhee

Carlton Yowell

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**DEPARTMENT OF SOCIAL SERVICES BOARD**

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Tina Weaver, Chairman

Charlotte Hoffman

Joseph Goodall

Charles (Nick) McDowell

Jerry Butler

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**MADISON COUNTY SCHOOL BOARD**

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Barry Penn Hollar, Chairman  
Karen M. Allen, Vice-Chairman

Nita Collier

Angela Eichelberger

Arthur Greene, Jr.

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**OTHER OFFICIALS**

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Dale B. Durrer..... Judge of the Circuit Court  
Leeta Louk..... Clerk of the Circuit Court  
Theresa Carter ..... Judge of the General District Court  
Ronald Morris ..... Judge of the Juvenile & Domestic Relations Court  
Clarissa Berry ..... Commonwealth's Attorney  
Brian Daniel ..... Commissioner of the Revenue  
Stephanie Murray ..... Treasurer  
Erik Weaver ..... Sheriff  
Anna R. Graham ..... Superintendent of Schools  
Elizabeth Patterson ..... Clerk of the School Board  
Valerie Ward ..... Director of Social Services  
Jack Hobbs ..... County Administrator





**Independent Auditors' Report**

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**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, 2020, 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, 2020, 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.

## ***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 4-13, 90 and 91-107 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***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, 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.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia

December 15, 2020

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2020.

### Financial Highlights

#### Government-wide Financial Statements

Total net position for Madison County's governmental activities as of June 30, 2020 was \$28.408 million, which represents an increase of \$1.396 million from the previous year. This increase was due to an excess of revenues over expenses for fiscal 2020.

Unrestricted cash and cash equivalents were \$31.998 million as of June 30, 2020, which represents an increase of \$16.234 million from the previous year.

The increase in unrestricted cash and cash equivalents was primarily due to new financing in the amount of \$16.6 million obtained in June 2020. The new financing was obtained in order to fund three significant capital projects that were underway as of June 30, 2020. The projects include the Madison Primary School renovation, the County Administration Center Renovation and the Public Safety Radio system replacement.

As of June 30, 2020, the County had unexpended loan proceeds on hand in the amount \$14.36 million in connection with the June 2020 financing.

#### Fund Financial Statements

For the fiscal year ended June 30, 2020, the governmental funds had a combined fund balance of \$31.796 million, which reflects an increase of \$14.944 million from the balance at the end of the previous fiscal year.

The increase in governmental fund balance at June 30, 2020, was primarily due to unexpended loan proceeds in the amount of \$14.36 million which were on hand at year-end.

The County's General Fund was approximately \$13.246 million favorable to final amended budget for fiscal 2020. This favorable variance is primarily due to amounts not yet expended on the Public Safety Radio Project (\$3.920 million) and on the Madison Primary School renovation (\$6.177 million.) The unexpended balances for these capital projects are expected to be fully expended in fiscal years 2021 and 2022.

### 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:

Governmental activities: 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.

Component units: 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.

Governmental funds 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 \$31,795,840.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and to compare total fund balance to the sum of total fund expenditures and transfers to capital projects funds. Unassigned fund balance represents 27.87% of total general fund expenditures, while total general fund balance represents 81.55% 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 3 and after the governmental fund statement of revenues, expenditures, and changes in fund balances on Exhibit 5.

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.

*Fiduciary funds* 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, 2020 and 2019.

	Primary Government		Component Units	
	Governmental Activities		School Board	
	2020	2019	2020	2019
Current assets and other assets	\$ 40,571	\$ 24,289	\$ 3,210	\$ 2,713
Capital assets (net)	22,999	20,829	8,828	8,723
Total Assets	\$ 63,570	\$ 45,118	\$ 12,038	\$ 11,436
Total Deferred Outflows	\$ 1,460	\$ 543	\$ 3,807	\$ 2,129
Long term liabilities	\$ 27,434	\$ 9,783	\$ 20,011	\$ 18,807
Other liabilities	2,456	2,072	2,030	1,531
Total Liabilities	\$ 29,890	\$ 11,855	\$ 22,041	\$ 20,338
Total Deferred Inflows of Resources	\$ 6,731	\$ 6,794	\$ 2,587	\$ 2,270
Net Position:				
Net investment in capital assets	\$ 11,597	\$ 11,444	\$ 8,828	\$ 8,723
Restricted	107	219	53	53
Unrestricted	16,704	15,349	(17,663)	(17,819)
Total Net Position	\$ 28,408	\$ 27,012	\$ (8,782)	\$ (9,043)

Total net position for Madison County's governmental activities as of June 30, 2020 was \$28.408 million, which represents an increase of \$1.396 million from the previous year.

Total net position for the Madison County School Board was \$(8.782) million as of June 30, 2020; this amount represents an increase of approximately \$261,000 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 2020 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, 2020 and 2019.

	Summary of Changes in Net Position (\$ in thousands)			
	Primary Government		Component Units	
	Governmental Activities		School Board	
	2020	2019	2020	2019
<b><u>REVENUES</u></b>				
<b>Program Revenues:</b>				
Charges for services	\$ 929	\$ 988	\$ 261	\$ 262
Operating grants & contributions	5,312	4,995	11,545	11,092
Capital grants & contributions	255	-	-	-
<b>General revenues:</b>				
General property taxes	17,245	16,438	-	-
Other local taxes	2,985	2,909	-	-
Use of money & property	177	240	2	2
Miscellaneous	271	725	729	922
Grants & contributions not restricted to specific programs	1,646	1,668	-	-
Contribution from County	-	-	9,471	9,865
<b>Total revenues</b>	<b>\$ 28,820</b>	<b>\$ 27,963</b>	<b>\$ 22,008</b>	<b>\$ 22,143</b>
<b><u>EXPENSES</u></b>				
General government	1,647	1,556	-	-
Judicial administration	1,293	1,193	-	-
Public safety	7,131	6,474	-	-
Public works	1,114	1,109	-	-
Health and welfare	5,052	4,838	-	-
Education	9,555	10,079	21,747	20,863
Parks & Rec	601	528	-	-
Community Development	572	550	-	-
Interest on long-term debt	459	230	-	-
<b>Total expenses</b>	<b>\$ 27,424</b>	<b>\$ 26,557</b>	<b>\$ 21,747</b>	<b>\$ 20,863</b>
<b>Change in net position</b>	<b>\$ 1,396</b>	<b>\$ 1,406</b>	<b>\$ 261</b>	<b>\$ 1,280</b>
Net position - beginning	27,012	25,606	(9,043)	(10,323)
Net position - ending	<b>\$ 28,408</b>	<b>\$ 27,012</b>	<b>\$ (8,782)</b>	<b>\$ (9,043)</b>

The change in net position for Madison County's governmental activities for fiscal 2020 was approximately \$1.396 million. This reflects a decrease of \$10,000 from the previous year. The decrease from the previous year is the result of an increase of approximately \$857,000 in revenues offset by an increase of approximately \$867,000 in expenses relative to fiscal 2019.

The increase in fiscal 2020 revenues for governmental activities was primarily due to an increase of approximately \$807,000 in general property taxes, an increase of approximately \$317,000 in operating grants, an increase of approximately \$ 255,000 in capital grants, and a decrease in miscellaneous revenue of approximately \$454,000.

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

The increase in general property taxes realized in fiscal 2020 was primarily due to a real estate property tax rate increase effective for the collection of the first half of 2020 real estate taxes assessed as well as an increase in assessed values for personal property tax in 2020

The increase in operating grants and contributions in fiscal 2020 relative to the prior year was primarily due to increased reimbursements for programs administered by the County's Department of Social Services (\$162,000) and CARES Act funding (\$137,000) received from the federal government in connection with the COVID pandemic.

The increase in capital grants and contributions in fiscal 2020 was due to a state grant received to pay for certain equipment and an ambulance for EMS.

The decrease in miscellaneous revenues realized in fiscal 2020 relative to the prior year was due to a non-recurring receipt of approximately \$453,000 for the sale of timber located on County property in fiscal 2019.

The increase in fiscal 2020 expenses for governmental activities was primarily due to an increase of approximately \$657,000 in public safety expenses, an increase of \$214,000 in health and welfare expenditures, and increase of \$229,000 for interest expense, and a decrease of \$524,000 for education expenses.

The increase in public safety expenses in fiscal 2020 relative to the prior year was due to increased staffing in public safety functions, as well as increased compensation levels for EMS personnel.

The increase in health and welfare expenses was primarily due to increased staffing and compensation levels at the Department of Social Services. The increase in costs was mostly offset by increases in state and federal funding.

The increase in interest expense is primarily due to transactions costs associated with new debt issuances that occurred in June 2020.

The decrease in education expenses in fiscal 2020 reflects savings in instructional expenditures related to unfilled teaching positions, and other operational savings due to the closure of Madison Public Schools from mid-March through June 2020 due to the COVID pandemic.

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

For the fiscal year ended June 30, 2020, the governmental funds had a combined fund balance of \$31.796 million, which reflects an increase of \$14.944 million from the balance at the end of the previous fiscal year.

The increase in governmental fund balance at June 30, 2020, was primarily due to unexpended loan proceeds in the amount of \$14.360 million which were on hand at year-end.

Other significant changes in governmental fund balance at June 30, 2020 include a decrease in unassigned fund balance of \$915,000, and the establishment of a \$1.242 million debt service stabilization reserve, which will be used in future years to offset a portion of the additional loan service associated with new financing obtained in FY20.

Total revenues in governmental funds for fiscal 2020 were approximately \$28.713 million, reflecting an increase of approximately \$371,000 million from the previous year. This was primarily due to an increase in general property tax collections, which was attributable to an increase in the real estate rate for the first of 2020, and an increase in assessed values for personal property in 2020.

## Financial Analysis of the County's Funds: (Continued)

Total expenditures in governmental funds for fiscal 2020 were approximately \$36.079 million. Included in this amount was \$8.134 million for principal and interest payments related to the refinancing of certain bonds, and issuance costs for both the refunding and new financing obtained. The net change in governmental fund expenditures between 2020 and 2019, net of financing transactions, was an increase of approximately \$1.509 million.

The change in expenditures in fiscal 2020 of \$1.509 million relative to the prior year (net of the effect of financing transactions occurring in June 2020), was primarily due to increases in spending in public safety for personnel and equipment, the staffing of an IT department and replacement of computers and a telephone system, and an increase in community development spending related to a lease to own arrangement to purchase a building in which the Visitor's Center is located.

The lease to own arrangement has been treated as a capital lease for financial statement purposes, and the expenditure was offset by assumed capital lease proceeds of \$230,000.

## General Fund Budgetary Highlights

The following table presents budgeted and actual revenues and expenditures for the General Fund for fiscal 2020:

**General Fund  
Summary Budgetary Information  
Year Ended June 30, 2020  
(\$ in thousands)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues	\$	\$	\$
Taxes	19,352,700	19,352,700	20,122,582
Intergovernmental	7,869,596	8,078,847	7,212,975
Other	1,349,522	1,360,909	1,377,089
Total	<u>28,571,818</u>	<u>28,792,456</u>	<u>28,712,646</u>
Expenditures and transfers	32,079,608	51,700,077	38,604,570
Issuance of long term debt and capital lease	-	24,641,000	24,871,000
Change in fund balance	<u>\$ (3,507,790)</u>	<u>1,733,379</u>	<u>14,979,076</u>

General fund budget amendments resulted in an increase of approximately \$19.620 million between the original budget and the final budget.

Significant additional appropriations included the following:

- \$7,050,342 for the Madison Primary School Renovation project
- \$7,987,981 for the repayment of bonds that were refinanced in June 2020
- \$3,788,467 for the Public Safety Radio project
- \$298,107 for prior year encumbrances
- \$ 51,263 for state grant for EMS equipment
- \$136,535 CARES Act funded expenditures

## General Fund Budgetary Highlights: (Continued)

The County's General Fund was approximately \$13.246 million favorable to final amended budget for fiscal 2020. This favorable variance was primarily due to amounts not yet expended on the Public Safety Radio Project (\$3.920 million) and on the Madison Primary School renovation (\$6.177 million.) The unexpended balances for these capital projects are expected to be fully expended in fiscal years 2021 and 2022.

The County's Operating budget also generated certain favorable variances to final amended budget, including \$1.001 million for education expenditures, \$883,000 for public safety expenditures, \$324,000 for Children's Services Act (CSA) expenditures, net of reimbursements, \$648,000 for general property tax revenues, \$122,000 for other local tax revenues.

The favorable variance from education expenditures was due to savings in instructional expenditures related to unfilled teaching positions, and other operational savings due to the closure of Madison Public Schools from mid-March through June 2020 due to the COVID pandemic.

The favorable variance in public safety expenditures was primarily due to unexpended but budgeted capital items, which will be incurred and paid in FY21.

The favorable variance in net CSA expenditures was due to less than budgeted foster care expenditures.

The favorable variance in general property taxes was due to an increase in real property tax rates for amounts collected in June 2020, as well as improved real estate tax collections and an increase in assessed values for personal property tax relative to fiscal 2019.

The increase in other local taxes was primarily due to an increase in collection of local sales and use tax in fiscal 2020. It is likely that this increase was due to increased online shopping from home by County residents during the COVID pandemic, which, in turn, generated additional sales tax revenue for the County.

## Capital Asset and Debt Administration

### Capital Assets

The following table reflects condensed information on the County's capital assets as of June 30, 2020 and 2019.

	Primary Government		Component Units	
	Governmental Activities		School Board	
	2020	2019	2020	2019
Land	\$ 1,462	\$ 1,419	\$ 110	\$ 110
Construction in progress	2,670	-	297	17
Buildings and improvements	17,442	17,235	6,129	6,079
Equipment	4,510	3,745	5,493	5,137
Jointly owned assets	7,587	8,333	12,474	11,728
Accumulated depreciation	(10,672)	(9,903)	(15,675)	(14,348)
	<u>\$ 22,999</u>	<u>\$ 20,829</u>	<u>\$ 8,828</u>	<u>\$ 8,723</u>

Capital assets for governmental activities increased \$2.170 million in fiscal 2020 relative to the prior year. This was comprised of reductions for \$1.202 million in depreciation charges and asset transfers from the County to the School Board of \$451,000, and capital additions of \$3.823 million.

## Capital Asset and Debt Administration: (Continued)

### Capital Assets: (Continued)

The capital additions of \$3.823 million were comprised of \$2.67 million in construction in progress, \$903,000 in equipment and vehicles, and \$250,000 in land and building subject to a rent to own arrangement that the County entered into in April 2020.

The \$2.67 million in construction in progress consisted of \$1.369 million for the Madison Primary School Renovation project, \$1.248 million for the Public Radio Safety System, and \$53,000 for the Administration Building Renovation project.

The \$903,000 in equipment and vehicle additions were primarily for information technology and security improvements, as well as for the purchase of vehicles and equipment for public safety functions.

### Long-term debt

The following table reflects condensed information on the County's outstanding loans and bonded indebtedness as of June 30, 2020 and 2019.

#### Summary of Outstanding Debt (\$ in thousands)

	Primary Government	
	Governmental Activities	
	2020	2019
Public Facility Lease Revenue Bond, Series 2020A	\$ 16,600	\$ -
Public Facility Lease Revenue Refunding Bond, Series 2020B	1,625	-
Public Facility Lease Revenue Refunding Bond, Series 2020C	6,416	-
Public Facility Lease Revenue Bond, Series 2013	-	6,908
Public Improvement Refunding Bond , Series 2017	-	1,754
State literary fund loan	310	620
	<u>\$ 24,951</u>	<u>\$ 9,282</u>

In June 2020, the Industrial Development Authority of Madison County, Virginia, issued \$26.641 million in three bonds for the benefit of the County.

The Public Facilities Lease Revenue Bond, Series 2020, was issued in the amount of \$16.6 million in order to provide financing for major capital projects undertaken by the County, including the Madison Primary School Renovation, the Public Safety Radio System, and the Administration Building renovation. The interest rate on the bond is 3% per annum, and the bond will mature in February, 2041.

The Public Facilities Lease Revenue Refunding Bond, Series 2020B was issued in the amount \$1.625 million in order to refund the County's Public Improvement Refunding Bond, Series 2017, and to pay for the costs of issuance of the 2020B Bond. The Series 2020B Bond matures in February 2033 and accrues interest at a rate of 2.37% per annum. The 2017 Series Bond matured in August 2027 and accrued interest at at rate of 2.39% per annum.

The Public Facilities Lease Revenue Refunding Bond Series 2020C was issued in the amount fo \$6.416 million in order to refund the County's Public Facility Lease Revenue Bond, Series 2013, and to pay for the costs of issuance of the 2020C Bond. The Series 2020C Bond matures in February 2033 and accrues interest at a rate of 2.39% per annum. The 2013 Series Bond matured in November 2027 and accrued interest at a rate of 2.15%

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 increased from 2.4% in June 2019 to 5.0 in June 2020, probably due to the effects of the COVID-19 pandemic. This compares favorably to the 8.2% state and 11.2% national unemployment rates in June 2020. The City of falls Church and Highland County were the only two of 133 counties and cities in Virginia with a lower unemployment rate in June 2020.

Madison County's population changed from 13,308 in 2010 to 13,261 in 2019. During that same time frame, the portion of the population that was 65 years old and older increased from 17.5% to 21.5%. Madison County's population is slightly declining and becoming older.

Madison embarked on a capital improvement campaign in FY20 and had the Madison Primary School renovation, the County Administration Center Renovation Project and the Public Safety Radio System projects underway before the end of that fiscal year. Most of the County's existing debt was refinanced and new monies were borrowed to finance these three projects. Efforts to better understand and address the issues of aging infrastructure and improving the capital plant need to continue.

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 \$0.71/\$100 real estate tax rate and a \$3.60/\$100 personal property tax rate. 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.

For the fiscal year ending June 30, 2021, the total adopted operating budget is \$42,082,991 versus \$41,808,989 in FY20. The FY21 operating budget includes \$714,292 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*

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Statement of Net Position  
At June 30, 2020

	Primary Government	Component Unit	Component Unit
	Governmental Activities	School Board	Madison County Parks and Recreation Authority
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 31,998,025	\$ 1,768,600	\$ 68,029
Receivables (net of allowance for uncollectibles):			
Property taxes	7,014,829	-	-
Accounts receivable	211,258	12,703	-
Inventory	-	29,041	-
Prepaid expenses	115,600	14,180	-
Due from other governments	1,010,993	657,339	-
Due from Component Unit	196,835	-	20,000
Total Current Assets	<u>\$ 40,547,540</u>	<u>\$ 2,481,863</u>	<u>\$ 88,029</u>
Noncurrent Assets:			
Net pension asset	\$ -	\$ 728,497	\$ -
Net OPEB asset	\$ 23,293	\$ -	\$ -
Capital assets:			
Land and construction in progress	\$ 4,132,340	\$ 407,340	\$ 129,042
Buildings and equipment, net of depreciation	18,866,433	8,420,569	163,369
Total Capital Assets	<u>\$ 22,998,773</u>	<u>\$ 8,827,909</u>	<u>\$ 292,411</u>
Total Noncurrent Assets	<u>\$ 23,022,066</u>	<u>\$ 9,556,406</u>	<u>\$ 292,411</u>
Total Assets	<u>\$ 63,569,606</u>	<u>\$ 12,038,269</u>	<u>\$ 380,440</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	\$ 1,006,655	\$ 3,247,076	\$ -
OPEB deferrals	453,114	559,911	-
Total Deferred Outflows of Resources	<u>\$ 1,459,769</u>	<u>\$ 3,806,987</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 65,029,375</u>	<u>\$ 15,845,256</u>	<u>\$ 380,440</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 460,630	\$ 728,746	\$ -
Amounts held for others	179,210	-	-
Unearned grant revenue	1,077,230	-	-
Accrued liabilities	-	1,054,062	3,547
Due to Primary Government	-	196,835	-
Accrued interest payable	14,567	-	-
Current portion of long-term obligations	724,557	49,879	-
Total Current Liabilities	<u>\$ 2,456,194</u>	<u>\$ 2,029,522</u>	<u>\$ 3,547</u>
Noncurrent Liabilities:			
Noncurrent portion of long-term obligations	27,433,563	20,010,819	-
Total Liabilities	<u>\$ 29,889,757</u>	<u>\$ 22,040,341</u>	<u>\$ 3,547</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenues - taxes	\$ 6,286,448	\$ -	\$ -
OPEB deferrals	46,579	396,592	-
Pension deferrals	398,152	2,190,173	-
Total deferred inflows of resources	<u>\$ 6,731,179</u>	<u>\$ 2,586,765</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 11,597,231	\$ 8,827,909	\$ 292,411
Restricted	107,429	52,982	-
Unrestricted	16,703,779	(17,662,741)	84,482
Total Net Position	<u>\$ 28,408,439</u>	<u>\$ (8,781,850)</u>	<u>\$ 376,893</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 65,029,375</u>	<u>\$ 15,845,256</u>	<u>\$ 380,440</u>

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

Statement of Activities  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit	
					Governmental Activities	School Board	Madison County Parks and Recreation Authority
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government							
administration	\$ 1,647,235	\$ -	\$ 239,990	\$ -	\$ (1,407,245)	\$ -	\$ -
Judicial administration	1,292,747	167,094	465,523	-	(660,130)	-	-
Public safety	7,131,266	564,741	1,056,150	254,935	(5,255,440)	-	-
Public works	1,113,930	197,183	10,540	-	(906,207)	-	-
Health and welfare	5,051,572	-	3,481,044	-	(1,570,528)	-	-
Education	9,555,127	-	58,493	-	(9,496,634)	-	-
Parks, recreation, and cultural	600,917	-	-	-	(600,917)	-	-
Community development	572,111	-	-	-	(572,111)	-	-
Interest on long-term debt	459,142	-	-	-	(459,142)	-	-
Total governmental activities	\$ 27,424,047	\$ 929,018	\$ 5,311,740	\$ 254,935	\$ (20,928,354)	\$ -	\$ -
<b>COMPONENT UNITS:</b>							
School Board	\$ 21,747,225	\$ 261,529	\$ 11,545,404	\$ -	\$ -	\$ (9,940,292)	\$ -
Madison County Parks and Recreation Authority	420,988	106,199	-	-	-	-	(314,789)
Total component units	\$ 22,168,213	\$ 367,728	\$ 11,545,404	\$ -	\$ -	\$ (9,940,292)	\$ (314,789)
General revenues:							
General property taxes				\$ 17,245,381	\$ -	\$ -	\$ -
Local sales and use tax				1,223,259	-	-	-
Consumers' utility taxes				356,731	-	-	-
Motor vehicle licenses				472,768	-	-	-
Restaurant food taxes				479,074	-	-	-
Other local taxes				453,308	-	-	-
Unrestricted revenues from use of money and property				176,786	2,033	-	-
Miscellaneous				271,285	728,665	84,079	-
Grants and contributions not restricted to specific programs				1,646,300	-	-	-
Contribution from County				-	9,470,888	261,200	-
Total general revenues				\$ 22,324,892	\$ 10,201,586	\$ 345,279	\$ -
Change in net position				\$ 1,396,538	\$ 261,294	\$ 30,490	\$ -
Net position - beginning				27,011,901	(9,043,144)	346,403	-
Net position - ending				\$ 28,408,439	\$ (8,781,850)	\$ 376,893	\$ -

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

- **Basic Financial Statements** -  
*Fund Financial Statements*

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Balance Sheet - Governmental Funds  
At June 30, 2020

ASSETS	General Fund	Capital Improvement Fund	Total
Cash and cash equivalents	\$ 31,674,082	\$ 323,943	\$ 31,998,025
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	7,014,829	-	7,014,829
Accounts receivable	211,258	-	211,258
Due from component unit	196,835	-	196,835
Due from other governmental units	1,010,993	-	1,010,993
Prepaid expenditures	115,600	-	115,600
Total assets	<u>\$ 40,223,597</u>	<u>\$ 323,943</u>	<u>\$ 40,547,540</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 449,891	\$ 10,739	\$ 460,630
Amounts held for others	179,210	-	179,210
Unearned grant revenue	1,077,230	-	1,077,230
Total liabilities	<u>\$ 1,706,331</u>	<u>\$ 10,739</u>	<u>\$ 1,717,070</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - taxes	\$ 7,034,630	\$ -	\$ 7,034,630
<b>FUND BALANCES</b>			
Nonspendable	\$ 115,600	\$ -	\$ 115,600
Restricted	14,467,037	-	14,467,037
Committed	219,717	313,204	532,921
Assigned	6,625,449	-	6,625,449
Unassigned	10,054,833	-	10,054,833
Total fund balances	<u>\$ 31,482,636</u>	<u>\$ 313,204</u>	<u>\$ 31,795,840</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,223,597</u>	<u>\$ 323,943</u>	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.

22,998,773

Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(14,567)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.

Unavailable revenue - property taxes	748,182
Deferred inflows related to measurement of net pension liability	(398,152)
Deferred inflows related to measurement of net OPEB liability	(46,579)
Net OPEB asset	23,293

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

Deferred outflows related to pensions	1,006,655
Deferred outflows related to OPEB	453,114

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.

(28,158,120)

Net position of general government activities \$ 28,408,439

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

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended June 30, 2020

	General	Capital Improvement	Total
Revenues:			
General property taxes	\$ 17,137,442	\$ -	\$ 17,137,442
Other local taxes	2,985,140	-	2,985,140
Permits, privilege fees and regulatory licenses	214,208	-	214,208
Fines and forfeitures	135,608	-	135,608
Revenue from use of money and property	176,786	-	176,786
Charges for services	579,202	-	579,202
Miscellaneous	271,285	-	271,285
Intergovernmental:			
Commonwealth	5,624,096	-	5,624,096
Federal	1,588,879	-	1,588,879
Total revenues	<u>\$ 28,712,646</u>	<u>\$ -</u>	<u>\$ 28,712,646</u>
Expenditures:			
Current:			
General government administration	\$ 1,694,717	\$ -	\$ 1,694,717
Judicial administration	944,204	-	944,204
Public safety	7,321,576	-	7,321,576
Public works	1,168,473	-	1,168,473
Health and welfare	5,001,895	-	5,001,895
Education	9,024,871	-	9,024,871
Parks, recreation, and cultural	521,812	-	521,812
Community development	826,062	-	826,062
Nondepartmental	4,795	-	4,795
Capital projects	-	2,559,874	2,559,874
Debt service:			
Principal retirement	8,996,962	-	8,996,962
Bond issuance costs	145,614	-	145,614
Interest and other fiscal charges	428,425	-	428,425
Total expenditures	<u>\$ 36,079,406</u>	<u>\$ 2,559,874</u>	<u>\$ 38,639,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,366,760)</u>	<u>\$ (2,559,874)</u>	<u>\$ (9,926,634)</u>
Other Financing Sources (uses):			
Issuance of long-term debt	\$ 24,641,000	\$ -	\$ 24,641,000
Transfers in	-	2,525,164	2,525,164
Transfers (out)	<u>(2,525,164)</u>	<u>-</u>	<u>(2,525,164)</u>
Total other financing sources (uses)	<u>\$ 22,345,836</u>	<u>\$ 2,525,164</u>	<u>\$ 24,871,000</u>
Net change in fund balances	\$ 14,979,076	\$ (34,710)	\$ 14,944,366
Fund balances at beginning of year	<u>16,503,560</u>	<u>\$ 347,914</u>	<u>\$ 16,851,474</u>
Fund balances at end of year	<u><u>\$ 31,482,636</u></u>	<u><u>\$ 313,204</u></u>	<u><u>\$ 31,795,840</u></u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Funds  
Year Ended June 30, 2020

		<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	14,944,366
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The following details support this adjustment:		
Capital outlay	\$ 3,822,984	
Depreciation expense	<u>(1,201,944)</u>	2,621,040
Transfer of joint tenancy assets from Primary Government to the Component Unit		(451,017)
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	\$ 107,939	
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability	12,050	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>204,745</u>	324,734
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	\$ 6,908,500	
Principal retired on refunding bonds	1,753,990	
Principal retired on capital lease	27,173	
Principal retired on state literary fund loan	<u>310,000</u>	(15,871,337)
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	\$ (32,009)	
Change in net OPEB liability/asset	(446,278)	
Change in landfill closure liability	26,784	
Change in net pension liability	(751,216)	
Change in deferred outflows related to pensions	534,609	
Change in deferred outflows related to OPEB	381,965	
Change in accrued interest payable	<u>114,897</u>	(171,248)
Change in net position of governmental activities	\$	<u><u>1,396,538</u></u>

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

Statement of Fiduciary Net Position --  
 Fiduciary Funds  
 At June 30, 2020

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>66,678</u>
Total assets	\$ <u><u>66,678</u></u>
<b>LIABILITIES</b>	
Amounts held for others	\$ <u>66,678</u>
Total liabilities	\$ <u><u>66,678</u></u>

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

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020

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### 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).

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **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. 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**

**Blended Component Units:** The County has no blended component units to be included for the fiscal year ended June 30, 2020.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### **B. Individual Component Unit Disclosures (Continued)**

*Discretely Presented Component Unit:* 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, 2020.

*Discretely Presented Component Unit:* 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:

School Operating Fund - 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.

School Cafeteria Fund - 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.

School Capital Fund - 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.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **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.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### 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, 2020.

##### 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.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### **G. Investments**

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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 \$269,288 at June 30, 2020 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:

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

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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:

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

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

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

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

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

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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**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 Unit School Board
<b>Nonspendable:</b>			
Prepaid expenditures	\$ 115,600	\$ -	\$ 14,180
Inventory	-	-	29,041
Total Nonspendable	\$ 115,600	\$ -	\$ 43,221
<b>Restricted:</b>			
Asset Forfeitures	\$ 43,291	\$ -	\$ -
Unspent bond proceeds	14,359,608	-	-
Toppings Funds	49,356	-	-
Animal donations	14,782	-	-
School Textbook Funds	-	-	52,982
Total Restricted	\$ 14,467,037	\$ -	\$ 52,982
<b>Committed:</b>			
Capital Projects	\$ -	\$ 313,204	\$ 11
Encumbrances	219,717	-	76,677
School Operations	-	-	2,000
Cafeteria	-	-	341,509
Total Committed	\$ 219,717	\$ 313,204	\$ 420,197
<b>Assigned:</b>			
Tourism	\$ 147,075	\$ -	\$ -
Capital Projects	3,059,831	-	-
Debt Stabilization Reserve	1,242,497	-	-
Town Business Improvement	32,979	-	-
Budget Stabilization Reserve	1,242,497	-	-
Opening Balance Appropriation	689,596	-	-
2025 Reassessment	200,000	-	-
Sheriff	10,974	-	-
Total Assigned	\$ 6,625,449	\$ -	\$ -
<b>Unassigned</b>	\$ 10,054,833	\$ -	\$ (14,180)
<b>Total Fund Balance</b>	\$ 31,482,636	\$ 313,204	\$ 502,220

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### **N. Net Position**

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

#### **O. 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. 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.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### **O. Deferred Outflows/Inflows of Resources**

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

#### **P. 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.

#### **Q. 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:**

#### **Deposits**

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 2 - Deposits and Investments:**

**Investments**

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

**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, 2020 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

<b>County’s Rated Debt Investments’ Values</b>		
<b><u>Rated Debt Investments</u></b>	<b>Fair Quality</b>	
	<b>Ratings</b>	
	<b><u>AAAm</u></b>	<b><u>AA+</u></b>
U.S. Government Securities	\$ -	\$ 83,088
SNAP	14,359,608	-
Local Government Investment Pool	<u>5,761,100</u>	<u>-</u>
Total	<u>\$ 20,120,708</u>	<u>\$ 83,088</u>

**External Investment Pool**

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 2 - Deposits and Investments: (Continued)**

**Interest Rate Risk**

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 year	Greater than 10 years
U.S. Government Securities	\$ 83,088	\$ -	\$ 83,088
SNAP	14,359,608	14,359,608	-
Local Government Investment Pool	5,761,100	5,761,100	-
Total	\$ 20,203,796	\$ 20,120,708	\$ 83,088

**Note 3 - Due From Other Governmental Units:**

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 227,421	\$ -
Public assistance and welfare administration	67,396	-
State sales tax	-	290,567
Comprehensive services	317,745	-
Communications tax	78,993	-
Shared expenses	113,635	-
Department of Justice	32,781	-
Other state funds	43,778	68,114
Federal Government:		
School funds	-	187,638
CARES Act	5,585	-
Public safety	21,065	-
School food	-	111,020
Public assistance and welfare administration	102,594	-
Totals	\$ 1,010,993	\$ 657,339

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 4 - Capital Assets:**

The following is a summary of capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Primary Government:</b>				
Capital assets not being depreciated:				
Land	\$ 1,419,418	\$ 42,610	\$ -	\$ 1,462,028
Construction in progress-Jointly Owned	-	1,369,466	-	1,369,466
Construction in progress	-	1,300,846	-	1,300,846
Total capital assets not being depreciated	<u>\$ 1,419,418</u>	<u>\$ 2,712,922</u>	<u>\$ -</u>	<u>\$ 4,132,340</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 17,234,401	\$ 207,390	\$ -	\$ 17,441,791
Equipment (including vehicles)	3,744,642	902,672	137,710	4,509,604
Jointly owned assets	8,332,955	-	745,878	7,587,077
Total capital assets being depreciated	<u>\$ 29,311,998</u>	<u>\$ 1,110,062</u>	<u>\$ 883,588</u>	<u>\$ 29,538,472</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (6,350,702)	\$ (490,112)	\$ -	\$ (6,840,814)
Equipment (including vehicles)	(2,575,111)	(522,155)	(137,710)	(2,959,556)
Jointly owned assets	(976,853)	(189,677)	(294,861)	(871,669)
Total accumulated depreciation	<u>\$ (9,902,666)</u>	<u>\$ (1,201,944)</u>	<u>\$ (432,571)</u>	<u>\$ (10,672,039)</u>
Net capital assets being depreciated	<u>\$ 19,409,332</u>	<u>\$ (91,882)</u>	<u>\$ 451,017</u>	<u>\$ 18,866,433</u>
Net capital assets	<u>\$ 20,828,750</u>	<u>\$ 2,621,040</u>	<u>\$ 451,017</u>	<u>\$ 22,998,773</u>
<b>Component Unit - School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 109,803	\$ -	\$ -	\$ 109,803
Construction in progress	17,320	367,114	86,897	297,537
Total capital assets not being depreciated	<u>\$ 127,123</u>	<u>\$ 367,114</u>	<u>\$ 86,897</u>	<u>\$ 407,340</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,079,566	\$ 49,178	\$ -	\$ 6,128,744
Equipment (including vehicles)	5,136,523	356,659	-	5,493,182
Jointly owned assets	11,728,258	745,878	-	12,474,136
Total capital assets being depreciated	<u>\$ 22,944,347</u>	<u>\$ 1,151,715</u>	<u>\$ -</u>	<u>\$ 24,096,062</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (7,135,188)	\$ (728,244)	\$ -	\$ (7,863,432)
Jointly owned assets	(3,143,698)	(294,861)	-	(3,438,559)
Equipment (including vehicles)	(4,069,521)	(303,981)	-	(4,373,502)
Total accumulated depreciation	<u>\$ (14,348,407)</u>	<u>\$ (1,327,086)</u>	<u>\$ -</u>	<u>\$ (15,675,493)</u>
Net capital assets being depreciated	<u>\$ 8,595,940</u>	<u>\$ (175,371)</u>	<u>\$ -</u>	<u>\$ 8,420,569</u>
Net capital assets	<u>\$ 8,723,063</u>	<u>\$ 191,743</u>	<u>\$ 86,897</u>	<u>\$ 8,827,909</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 4 - Capital Assets: (Continued)**

The following is a summary of capital assets for the fiscal year ended June 30, 2020: (Continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Component Unit - Parks and Recreation Authority:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 178,043	\$ 92,342	\$ 141,343	\$ 129,042
Total capital assets not being depreciated	<u>\$ 178,043</u>	<u>\$ 92,342</u>	<u>\$ 141,343</u>	<u>\$ 129,042</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 28,395	\$ 141,343	\$ -	\$ 169,738
Equipment	80,131	-	-	80,131
Total capital assets being depreciated	<u>\$ 108,526</u>	<u>\$ 141,343</u>	<u>\$ -</u>	<u>\$ 249,869</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (4,618)	\$ (10,164)	\$ -	\$ (14,782)
Equipment	(65,662)	(6,056)	-	(71,718)
Total accumulated depreciation	<u>\$ (70,280)</u>	<u>\$ (16,220)</u>	<u>\$ -</u>	<u>\$ (86,500)</u>
Net capital assets being depreciated	<u>\$ 38,246</u>	<u>\$ 125,123</u>	<u>\$ -</u>	<u>\$ 163,369</u>
Net capital assets	<u><u>\$ 216,289</u></u>	<u><u>\$ 217,465</u></u>	<u><u>\$ 141,343</u></u>	<u><u>\$ 292,411</u></u>

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	\$ 68,869
Judicial administration	344,217
Public safety	444,131
Public works	46,591
Health and welfare	32,156
Education	189,677
Parks, recreation and cultural	75,164
Community development	1,139
Total	<u>\$ 1,201,944</u>
Component Unit School Board	<u>\$ 995,130</u>
Depreciation Expense	\$ 1,032,225
Joint tenancy transfer of accumulated depreciation	<u>294,861</u>
Total additions to accumulated depreciation, previous page	<u>\$ 1,327,086</u>
Component Unit Parks and Recreation Authority	<u>\$ 16,220</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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	\$ 514,216
	<u>                    </u>
Component Unit School Board	\$ 498,790
	<u>                    </u>

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

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General	\$ 196,835	\$ -
School Board	-	196,835
Total	<u>\$ 196,835</u>	<u>\$ 196,835</u>
<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 2,525,164
Capital Improvement	2,525,164	-
Total	<u>\$ 2,525,164</u>	<u>\$ 2,525,164</u>

**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 Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **Note 7 - Pension Plan: (Continued)**

#### ***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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- 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 service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees 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 service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 7 - Pension Plan: (Continued)**

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	58	41
Inactive members:		
Vested inactive members	12	12
Non-vested inactive members	25	18
Inactive members active elsewhere in VRS	47	12
Total inactive members	84	42
Active members	103	47
Total covered employees	<u>245</u>	<u>130</u>

***Contributions***

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

The County's contractually required contribution rate for the year ended June 30, 2020 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 \$429,701 and \$407,487 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 7 - Pension Plan: (Continued)**

**Contributions: (Continued)**

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 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 \$199 and \$1,333 for the years ended June 30, 2020 and June 30, 2019, respectively.

**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, 2019. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

**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, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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

Pre-Retirement:

RP-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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 7 - Pension Plan: (Continued)**

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

Mortality rates: (Continued)

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

***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, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 7 - Pension Plan: (Continued)**

***Actuarial Assumptions - Public Safety Employees: (Continued)***

Mortality rates:

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 7 - Pension Plan: (Continued)**

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

**Discount Rate**

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 7 - Pension Plan: (Continued)**

**Discount Rate: (Continued)**

For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 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, 2018	\$ 17,516,465	\$ 17,477,295	\$ 39,170
Changes for the year:			
Service cost	\$ 606,878	\$ -	\$ 606,878
Interest	1,189,868	-	1,189,868
Changes of assumptions	564,680	-	564,680
Differences between expected and actual experience	182,252	-	182,252
Contributions - employer	-	407,989	(407,989)
Contributions - employee	-	239,126	(239,126)
Net investment income	-	1,157,589	(1,157,589)
Benefit payments, including refunds of employee contributions	(1,036,713)	(1,036,713)	-
Administrative expenses	-	(11,514)	11,514
Other changes	-	(728)	728
Net changes	\$ 1,506,965	\$ 755,749	\$ 751,216
Balances at June 30, 2019	\$ 19,023,430	\$ 18,233,044	\$ 790,386

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**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, 2018	\$ 3,360,573	\$ 4,151,503	\$ (790,930)
Changes for the year:			
Service cost	\$ 70,774	\$ -	\$ 70,774
Interest	228,352	-	228,352
Changes of assumptions	94,551	-	94,551
Differences between expected and actual experience	(19,974)	-	(19,974)
Contributions - employer	-	3,454	(3,454)
Contributions - employee	-	38,555	(38,555)
Net investment income	-	272,231	(272,231)
Benefit payments, including refunds of employee contributions	(196,793)	(196,793)	-
Administrative expenses	-	(2,800)	2,800
Other changes	-	(170)	170
Net changes	\$ 176,910	\$ 114,477	\$ 62,433
Balances at June 30, 2019	\$ 3,537,483	\$ 4,265,980	\$ (728,497)

**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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 3,368,478	\$ 790,386	\$ (1,251,055)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (309,576)	\$ (728,497)	\$ (1,063,843)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (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, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$442,065 and (\$911), respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,874	\$ 233,739	\$ 1,747	\$ 12,292
Change in assumptions	416,080	8,328	58,185	-
Net difference between projected and actual earnings on pension plan investments	-	156,085	-	36,989
Employer contributions subsequent to the measurement date	429,701	-	199	-
Total	<u>\$ 1,006,655</u>	<u>\$ 398,152</u>	<u>\$ 60,131</u>	<u>\$ 49,281</u>

\$429,701 and \$199 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ 73,232	\$ 30,776
2022	(59,182)	(21,693)
2023	154,402	(1,001)
2024	10,350	2,569
Thereafter	-	-

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **Note 7 - Pension Plan: (Continued)**

#### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

##### ***Plan Description***

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

##### ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 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 \$1,539,369 and \$1,541,453 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$15,829,532 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .12028% as compared to .12517% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,366,454. 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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,013,632
Change in assumptions	1,567,495	-
Net difference between projected and actual earnings on pension plan investments	-	347,579
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,081	779,681
Employer contributions subsequent to the measurement date	<u>1,539,369</u>	<u>-</u>
Total	<u>\$ 3,186,945</u>	<u>\$ 2,140,892</u>

\$1,539,369 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ (246,349)
2022	(466,218)
2023	11,511
2024	132,399
Thereafter	75,341

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 7 - Pension Plan: (Continued)**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	36,522,769
Employer's Net Pension Liability (Asset)	<u>\$ 13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 7 - Pension Plan: (Continued)**

**Net Pension Liability: (Continued)**

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.

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

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

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 23,830,322	\$ 15,829,532	\$ 9,214,360

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 7 - Pension Plan: (Continued)**

**Aggregate Pension Information**

VRS Pension Plans:				
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 1,006,655	\$ 398,152	\$ 790,386	\$ 442,065
Totals	<u>\$ 1,006,655</u>	<u>\$ 398,152</u>	<u>\$ 790,386</u>	<u>\$ 442,065</u>
Component Unit School Board				
School Board Nonprofessional	\$ 60,131	\$ 49,281	\$ (728,497)	\$ (911)
School Board Professional	3,186,945	2,140,892	15,829,532	1,366,454
Totals	<u>\$ 3,247,076</u>	<u>\$ 2,190,173</u>	<u>\$ 15,101,035</u>	<u>\$ 1,365,543</u>

**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, 2020:

	Balance at July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Direct Borrowings and Direct Placements:					
Public Facility Lease Revenue Bond	\$ 6,908,500	\$ 16,600,000	\$ 6,908,500	\$ 16,600,000	-
Public Facility Lease Revenue Refunding Bonds	1,753,990	8,041,000	1,753,990	8,041,000	294,000
Landfill closure liability	354,974	6,035	32,819	328,190	32,819
State literary fund loan	620,000	-	310,000	310,000	310,000
Capital leases	102,365	230,000	27,173	305,192	36,316
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 459,379	\$ 426,947	\$ 30,191	\$ 856,135	-
Net Group Life Insurance OPEB liability	369,000	125,214	81,213	413,001	-
Total net OPEB liability	<u>\$ 828,379</u>	<u>\$ 552,161</u>	<u>\$ 111,404</u>	<u>\$ 1,269,136</u>	<u>\$ -</u>
Net pension liability	39,170	2,555,920	1,804,704	790,386	-
Compensated absences	482,207	80,230	48,221	514,216	51,422
Total governmental activities	<u>\$ 11,089,585</u>	<u>\$ 28,065,346</u>	<u>\$ 10,996,811</u>	<u>\$ 28,158,120</u>	<u>\$ 724,557</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 8 - Long-Term Obligations: (Continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements							
	State Literary Fund Loan		Public Facility Lease Revenue Bond		Public Facility Lease Revenue Refunding Bond		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 310,000	\$ 9,300	\$ -	\$ 297,417	\$ 294,000	\$ 114,580	\$ 36,316	\$ 12,330
2022	-	-	453,000	498,000	543,000	184,853	37,580	11,066
2023	-	-	466,000	484,410	556,000	171,897	38,890	9,756
2024	-	-	480,000	470,430	596,000	158,631	12,716	8,398
2025	-	-	493,000	456,030	611,000	144,409	13,300	7,814
2026	-	-	507,000	441,240	626,000	129,831	13,911	7,203
2027	-	-	523,000	426,030	640,000	114,893	14,550	6,564
2028	-	-	538,000	410,340	655,000	99,622	15,218	5,896
2029	-	-	553,000	394,200	671,000	83,993	15,917	5,196
2030	-	-	569,000	377,610	687,000	67,981	16,649	4,465
2031	-	-	584,000	360,540	704,000	51,589	17,413	3,700
2032	-	-	600,000	343,020	721,000	34,790	18,213	2,900
2033	-	-	619,000	325,020	737,000	17,586	19,050	2,064
2034	-	-	1,293,000	306,450	-	-	19,925	1,188
2035	-	-	1,331,000	267,660	-	-	15,544	292
2036	-	-	1,370,000	227,730	-	-	-	-
2037	-	-	1,175,000	186,630	-	-	-	-
2038	-	-	1,208,000	151,380	-	-	-	-
2039	-	-	1,243,000	115,140	-	-	-	-
2040	-	-	1,279,000	77,850	-	-	-	-
2041	-	-	1,316,000	39,480	-	-	-	-
Total	\$ 310,000	\$ 9,300	\$ 16,600,000	\$ 6,656,607	\$ 8,041,000	\$ 1,374,655	\$ 305,192	\$ 88,832

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 8 - Long-Term Obligations: (Continued)**

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i>State Literary Fund Loan:</i>		
\$6,200,000, issued December 1, 2000 due in varying installments through December 1, 2020, interest at 3%	\$ 310,000	\$ 310,000
<i>Public Facility Lease Revenue Bond:</i>		
\$16,600,000 Public Facilities Lease Revenue Bond, Series 2020A issued June 24, 2020 due in varying installments through February 2041. Interest is payable annually at 3.00%.	\$ 16,600,000	\$ -
<i>Public Facility Lease Revenue Refunding Bonds.:</i>		
\$1,625,000 Public Facilities Lease Revenue Refunding Bond, Series 2020B issued June 24, 2020 due in varying installments through February 2033. Interest is payable annually at 2.37%.	\$ 1,625,000	\$ 122,000
\$6,416,000 Public Facilities Lease Revenue Refunding Bond, Series 2020C issued June 24, 2020 due in varying installments through February 2033. Interest is payable annually at 2.39%.	6,416,000	172,000
Total Public Facility Lease Revenue Refunding Bonds	\$ 8,041,000	\$ 294,000
<i>Capital Leases:</i>		
\$230,000 lease issued March 24, 2020, due in monthly installments of principal and interest of \$1,759 through March 2035. Interest is payable at 4.50%. The assets acquired through the capital lease are \$230,000 for a building and had \$0 of accumulated depreciation as of June 30, 2020.	\$ 227,299	\$ 11,113
\$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.	\$ 77,893	\$ 25,203
Total Capital Leases	\$ 305,192	\$ 36,316
Landfill closure liability	\$ 328,190	\$ 32,819
Net OPEB liability	\$ 1,269,136	\$ -
Net pension liability	\$ 790,386	\$ -
Compensated absences	\$ 514,216	\$ 51,422
Total long-term obligations	\$ 28,158,120	\$ 724,557

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 8 - Long-Term Obligations: (Continued)**

Discretely Presented Component Unit–School Board Obligations:

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Compensated absences	\$ 454,173	\$ 90,034	\$ 45,417	\$ 498,790	\$ 49,879
Net pension liability	14,720,000	5,078,030	3,968,498	15,829,532	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,185,902	\$ 288,146	\$ 243,873	\$ 1,230,175	-
Net Group Life Insurance OPEB liability	884,000	243,767	213,894	913,873	-
Net Health Insurance Credit OPEB liability	1,604,000	211,626	227,298	1,588,328	-
Total net OPEB liability	<u>\$ 3,673,902</u>	<u>\$ 743,539</u>	<u>\$ 685,065</u>	<u>\$ 3,732,376</u>	<u>\$ -</u>
Total Component Unit	<u>\$ 18,848,075</u>	<u>\$ 5,911,603</u>	<u>\$ 4,698,980</u>	<u>\$ 20,060,698</u>	<u>\$ 49,879</u>

**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.

	<u>Government-wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
<b>Primary Government:</b>		
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.	\$ -	\$ 748,182
2nd half assessments due after June 30th	6,001,242	6,001,242
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>285,206</u>	<u>285,206</u>
Total governmental activities	<u>\$ 6,286,448</u>	<u>\$ 7,034,630</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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:**

	<u>Amount</u>
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.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **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 \$328,190 reported as landfill closure and postclosure care liability at June 30, 2020, 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 2020. 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.

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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**County: (Continued)**

***Plan Membership***

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	110
Total retirees with coverage		<u>5</u>
Total	\$	<u><u>115</u></u>

***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.

***Total OPEB Liability***

The County's total OPEB liability was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019.

***Actuarial Assumptions***

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

Inflation	2.50%
Salary Increases	Ranging from 3.50% to 5.35% depending on years of service per year for general salary inflations
Discount Rate	2.21%

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, 2019.

***Discount Rate***

The final equivalent single discount rate used for this year's valuation is 2.21% 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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**County: (Continued)**

**Changes in Total OPEB Liability**

	<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2019	\$ 459,379
Changes for the year:	
Service cost	28,207
Interest	16,541
Difference between expected and actual experience	231,344
Changes in assumptions	150,855
Benefit payments	(30,191)
Net changes	<u>396,756</u>
Balances at June 30, 2019	<u>\$ 856,135</u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
\$ 950,392	\$ 856,135	\$ 772,384

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:

<u>Rates</u>		
<u>Healthcare Cost</u>		
<u>1% Decrease (4.80% decreasing to 3.20% after 2073)</u>	<u>Trend (5.90% decreasing to 4.00% after 2073)</u>	<u>1% Increase (6.80% decreasing to 5.20% after 2073)</u>
\$ 741,173	\$ 856,135	\$ 995,289

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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, 2020, the County recognized OPEB expense in the amount of \$97,225. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 200,081	\$ -
Changes in assumptions	142,624	8,092
Total	<u>\$ 342,705</u>	<u>\$ 8,092</u>

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

<u>Year Ended June 30</u>	
2021	\$ 52,477
2022	52,477
2023	52,477
2024	52,477
2025	52,400
Thereafter	72,305

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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**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, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	233
Total retirees with coverage		<u>2</u>
Total	\$	<u><u>235</u></u>

***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, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019.

***Actuarial Assumptions***

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

Inflation	2.50%
Salary Increases	Ranging from 3.50% to 5.95% depending on years of service per year for general salary inflations
Discount Rate	2.21%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (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, 2019.

**Discount Rate**

The final equivalent single discount rate used for this year's valuation is 2.21% 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**

	<b>School Board Total OPEB Liability</b>
Balances at June 30, 2019	\$ 1,185,902
Changes for the year:	
Service cost	56,693
Interest	43,237
Difference between expected and actual experience	(229,238)
Changes in assumptions	188,216
Benefit payments	(14,635)
Net changes	44,273
Balances at June 30, 2020	\$ 1,230,175

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	<b>Rate</b>		
	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
\$	1,326,413	\$ 1,230,175	\$ 1,137,383

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 14 - Health Insurance - Pa9y-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		
1% Decrease (4.80% decreasing to 3.20% after 2073)	Healthcare Cost Trend (5.90% decreasing to 4.00% after 2073)	1% Increase (6.80% decreasing to 5.20% after 2073)
\$ 1,066,838	\$ 1,230,175	\$ 1,423,805

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$96,503. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 201,619
Changes in assumptions	191,437	17,410
Total	\$ 191,437	\$ 219,029

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	
2021	\$ (3,427)
2022	(3,427)
2023	(3,427)
2024	(3,427)
2025	(3,427)
Thereafter	(10,457)

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

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### ***Plan Description***

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

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

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***HIC Plan Notes***

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

***Employees Covered by Benefit Terms***

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>5</u>
Inactive members:	
Vested inactive members	-
Total inactive members	<u>5</u>
Active members	46
Total covered employees	<u><u>51</u></u>

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2020 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 Plan were \$1,746 and \$1,645 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Net HIC OPEB Liability***

The County's net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

\*Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

**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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 15 - Health Insurance Credit (HIC) Plan (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, 2018	\$ 39,793	\$ 68,607	\$ (28,814)
Changes for the year:			
Service cost	\$ 3,438	\$ -	\$ 3,438
Interest	2,686	-	2,686
Differences between expected and actual experience	3,974	-	3,974
Assumption changes	1,353	-	1,353
Contributions - employer	-	1,645	(1,645)
Net investment income	-	4,385	(4,385)
Benefit payments	(2,846)	(2,846)	-
Administrative expenses	-	(95)	95
Other changes	-	(5)	5
Net changes	\$ 8,605	\$ 3,084	\$ 5,521
Balances at June 30, 2019	\$ 48,398	\$ 71,691	\$ (23,293)

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

The follow presents the County's HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's Net HIC OPEB Liability (Asset)	(17,247)	(23,293)	(28,373)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

For the year ended June 30, 2020, the County recognized HIC Plan OPEB expense of (\$206). At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,491	\$ 9,959
Net difference between projected and actual earnings on HIC OPEB plan investments	-	838
Change in assumptions	1,189	1,396
Employer contributions subsequent to the measurement date	<u>1,746</u>	<u>-</u>
Total	<u>\$ 6,426</u>	<u>\$ 12,193</u>

\$1,746 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (1,674)
2022	(1,672)
2023	(1,140)
2024	(1,116)
2025	(1,177)
Thereafter	(734)

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 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.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### ***Plan Description***

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

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

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire 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 Plan Notes***

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

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. 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 Plan were \$122,577 and \$122,122 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,588,328 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.12133% as compared to 0.12635% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$124,295. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,997
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	100	-
Change in assumptions	36,968	11,037
Change in proportion	17,263	64,524
Employer contributions subsequent to the measurement date	<u>122,577</u>	<u>-</u>
Total	<u>\$ 176,908</u>	<u>\$ 84,558</u>

\$122,577 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ (4,921)
2022	(4,923)
2023	(4,227)
2024	(4,460)
2025	(5,173)
Thereafter	(6,523)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

\*Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,777,609	\$ 1,588,328	\$ 1,427,534

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

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### ***Plan Description***

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional 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 Plan OPEB.

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

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

#### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% 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, 2020 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 Plan from the entity were \$27,506 and \$25,869 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$4,353 and \$4,337 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional); and \$53,117 and \$52,920 for the years ended June 30, 2020 and June 30, 2019, 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 Plan OPEB***

At June 30, 2020, the entity reported a liability of \$413,001, \$69,159, and \$844,714 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, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.02538%, 0.00425%, and 0.05191% as compared to 0.02430%, 0.00442%, and 0.05374% at June 30, 2018 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$14,737, \$1,733, and \$16,938 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Primary Government</b>		
Differences between expected and actual experience	\$ 27,467	\$ 5,357
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,483
Change in assumptions	26,074	12,454
Changes in proportion	22,936	-
Employer contributions subsequent to the measurement date	27,506	-
<b>Total Primary Government</b>	<u>\$ 103,983</u>	<u>\$ 26,294</u>
<b>Component Unit School Board (nonprofessional)</b>		
Differences between expected and actual experience	\$ 4,599	\$ 896
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,421
Change in assumptions	4,366	2,085
Changes in proportion	2,442	2,268
Employer contributions subsequent to the measurement date	4,353	-
<b>Total Component Unit School Board (nonprofessional)</b>	<u>\$ 15,760</u>	<u>\$ 6,670</u>
<b>Component Unit School Board (professional)</b>		
Differences between expected and actual experience	\$ 56,179	\$ 10,957
Net difference between projected and actual earnings on GLI OPEB program investments	-	17,351
Change in assumptions	53,330	25,472
Changes in proportion	13,180	32,555
Employer contributions subsequent to the measurement date	53,117	-
<b>Total Component Unit School Board (professional)</b>	<u>\$ 175,806</u>	<u>\$ 86,335</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

\$27,506, \$4,353 and \$53,117 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2021	\$ 6,655	\$ 380	\$ 406
2022	6,655	380	407
2023	10,248	981	7,756
2024	12,167	1,531	12,363
2025	11,201	1,207	12,095
Thereafter	3,257	258	3,327

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

\*Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**Note 17 - Group Life Insurance (GLI) Plan (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability 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, 2018 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%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
		<hr/>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**Discount Rate: (Continued)**

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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 542,568	\$ 413,001	\$ 307,925
School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 90,856	\$ 69,159	\$ 51,564
School Board(professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,109,720	\$ 844,714	\$ 629,801

**GLI Plan Fiduciary Net Position**

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

**Note 18 - Aggregate OPEB Information:**

	VRS OPEB Plans			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
<b>Primary Government</b>				
Group Life Insurance Program (Note 17):				
County	\$ 103,983	\$ 26,294	\$ 413,001	\$ 14,737
County Health Insurance Credit Program (Note 15)	6,426	12,193	(23,293)	(206)
County Stand-Alone Plan (Note 14)	342,705	8,092	856,135	97,225
Totals	<u>\$ 453,114</u>	<u>\$ 46,579</u>	<u>\$ 1,245,843</u>	<u>\$ 111,756</u>
<b>Component Unit School Board</b>				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 15,760	\$ 6,670	\$ 69,159	\$ 1,733
School Board Professional	175,806	86,335	844,714	16,938
Teacher Health Insurance Credit Program (Note 16)	176,908	84,558	1,588,328	124,295
School Stand-Alone Plan (Note 14)	191,437	219,029	1,230,175	96,503
Totals	<u>\$ 559,911</u>	<u>\$ 396,592</u>	<u>\$ 3,732,376</u>	<u>\$ 239,469</u>

**Note 19 - Litigation:**

At June 30, 2020, 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, 2020 (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, 2020:

Investment	6/30/2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ 83,088	\$ 83,088	\$ -	\$ -
	\$ 83,088	\$ 83,088	\$ -	\$ -

**Note 21 - 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, 2019.

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, 2021.

## COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements  
At June 30, 2020 (Continued)

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### **Note 21 - 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, 2020.

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

### **Note 22 - COVID-19 Pandemic Subsequent Event:**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The County is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

**- Required Supplementary Information -**

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Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -- General Fund  
 Year Ended June 30, 2020

	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
<b>Revenues:</b>				
General property taxes	\$ 16,489,700	\$ 16,489,700	\$ 17,137,442	\$ 647,742
Other local taxes	2,863,000	2,863,000	2,985,140	122,140
Permits, privilege fees and regulatory licenses	221,425	221,425	214,208	(7,217)
Fines and forfeitures	150,900	150,900	135,608	(15,292)
Revenue from use of money and property	177,300	177,300	176,786	(514)
Charges for services	559,626	559,626	579,202	19,576
Miscellaneous	240,271	251,658	271,285	19,627
<b>Intergovernmental:</b>				
Commonwealth	6,194,093	6,266,809	5,624,096	(642,713)
Federal	1,675,503	1,812,038	1,588,879	(223,159)
<b>Total revenues</b>	<b>\$ 28,571,818</b>	<b>\$ 28,792,456</b>	<b>\$ 28,712,646</b>	<b>\$ (79,810)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 1,481,813	\$ 1,862,673	\$ 1,694,717	\$ 167,956
Judicial administration	965,096	988,304	944,204	44,100
Public safety	7,242,980	8,204,411	7,321,576	882,835
Public works	1,165,159	1,288,601	1,168,473	120,128
Health and welfare	6,002,658	6,002,658	5,001,895	1,000,763
Education	10,038,825	10,184,318	9,024,871	1,159,447
Parks, recreation, and cultural	502,432	527,290	521,812	5,478
Community development	595,518	629,392	826,062	(196,670)
Nondepartmental	1,193,530	148,429	4,795	143,634
<b>Debt service:</b>				
Principal retirement	1,226,412	8,996,962	8,996,962	-
Bond issuance costs	-	145,614	145,614	-
Interest and other fiscal charges	210,996	428,427	428,425	2
<b>Total expenditures</b>	<b>\$ 30,625,419</b>	<b>\$ 39,407,079</b>	<b>\$ 36,079,406</b>	<b>\$ 3,327,673</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (2,053,601)</b>	<b>\$ (10,614,623)</b>	<b>\$ (7,366,760)</b>	<b>\$ 3,247,863</b>
<b>Other Financing Sources (uses):</b>				
Issuance of long-term debt	\$ -	\$ 24,641,000	\$ 24,641,000	\$ -
Issuance of capital lease	-	-	230,000	230,000
Transfers (out)	(1,454,189)	(12,292,998)	(2,525,164)	9,767,834
<b>Total other financing sources (uses)</b>	<b>\$ (1,454,189)</b>	<b>\$ 12,348,002</b>	<b>\$ 22,345,836</b>	<b>\$ 9,997,834</b>
<b>Net change in fund balances</b>	<b>\$ (3,507,790)</b>	<b>\$ 1,733,379</b>	<b>\$ 14,979,076</b>	<b>\$ 13,245,697</b>
<b>Fund balances at beginning of year</b>	<b>3,507,790</b>	<b>4,295,534</b>	<b>16,503,560</b>	<b>12,208,026</b>
<b>Fund balances at end of year</b>	<b>\$ -</b>	<b>\$ 6,028,913</b>	<b>\$ 31,482,636</b>	<b>\$ 25,453,723</b>

Schedule of Changes in Net Pension Liability and Related Ratios  
 Primary Government  
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total pension liability</b>						
Service cost	\$ 541,330	\$ 541,394	\$ 516,914	\$ 561,082	\$ 570,023	\$ 606,878
Interest	977,153	1,037,311	1,078,393	1,111,394	1,174,284	1,189,868
Differences between expected and actual experience	-	(156,191)	(282,251)	140,511	(508,725)	182,252
Changes in assumptions	-	-	-	(44,022)	-	564,680
Benefit payments, including refunds of employee contributions	(578,303)	(739,879)	(931,371)	(751,849)	(989,214)	(1,036,713)
<b>Net change in total pension liability</b>	<u>\$ 940,180</u>	<u>\$ 682,635</u>	<u>\$ 381,685</u>	<u>\$ 1,017,116</u>	<u>\$ 246,368</u>	<u>\$ 1,506,965</u>
<b>Total pension liability - beginning</b>	<u>14,248,481</u>	<u>15,188,661</u>	<u>15,871,296</u>	<u>16,252,981</u>	<u>17,270,097</u>	<u>17,516,465</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 15,188,661</u>	<u>\$ 15,871,296</u>	<u>\$ 16,252,981</u>	<u>\$ 17,270,097</u>	<u>\$ 17,516,465</u>	<u>\$ 19,023,430</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 506,793	\$ 471,484	\$ 489,952	\$ 390,309	\$ 394,766	\$ 407,989
Contributions - employee	198,721	201,091	208,419	219,531	222,548	239,126
Net investment income	1,957,999	663,732	261,173	1,825,862	1,217,607	1,157,589
Benefit payments, including refunds of employee contributions	(578,303)	(739,879)	(931,371)	(751,849)	(989,214)	(1,036,713)
Administrative expense	(10,342)	(9,028)	(9,269)	(10,482)	(10,613)	(11,514)
Other	103	(137)	(110)	(1,626)	(1,085)	(728)
<b>Net change in plan fiduciary net position</b>	<u>\$ 2,074,971</u>	<u>\$ 587,263</u>	<u>\$ 18,794</u>	<u>\$ 1,671,745</u>	<u>\$ 834,009</u>	<u>\$ 755,749</u>
<b>Plan fiduciary net position - beginning</b>	<u>12,290,513</u>	<u>14,365,484</u>	<u>14,952,747</u>	<u>14,971,541</u>	<u>16,643,286</u>	<u>17,477,295</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 14,365,484</u>	<u>\$ 14,952,747</u>	<u>\$ 14,971,541</u>	<u>\$ 16,643,286</u>	<u>\$ 17,477,295</u>	<u>\$ 18,233,044</u>
<b>County's net pension liability - ending (a) - (b)</b>	\$ 823,177	\$ 918,549	\$ 1,281,440	\$ 626,811	\$ 39,170	\$ 790,386
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.58%	94.21%	92.12%	96.37%	99.78%	95.85%
<b>Covered payroll</b>	\$ 3,980,282	\$ 4,048,172	\$ 4,233,595	\$ 4,466,281	\$ 4,584,440	\$ 4,940,970
<b>County's net pension liability as a percentage of covered payroll</b>	20.68%	22.69%	30.27%	14.03%	0.85%	16.00%

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, 2019

	2014	2015	2016	2017	2018	2019
<b>Total pension liability</b>						
Service cost	\$ 76,301	\$ 74,089	\$ 66,822	\$ 68,751	\$ 63,158	\$ 70,774
Interest	218,017	226,502	227,787	220,674	221,119	228,352
Differences between expected and actual experience	-	(103,073)	(210,778)	(61,562)	8,879	(19,974)
Changes in assumptions	-	-	-	(21,588)	-	94,551
Benefit payments, including refunds of employee contributions	(141,719)	(204,473)	(153,861)	(217,007)	(182,847)	(196,793)
<b>Net change in total pension liability</b>	\$ 152,599	\$ (6,955)	\$ (70,030)	\$ (10,732)	\$ 110,309	\$ 176,910
<b>Total pension liability - beginning</b>	3,185,382	3,337,981	3,331,026	3,260,996	3,250,264	3,360,573
<b>Total pension liability - ending (a)</b>	\$ 3,337,981	\$ 3,331,026	\$ 3,260,996	\$ 3,250,264	\$ 3,360,573	\$ 3,537,483
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 41,634	\$ 33,962	\$ 34,045	\$ 1,243	\$ 1,208	\$ 3,454
Contributions - employee	38,268	35,046	35,144	37,596	39,120	38,555
Net investment income	515,077	167,887	64,136	444,970	293,037	272,231
Benefit payments, including refunds of employee contributions	(141,719)	(204,473)	(153,861)	(217,007)	(182,847)	(196,793)
Administrative expense	(2,804)	(2,399)	(2,362)	(2,689)	(2,597)	(2,800)
Other	27	(38)	(27)	(391)	(258)	(170)
<b>Net change in plan fiduciary net position</b>	\$ 450,483	\$ 29,985	\$ (22,925)	\$ 263,722	\$ 147,663	\$ 114,477
<b>Plan fiduciary net position - beginning</b>	3,282,575	3,733,058	3,763,043	3,740,118	4,003,840	4,151,503
<b>Plan fiduciary net position - ending (b)</b>	\$ 3,733,058	\$ 3,763,043	\$ 3,740,118	\$ 4,003,840	\$ 4,151,503	\$ 4,265,980
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	\$ (395,077)	\$ (432,017)	\$ (479,122)	\$ (753,576)	\$ (790,930)	\$ (728,497)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	111.84%	112.97%	114.69%	123.19%	123.54%	120.59%
<b>Covered payroll</b>	\$ 765,340	\$ 707,545	\$ 731,331	\$ 763,392	\$ 841,045	\$ 831,157
<b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	-51.62%	-61.06%	-65.51%	-98.71%	-94.04%	-87.65%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2014	2015	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.13142%	0.12919%	0.12492%	0.12619%	0.12517%	0.12028%
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	\$ 15,829,532
Employer's Covered Payroll	9,603,425	9,660,903	9,359,189	10,295,095	10,210,771	10,176,839
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%	155.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%	68.28%	72.92%	74.81%	73.51%

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  
 Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2020	\$ 429,701	\$ 429,701	\$ -	\$ 5,244,199	8.19%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 199	\$ 199	\$ -	\$ 837,116	0.02%
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%
<b>Component Unit School Board (professional)</b>					
2020	\$ 1,539,369	\$ 1,539,369	\$ -	\$ 10,214,762	15.07%
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, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Primary Government  
 For the Measurement Dates of June 30, 2018 through June 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>			
Service cost	\$ 18,953	\$ 18,578	\$ 28,207
Interest	15,356	16,760	16,541
Changes in assumptions	(13,048)	17,115	150,855
Differences between expected and actual experience	-	-	231,344
Benefit payments	(18,464)	(15,016)	(30,191)
<b>Net change in total OPEB liability</b>	<u>\$ 2,797</u>	<u>\$ 37,437</u>	<u>\$ 396,756</u>
<b>Total OPEB liability - beginning</b>	419,145	421,942	459,379
<b>Total OPEB liability - ending</b>	<u><u>\$ 421,942</u></u>	<u><u>\$ 459,379</u></u>	<u><u>\$ 856,135</u></u>
<b>Covered payroll</b>	\$ 4,288,858	\$ 4,288,858	\$ 5,220,405
<b>County's total OPEB liability (asset) as a percentage of covered payroll</b>	9.84%	10.71%	16.40%

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, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>			
Service cost	\$ 57,167	\$ 56,266	\$ 56,693
Interest	39,196	43,605	43,237
Changes in assumptions	(26,737)	35,146	188,216
Differences between expected and actual experience	-	-	(229,238)
Benefit payments	(34,934)	(38,827)	(14,635)
<b>Net change in total OPEB liability</b>	<u>\$ 34,692</u>	<u>\$ 96,190</u>	<u>\$ 44,273</u>
<b>Total OPEB liability - beginning</b>	<u>1,055,020</u>	<u>1,089,712</u>	<u>1,185,902</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,089,712</u></u>	<u><u>\$ 1,185,902</u></u>	<u><u>\$ 1,230,175</u></u>
<b>Covered payroll</b>	\$ 9,729,827	\$ 9,729,827	\$ 9,522,007
<b>County's total OPEB liability (asset) as a percentage of covered payroll</b>	11.20%	12.19%	12.92%

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  
 Year Ended June 30, 2020

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Valuation Date: 7/1/2019  
 Measurement Date: 6/30/2020

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.21%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.90% in 2018 and gradually declines to 4.00% 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) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 2,985	\$ 3,059	\$ 3,438
Interest	3,183	3,350	2,686
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(13,071)	3,974
Changes in assumptions	(2,242)	-	1,353
Benefit payments	(234)	(2,817)	(2,846)
<b>Net change in total HIC OPEB liability</b>	<u>\$ 3,692</u>	<u>\$ (9,479)</u>	<u>\$ 8,605</u>
<b>Total HIC OPEB Liability - beginning</b>	45,580	49,272	39,793
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 49,272</u></u>	<u><u>\$ 39,793</u></u>	<u><u>\$ 48,398</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,632	\$ 1,683	\$ 1,645
Net investment income	6,718	4,655	4,385
Benefit payments	(234)	(2,817)	(2,846)
Administrative expense	(111)	(109)	(95)
Other	335	(335)	(5)
<b>Net change in plan fiduciary net position</b>	<u>\$ 8,340</u>	<u>\$ 3,077</u>	<u>\$ 3,084</u>
<b>Plan fiduciary net position - beginning</b>	57,190	65,530	68,607
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 65,530</u></u>	<u><u>\$ 68,607</u></u>	<u><u>\$ 71,691</u></u>
<b>County's net HIC OPEB liability (asset) - ending (a) - (b)</b>	\$ (16,258)	\$ (28,814)	\$ (23,293)
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	133.00%	172.41%	148.13%
<b>Covered payroll</b>	\$ 1,812,803	\$ 1,870,043	\$ 2,056,575
<b>County's net HIC OPEB liability as a percentage of covered payroll</b>	-0.90%	-1.54%	-1.13%

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) Plan  
 Years Ended June 30, 2011 through June 30, 2020

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)
2020	\$ 1,746	\$ 1,746	\$ -	\$ 2,182,925	0.08%
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%

Notes to Required Supplementary Information  
 Health Insurance Credit (HIC) Plan  
 Year Ended June 30, 2020

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

**Changes of assumptions** - Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Schedule of Madison County School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

<b>Date</b> <b>(1)</b>	<b>Employer's Proportion of the Net HIC OPEB Liability (Asset)</b> <b>(2)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)</b> <b>(3)</b>	<b>Employer's Covered Payroll</b> <b>(4)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)</b> <b>(5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability</b> <b>(6)</b>
2019	0.1213%	\$ 1,588,328	\$ 10,176,839	15.61%	8.97%
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) Plan  
 Years Ended June 30, 2011 through June 30, 2020

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)
2020	\$ 122,577	\$ 122,577	\$ -	\$ 10,214,762	1.20%
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%

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of County and School Board's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government</b>					
2019	0.02538%	\$ 413,001	\$ 4,974,756	8.30%	52.00%
2018	0.02430%	369,000	4,621,166	7.98%	51.22%
2017	0.02441%	367,000	4,502,245	8.15%	48.86%
<b>Component Unit School Board (nonprofessional)</b>					
2019	0.00425%	\$ 69,159	\$ 834,058	8.29%	52.00%
2018	0.00442%	68,000	841,045	8.09%	51.22%
2017	0.00413%	63,000	762,592	8.26%	48.86%
<b>Component Unit School Board (professional)</b>					
2019	0.05191%	\$ 844,714	\$ 10,176,839	8.30%	52.00%
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 (GLI) Plan  
 Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2020	\$ 27,506	\$ 27,506	\$ -	\$ 5,289,525	0.52%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 4,353	\$ 4,353	\$ -	\$ 837,116	0.52%
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%
<b>Component Unit School Board (professional)</b>					
2020	\$ 53,117	\$ 53,117	\$ -	\$ 10,214,762	0.52%
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%

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

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

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

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

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

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

**- Other Supplementary Information -**

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

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Capital Improvement Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Capital projects	\$ 1,480,466	\$ 12,361,305	\$ 2,559,874	\$ 9,801,431
Total expenditures	<u>\$ 1,480,466</u>	<u>\$ 12,361,305</u>	<u>\$ 2,559,874</u>	<u>\$ 9,801,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,480,466)</u>	<u>\$ (12,361,305)</u>	<u>\$ (2,559,874)</u>	<u>\$ 9,801,431</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,454,189	\$ 12,292,998	\$ 2,525,164	\$ (9,767,834)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 1,454,189</u>	<u>\$ 12,292,998</u>	<u>\$ 2,525,164</u>	<u>\$ (9,767,834)</u>
Net change in fund balances	\$ (26,277)	\$ (68,307)	\$ (34,710)	\$ 33,597
Fund balances at beginning of year	<u>26,277</u>	<u>68,307</u>	<u>347,914</u>	<u>279,607</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,204</u>	<u>\$ 313,204</u>

Statement of Changes in Assets and Liabilities - Agency Funds  
 Year Ended June 30, 2020

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	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 63,746	\$ 104,578	\$ 101,646	\$ 66,678
Total assets	<u>\$ 63,746</u>	<u>\$ 104,578</u>	<u>\$ 101,646</u>	<u>\$ 66,678</u>
Liabilities:				
Amounts held for others	\$ 63,746	\$ 104,578	\$ 101,646	\$ 66,678
Total liabilities	<u>\$ 63,746</u>	<u>\$ 104,578</u>	<u>\$ 101,646</u>	<u>\$ 66,678</u>

Combining Balance Sheet - Discretely Presented Component Unit - School Board  
At June 30, 2020

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 851,335	\$ 260,832	\$ 603,451	\$ 52,982	\$ 1,768,600
Accounts receivable	3,896	8,807	-	-	12,703
Due from other governmental units	546,319	111,020	-	-	657,339
Prepaid expenditures	14,180	-	-	-	14,180
Inventory	-	29,041	-	-	29,041
Total assets	<u>\$ 1,415,730</u>	<u>\$ 409,700</u>	<u>\$ 603,451</u>	<u>\$ 52,982</u>	<u>\$ 2,481,863</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 192,497	\$ 9,486	\$ 526,763	\$ -	\$ 728,746
Accrued liabilities	1,024,398	29,664	-	-	1,054,062
Due to Primary Government	196,835	-	-	-	196,835
Total liabilities	<u>\$ 1,413,730</u>	<u>\$ 39,150</u>	<u>\$ 526,763</u>	<u>\$ -</u>	<u>\$ 1,979,643</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 14,180	\$ 29,041	\$ -	\$ -	\$ 43,221
Restricted	-	-	-	52,982	52,982
Committed	2,000	341,509	76,688	-	420,197
Unassigned	(14,180)	-	-	-	(14,180)
Total fund balances	<u>\$ 2,000</u>	<u>\$ 370,550</u>	<u>\$ 76,688</u>	<u>\$ 52,982</u>	<u>\$ 502,220</u>
Total liabilities and fund balances	<u>\$ 1,415,730</u>	<u>\$ 409,700</u>	<u>\$ 603,451</u>	<u>\$ 52,982</u>	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.

8,827,909

The net pension asset is not an available resource and, therefore, is not reported in the funds.

728,497

Deferred inflows related to measurement of net pension and OPEB liability/asset not available to pay for current-period expenditures

Deferred inflows related to pensions

(2,190,173)

Deferred inflows related to OPEB

(396,592)

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

Deferred outflows related to pensions

3,247,076

Deferred outflows related to OPEB

559,911

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.

(20,060,698)

Net position of General Government Activities

\$ (8,781,850)

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	\$ -	\$ -	\$ 13	\$ 2,033
Charges for services	4,300	257,229	-	-	261,529
Miscellaneous	729,109	(444)	-	-	728,665
Intergovernmental:					
County contribution to School Board	8,866,420	-	94,958	-	8,961,378
County contribution to School Board-CARES Act	58,493	-	-	-	58,493
Commonwealth	9,664,311	22,045	-	-	9,686,356
Federal	1,040,345	818,703	-	-	1,859,048
 Total revenues	 \$ 20,364,998	 \$ 1,097,533	 \$ 94,958	 \$ 13	 \$ 21,557,502
Expenditures:					
Current:					
Education	\$ 20,364,998	\$ 1,009,064	\$ -	\$ -	\$ 21,374,062
Capital projects	-	-	113,137	-	113,137
 Total expenditures	 \$ 20,364,998	 \$ 1,009,064	 \$ 113,137	 \$ -	 \$ 21,487,199
 Excess (deficiency) of revenues over (under) expenditures	 \$ -	 \$ 88,469	 \$ (18,179)	 \$ 13	 \$ 70,303
Other financing sources (uses):					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-
 Total other financing sources (uses)	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 Changes in fund balances	 \$ -	 \$ 88,469	 \$ (18,179)	 \$ 13	 \$ 70,303
Fund balances at beginning of year	2,000	282,081	94,867	52,969	431,917
Fund balances at end of year	\$ 2,000	\$ 370,550	\$ 76,688	\$ 52,982	\$ 502,220

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, 2020

	<u>Component Unit School Board</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Net change in fund balances - total governmental funds	\$ 70,303
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period computed as follows:</p>	
Capital additions	\$ 686,054
Depreciation expense	<u>(1,032,225)</u>
	(346,171)
Change in deferred inflows related to the measurement of the net pension liability/asset	(64,713)
Change in deferred inflows related to the measurement of the net OPEB liability/asset	(252,073)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:</p>	
Change in compensated absences	(44,617)
Change in net pension liability/asset	(1,171,965)
Change in deferred outflows related to pensions	1,411,977
Change in deferred outflows related to OPEB	266,010
Change in net OPEB liability	<u>(58,474)</u>
	402,931
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>451,017</u>
Change in net position of governmental activities	<u>\$ 261,294</u>

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, 2020

	<u>School Operating Fund</u>			<b>Variance From Amended Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	
<b>Revenues:</b>				
Revenue from use of money and property	\$ 1,500	\$ 1,500	\$ 2,020	\$ 520
Charges for services	-	-	4,300	4,300
Miscellaneous	855,654	855,654	729,109	(126,545)
<b>Intergovernmental:</b>				
County contribution to School Board	9,516,720	9,603,720	8,866,420	(737,300)
County contribution to School Board-CARES Act	-	58,493	58,493	-
Commonwealth	9,904,699	9,904,699	9,664,311	(240,388)
Federal	888,386	888,386	1,040,345	151,959
<b>Total revenues</b>	<u>\$ 21,166,959</u>	<u>\$ 21,312,452</u>	<u>\$ 20,364,998</u>	<u>\$ (947,454)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	\$ 21,166,959	\$ 21,312,452	\$ 20,364,998	\$ 947,454
Capital projects	-	-	-	-
<b>Total expenditures</b>	<u>\$ 21,166,959</u>	<u>\$ 21,312,452</u>	<u>\$ 20,364,998</u>	<u>\$ 947,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 2,000</u></u>

School Cafeteria Fund				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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
375,000	375,000	257,229	(117,771)	-	-	-	-
38,000	38,000	(444)	(38,444)	-	-	-	-
-	-	-	-	517,105	517,105	94,958	(422,147)
-	-	-	-	-	-	-	-
20,000	20,000	22,045	2,045	-	163,891	-	-
452,000	652,000	818,703	166,703	-	-	-	-
<u>\$ 885,000</u>	<u>\$ 1,085,000</u>	<u>\$ 1,097,533</u>	<u>\$ 12,533</u>	<u>\$ 517,105</u>	<u>\$ 680,996</u>	<u>\$ 94,958</u>	<u>\$ (422,147)</u>
\$ 885,000	\$ 1,085,000	\$ 1,009,064	\$ 75,936	\$ -	\$ -	\$ -	\$ -
-	-	-	-	517,105	775,861	113,137	662,724
<u>\$ 885,000</u>	<u>\$ 1,085,000</u>	<u>\$ 1,009,064</u>	<u>\$ 75,936</u>	<u>\$ 517,105</u>	<u>\$ 775,861</u>	<u>\$ 113,137</u>	<u>\$ 662,724</u>
\$ -	\$ -	\$ 88,469	\$ 88,469	\$ -	\$ (94,865)	\$ (18,179)	\$ 240,577
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -
\$ -	\$ -	\$ 88,469	\$ 88,469	\$ -	\$ (94,856)	\$ (18,179)	\$ 240,577
-	-	282,081	282,081	-	94,856	94,867	11
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,550</u>	<u>\$ 370,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,688</u>	<u>\$ 240,588</u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 As of June 30, 2020

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	<u>School Textbook Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 52,982	\$ 52,982
Total assets	<u>\$ 52,982</u>	<u>\$ 52,982</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances:		
Restricted	\$ 52,982	\$ 52,982
Total fund balances	<u>\$ 52,982</u>	<u>\$ 52,982</u>
Total liabilities and fund balances	<u>\$ 52,982</u>	<u>\$ 52,982</u>

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, 2020

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	<u>School Textbook Fund</u>	<u>Total</u>
<b>REVENUES</b>		
Revenue from the use of money and property	\$ 13	\$ 13
Total revenues	<u>\$ 13</u>	<u>\$ 13</u>
<b>EXPENDITURES</b>		
Current:		
Education	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 13</u>	<u>\$ 13</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 13	\$ 13
Fund balances - beginning	<u>52,969</u>	<u>52,969</u>
Fund balances - ending	<u><u>\$ 52,982</u></u>	<u><u>\$ 52,982</u></u>

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, 2020

	School Textbook Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 13	\$ 13
Total revenues	\$ -	\$ -	\$ 13	\$ 13
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 13	\$ 13
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 13	\$ 13
Fund balances - beginning	-	-	52,969	52,969
Fund balances - ending	\$ -	\$ -	\$ 52,982	\$ 52,982

Statement of Fiduciary Net Position - Fiduciary Fund  
 Discretely Presented Component Unit - School Board  
 At June 30, 2020

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	Scholarship Private- Purpose Trust Fund
	<u>                    </u>
ASSETS	
Cash and cash equivalents	\$ <u>101,549</u>
Total assets	\$ <u><u>101,549</u></u>
NET POSITION	
Held in trust for scholarships	\$ <u>101,549</u>
Total net position	\$ <u><u>101,549</u></u>
Total liabilities and net position	\$ <u><u>101,549</u></u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2020

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	<b>Scholarship Private- Purpose Trust Fund</b>
	<u>                    </u>
<b>Additions:</b>	
Interest income	\$ 11,952
Total additions	<u>\$ 11,952</u>
<b>Deductions:</b>	
Scholarships awarded	\$ 5,138
Total deductions	<u>\$ 5,138</u>
Change in net position	\$ 6,814
<b>Net position - beginning of year</b>	<u>94,735</u>
<b>Net position - end of year</b>	<u><u>\$ 101,549</u></u>

Discretely Presented Component Unit - Madison County Parks and Recreation Authority  
Statement of Net Position  
At June 30, 2020

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**Assets**

## Current assets:

Cash and cash equivalents	\$ 68,029
Due from Primary Government	<u>20,000</u>
Total current assets	<u>\$ 88,029</u>

## Noncurrent assets:

## Capital assets (net of depreciation):

Construction in progress	\$ 129,042
Building improvements	154,956
Equipment	<u>8,413</u>
Total capital assets	<u>\$ 292,411</u>

Total assets	<u><u>\$ 380,440</u></u>
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**Liabilities**

## Current liabilities:

Accrued expenses	<u>\$ 3,547</u>
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Total liabilities	<u>\$ 3,547</u>
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**Net Position**

Investment in capital assets	\$ 292,411
Unrestricted	<u>84,482</u>

Total net position	<u><u>\$ 376,893</u></u>
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Discretely Presented Component Unit - Madison County Parks and Recreation Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2020

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<b>Operating revenues</b>		
Charges for services	\$	106,199
Miscellaneous		84,079
Total operating revenues	\$	<u>190,278</u>
<b>Operating Expenses</b>		
Personal services	\$	54,626
Fringe benefits		4,429
Contractual services		114,432
Other charges		231,281
Depreciation		16,220
Total operating expenses	\$	<u>420,988</u>
Operating income (loss)	\$	<u>(230,710)</u>
<b>Nonoperating revenues</b>		
Contribution from Madison County and Madison County School Board	\$	<u>261,200</u>
Total nonoperating revenues	\$	<u>261,200</u>
Change in net position	\$	30,490
<b>Net position, beginning of year</b>		<u>346,403</u>
<b>Net position, end of year</b>	\$	<u><u>376,893</u></u>

Discretely Presented Component Unit - Madison County Parks and Recreation Authority  
Statement of Cash Flows  
Year Ended June 30, 2020

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<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 190,278
Payments to employees	(59,000)
Payments to suppliers	<u>(347,638)</u>
Net cash provided by (used for) by operating activities	<u>\$ (216,360)</u>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	<u>\$ (92,342)</u>
<b>Cash flows from noncapital financing activities</b>	
Contribution from Madison County and Madison County School Board	<u>\$ 241,200</u>
Net increase (decrease) in cash and cash equivalents	\$ (67,502)
Cash and cash equivalents, beginning of year	<u>135,531</u>
Cash and cash equivalents, end of year	<u><u>\$ 68,029</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (230,710)
Depreciation	16,220
Change in assets and liabilities:	
Accounts payable	(1,925)
Accrued expenses	<u>55</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (216,360)</u></u>

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- Other Supplementary Information -  
*Supporting Schedules*

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Governmental Funds -  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2020

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	\$ 12,150,000	\$ 12,150,000	\$ 12,420,246	\$ 270,246
Real and personal public service corporation property taxes	320,000	320,000	353,556	33,556
Personal property taxes	3,400,000	3,400,000	3,690,610	290,610
Mobile home taxes	7,700	7,700	7,276	(424)
Machinery and tools taxes	82,500	82,500	128,184	45,684
Merchants capital taxes	226,500	226,500	231,066	4,566
Penalties	138,000	138,000	145,429	7,429
Interest	100,000	100,000	98,631	(1,369)
Tax collection fee	65,000	65,000	62,444	(2,556)
<b>Total general property taxes</b>	<b>\$ 16,489,700</b>	<b>\$ 16,489,700</b>	<b>\$ 17,137,442</b>	<b>\$ 647,742</b>
Other local taxes:				
Local sales and use taxes	\$ 1,095,000	\$ 1,095,000	\$ 1,223,259	\$ 128,259
Consumers' utility taxes	344,000	344,000	356,731	12,731
Local consumption tax	40,000	40,000	40,955	955
Restaurant food taxes	500,000	500,000	479,074	(20,926)
Transient occupancy taxes	175,000	175,000	118,565	(56,435)
Gross receipts taxes	17,000	17,000	15,502	(1,498)
Bank stock taxes	105,000	105,000	115,133	10,133
Motor vehicle licenses	450,000	450,000	472,768	22,768
Taxes on recordation and wills	137,000	137,000	163,153	26,153
<b>Total other local taxes</b>	<b>\$ 2,863,000</b>	<b>\$ 2,863,000</b>	<b>\$ 2,985,140</b>	<b>\$ 122,140</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 4,890	\$ 2,890
Addressing fee	100	100	250	150
Building and related permits	195,325	195,325	175,524	(19,801)
Land transfer fees	500	500	494	(6)
Land use application fees	23,500	23,500	33,050	9,550
<b>Total permits, privilege fees and regulatory licenses</b>	<b>\$ 221,425</b>	<b>\$ 221,425</b>	<b>\$ 214,208</b>	<b>\$ (7,217)</b>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 150,900	\$ 150,900	\$ 135,608	\$ (15,292)
<b>Total fines and forfeitures</b>	<b>\$ 150,900</b>	<b>\$ 150,900</b>	<b>\$ 135,608</b>	<b>\$ (15,292)</b>
Revenue from use of money and property:				
Revenue from use of money	\$ 175,000	\$ 175,000	\$ 170,002	\$ (4,998)
Revenue from use of property	2,300	2,300	6,784	4,484
<b>Total revenue from use of money and property</b>	<b>\$ 177,300</b>	<b>\$ 177,300</b>	<b>\$ 176,786</b>	<b>\$ (514)</b>

Governmental Funds -  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2020 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance 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	\$ -
Commonwealth attorney fees	1,200	1,200	837	(363)
Courthouse maintenance fees	7,000	7,000	5,391	(1,609)
Courtroom security fees	30,000	30,000	24,914	(5,086)
Other charges for services	43,082	43,082	33,161	(9,921)
Ambulance transportation fees	340,000	340,000	317,372	(22,628)
Waste collection and disposal charges	138,000	138,000	197,183	59,183
Total charges for services	<u>\$ 559,626</u>	<u>\$ 559,626</u>	<u>\$ 579,202</u>	<u>\$ 19,576</u>
Miscellaneous:				
Expenditure refunds	\$ 120,089	\$ 125,525	\$ 91,964	\$ (33,561)
CSA	-	-	21,358	21,358
Miscellaneous	120,182	126,133	157,963	31,830
Total miscellaneous	<u>\$ 240,271</u>	<u>\$ 251,658</u>	<u>\$ 271,285</u>	<u>\$ 19,627</u>
Total revenue from local sources	<u>\$ 20,702,222</u>	<u>\$ 20,713,609</u>	<u>\$ 21,499,671</u>	<u>\$ 786,062</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier's tax	\$ 400	\$ 400	\$ 297	\$ (103)
Rental tax - DMV	1,700	1,700	1,780	80
Moped ATV sales tax	-	-	346	346
Mobile home titling taxes	12,000	12,000	12,969	969
PPTRA	1,029,053	1,029,053	1,029,053	-
Communication taxes	530,000	530,000	481,443	(48,557)
Recordation tax	38,000	38,000	26,726	(11,274)
Total noncategorical aid	<u>\$ 1,611,153</u>	<u>\$ 1,611,153</u>	<u>\$ 1,552,614</u>	<u>\$ (58,539)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 176,271	\$ 176,271	\$ 176,244	\$ (27)
Sheriff	761,825	761,825	756,284	(5,541)
Commissioner of the Revenue	80,652	80,652	86,959	6,307
Treasurer	93,573	93,573	93,518	(55)
Registrar/electoral board	37,882	37,882	49,736	11,854
Clerk of the Circuit Court	224,082	229,076	225,281	(3,795)
Total shared expenses	<u>\$ 1,374,285</u>	<u>\$ 1,379,279</u>	<u>\$ 1,388,022</u>	<u>\$ 8,743</u>

Governmental Funds -  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2020 (continued)

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	\$ 44,880	\$ 47,636	\$ 47,636	\$ -
Litter Control	7,241	7,241	5,904	(1,337)
Four for life	15,000	15,482	15,482	-
Domestic Violence	45,000	45,000	45,000	-
Victim witness	15,876	15,876	15,409	(467)
Department of Juvenile Justice	8,079	8,079	2,128	(5,951)
E-911	45,000	45,000	49,696	4,696
PSAP State 911 grant	223,250	223,250	17,692	(205,558)
Comprehensive Services Act	1,749,447	1,749,447	1,324,749	(424,698)
Sheriff - asset forfeiture	-	-	8,660	8,660
Public assistance and welfare	882,382	882,382	837,678	(44,704)
Other state grants	172,500	236,984	313,426	76,442
 Total other categorical aid	<u>\$ 3,208,655</u>	<u>\$ 3,276,377</u>	<u>\$ 2,683,460</u>	<u>\$ (592,917)</u>
 Total categorical aid	<u>\$ 4,582,940</u>	<u>\$ 4,655,656</u>	<u>\$ 4,071,482</u>	<u>\$ (584,174)</u>
 Total revenue from the Commonwealth	<u>\$ 6,194,093</u>	<u>\$ 6,266,809</u>	<u>\$ 5,624,096</u>	<u>\$ (642,713)</u>
 Revenue from the Federal Government:				
Payments in lieu of taxes	<u>\$ 87,000</u>	<u>\$ 87,000</u>	<u>\$ 93,686</u>	<u>\$ 6,686</u>
 Categorical aid:				
Public assistance and welfare	\$ 1,540,874	\$ 1,540,874	\$ 1,318,617	\$ (222,257)
Victim Witness	47,629	47,629	46,232	(1,397)
FEMA	-	7,500	7,500	-
Provider Relief Fund	-	12,994	12,994	-
Coronavirus Relief Fund	-	110,456	104,265	(6,191)
CARES Act - Election	-	5,585	5,585	-
 Total categorical aid	<u>\$ 1,588,503</u>	<u>\$ 1,725,038</u>	<u>\$ 1,495,193</u>	<u>\$ (229,845)</u>
 Total revenue from the Federal Government	<u>\$ 1,675,503</u>	<u>\$ 1,812,038</u>	<u>\$ 1,588,879</u>	<u>\$ (223,159)</u>
 Total General Fund	<u><u>\$ 28,571,818</u></u>	<u><u>\$ 28,792,456</u></u>	<u><u>\$ 28,712,646</u></u>	<u><u>\$ (79,810)</u></u>

Governmental Funds -  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2020 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance 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:				
Revenue from use of property	\$ 1,500	\$ 1,500	\$ 2,020	\$ 520
Charges for services:				
Charges for education	\$ -	\$ -	\$ 4,300	\$ 4,300
Total charges for services	\$ -	\$ -	\$ 4,300	\$ 4,300
Miscellaneous:				
Rebates and refunds	\$ 800,654	\$ 800,654	\$ 558,376	\$ (242,278)
Miscellaneous	55,000	55,000	170,733	115,733
Total miscellaneous	855,654	855,654	729,109	(126,545)
Total revenue from local sources	\$ 857,154	\$ 857,154	\$ 735,429	\$ (121,725)
Intergovernmental:				
County contribution to School Board	\$ 9,516,720	\$ 9,603,720	\$ 8,866,420	\$ (737,300)
County contribution to School Board - CARES Act	-	58,493	58,493	-
Total County contribution	\$ 9,516,720	\$ 9,662,213	\$ 8,924,913	\$ (737,300)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,189,395	\$ 2,189,395	\$ 2,252,492	\$ 63,097
Basic school aid	4,505,008	4,505,008	4,395,047	(109,961)
Special ed SOQ	339,475	339,475	334,291	(5,184)
Vocational SOQ	165,685	165,685	163,155	(2,530)
At risk funds	128,720	128,720	127,088	(1,632)
Remedial education	140,472	140,472	138,327	(2,145)
Technology	154,000	154,000	-	(154,000)
Special education - Regional tuition	314,448	314,448	302,282	(12,166)
Textbook payments	90,668	90,668	89,283	(1,385)
Primary class size	152,170	152,170	145,479	(6,691)
Fringe benefits	824,825	824,825	812,231	(12,594)
Lottery	324,299	324,299	324,546	247
Other state funds	575,534	575,534	580,090	4,556
Total categorical aid	\$ 9,904,699	\$ 9,904,699	\$ 9,664,311	\$ (240,388)
Total revenue from the Commonwealth	\$ 9,904,699	\$ 9,904,699	\$ 9,664,311	\$ (240,388)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 323,401	\$ 323,401	\$ 453,396	\$ 129,995
Title III	986	986	1,357	371
Title VI - B Special Education	460,577	460,577	426,117	(34,460)
Vocational education	27,493	27,493	26,856	(637)
Preschool	-	-	11,385	11,385
Other funds	10,000	10,000	28,606	18,606
Title II	65,929	65,929	92,628	26,699
Total categorical aid	\$ 888,386	\$ 888,386	\$ 1,040,345	\$ 151,959
Total revenue from the federal government	\$ 888,386	\$ 888,386	\$ 1,040,345	\$ 151,959
Total School Operating Fund	\$ 21,166,959	\$ 21,312,452	\$ 20,364,998	\$ (947,454)

Governmental Funds -  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2020 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Discretely Presented Component Unit -- School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 375,000	\$ 375,000	\$ 257,229	\$ (117,771)
Total charges for services	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ 257,229</u>	<u>\$ (117,771)</u>
Miscellaneous:				
Miscellaneous	\$ 38,000	\$ 38,000	\$ (444)	\$ (38,444)
Total revenue from local sources	<u>\$ 413,000</u>	<u>\$ 413,000</u>	<u>\$ 256,785</u>	<u>\$ (156,215)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food grant	\$ 20,000	\$ 20,000	\$ 22,045	\$ 2,045
Revenue from the federal government:				
Categorical aid:				
School food grant	\$ 452,000	\$ 652,000	\$ 818,703	\$ 166,703
Total School Cafeteria Fund	<u>\$ 885,000</u>	<u>\$ 1,085,000</u>	<u>\$ 1,097,533</u>	<u>\$ 12,533</u>
School Capital Fund:				
Intergovernmental:				
County contribution to School Board	\$ 517,105	\$ 517,105	\$ 94,958	\$ (422,147)
Revenue from the Commonwealth:				
Categorical aid:				
Other grants	\$ -	\$ 163,891	\$ -	\$ (163,891)
Total School Capital Fund	<u>\$ 517,105</u>	<u>\$ 680,996</u>	<u>\$ 94,958</u>	<u>\$ (586,038)</u>
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 13	\$ 13
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>
Total Revenues --Discretely Presented Component Unit -- School Board	<u>\$ 22,569,064</u>	<u>\$ 23,078,448</u>	<u>\$ 21,557,502</u>	<u>\$ (1,520,946)</u>

Governmental Funds -  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2020

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 64,819	\$ 67,177	\$ 64,504	\$ 2,673
General and financial administration:				
County administrator	\$ 247,895	\$ 280,091	\$ 263,158	\$ 16,933
Legal services	84,200	84,200	69,889	14,311
Independent auditor	48,700	48,700	43,320	5,380
Commissioner of the revenue	240,588	247,462	236,587	10,875
Personal property	5,650	5,650	3,166	2,484
Data processing	129,080	439,515	368,310	71,205
Land use	2,000	2,000	1,538	462
Assessor	12,250	12,250	9,295	2,955
Board of Equalization	1,815	5,886	5,886	-
Finance department	223,504	226,669	219,174	7,495
Treasurer	279,265	284,825	269,231	15,594
Total general and financial administration	\$ 1,274,947	\$ 1,637,248	\$ 1,489,554	\$ 147,694
Board of Elections:				
Electoral board and officials	\$ 49,310	\$ 54,805	\$ 52,590	\$ 2,215
Registrar	92,737	103,443	88,069	15,374
Total board of elections	\$ 142,047	\$ 158,248	\$ 140,659	\$ 17,589
Total general government administration	\$ 1,481,813	\$ 1,862,673	\$ 1,694,717	\$ 167,956
Judicial administration:				
Courts:				
Circuit court	\$ 39,996	\$ 40,670	\$ 40,670	\$ -
Combined court	11,100	11,100	7,689	3,411
Clerk of the circuit court	351,689	368,050	353,242	14,808
Sheriff - court security	139,074	142,092	127,907	14,185
Magistrates	500	500	445	55
Victim witness program	64,167	63,501	61,641	1,860
Commissioner of accounts	720	720	720	-
Total courts	\$ 607,246	\$ 626,633	\$ 592,314	\$ 34,319
Commonwealth's attorney:				
Commonwealth's attorney	\$ 357,850	\$ 361,671	\$ 351,890	\$ 9,781
Total judicial administration	\$ 965,096	\$ 988,304	\$ 944,204	\$ 44,100

Governmental Funds -  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2020 (continued)

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	\$ 2,224,567	\$ 2,526,599	\$ 2,188,617	\$ 337,982
Public safety	51,016	125,533	113,380	12,153
Asset forfeiture	-	40,900	9,471	31,429
E-911 system	1,083,320	1,169,728	885,608	284,120
Total law enforcement and traffic control	<u>\$ 3,358,903</u>	<u>\$ 3,862,760</u>	<u>\$ 3,197,076</u>	<u>\$ 665,684</u>
Fire and rescue services:				
Volunteer fire department	\$ 126,880	\$ 129,636	\$ 129,636	\$ -
Ambulance and rescue service	115,000	115,482	115,482	-
Emergency medical services	2,018,084	2,391,258	2,306,511	84,747
EMS Council	7,743	7,743	7,743	-
Total fire and rescue services	<u>\$ 2,267,707</u>	<u>\$ 2,644,119</u>	<u>\$ 2,559,372</u>	<u>\$ 84,747</u>
Correction and detention:				
Confinement of prisoners	\$ 400	\$ 400	\$ 60	\$ 340
Regional jail	904,368	904,368	838,624	65,744
Jefferson area community corrections	8,286	8,286	8,286	-
Juvenile detention	114,782	144,290	143,936	354
Probation office	20,489	20,489	9,822	10,667
Total correction and detention	<u>\$ 1,048,325</u>	<u>\$ 1,077,833</u>	<u>\$ 1,000,728</u>	<u>\$ 77,105</u>
Inspections:				
Building	\$ 262,282	\$ 298,735	\$ 270,326	\$ 28,409
Total inspections	<u>\$ 262,282</u>	<u>\$ 298,735</u>	<u>\$ 270,326</u>	<u>\$ 28,409</u>
Other protection:				
Animal control and shelter facility	\$ 257,663	\$ 268,534	\$ 241,944	\$ 26,590
Line of Duty Act	44,200	46,292	46,292	-
Services to abused families	1,000	1,000	1,000	-
Foothills Child Advocacy Center	2,400	2,400	2,400	-
Medical examiner (coroner)	500	2,738	2,438	300
Total other protection	<u>\$ 305,763</u>	<u>\$ 320,964</u>	<u>\$ 294,074</u>	<u>\$ 26,890</u>
Total public safety	<u>\$ 7,242,980</u>	<u>\$ 8,204,411</u>	<u>\$ 7,321,576</u>	<u>\$ 882,835</u>
Public works:				
Sanitation and waste removal:				
County landfill	\$ 496,030	\$ 557,381	\$ 548,164	\$ 9,217
Total sanitation and waste removal	<u>\$ 496,030</u>	<u>\$ 557,381</u>	<u>\$ 548,164</u>	<u>\$ 9,217</u>
Maintenance of general buildings and grounds:				
General properties	\$ 669,129	\$ 731,220	\$ 620,309	\$ 110,911
Total maintenance of general buildings and grounds	<u>\$ 669,129</u>	<u>\$ 731,220</u>	<u>\$ 620,309</u>	<u>\$ 110,911</u>
Total public works	<u>\$ 1,165,159</u>	<u>\$ 1,288,601</u>	<u>\$ 1,168,473</u>	<u>\$ 120,128</u>

Governmental Funds -  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2020 (continued)

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	\$ 158,700	\$ 158,700	\$ 158,700	\$ -
Total health	\$ 158,700	\$ 158,700	\$ 158,700	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 93,894	\$ 93,894	\$ 93,894	\$ -
Total mental health and mental retardation	\$ 93,894	\$ 93,894	\$ 93,894	\$ -
Welfare:				
Administration	\$ 2,997,564	\$ 2,997,564	\$ 2,567,063	\$ 430,501
Tax relief for the elderly	-	-	65,840	(65,840)
Piedmont Regional Dental Clinic	2,500	2,500	2,500	-
CSA - at risk youth	2,750,000	2,750,000	2,113,898	636,102
Total welfare	\$ 5,750,064	\$ 5,750,064	\$ 4,749,301	\$ 1,000,763
Total health and welfare	\$ 6,002,658	\$ 6,002,658	\$ 5,001,895	\$ 1,000,763
Education:				
Contributions to community colleges	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contributions to component unit school board	10,033,825	10,179,318	9,019,871	1,159,447
Total education	\$ 10,038,825	\$ 10,184,318	\$ 9,024,871	\$ 1,159,447
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 114,632	\$ 119,490	\$ 114,012	\$ 5,478
Recreation authority	241,200	261,200	261,200	-
Total parks and recreation	\$ 355,832	\$ 380,690	\$ 375,212	\$ 5,478
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	\$ 143,600	\$ 143,600	\$ 143,600	\$ -
Total parks, recreation and cultural	\$ 502,432	\$ 527,290	\$ 521,812	\$ 5,478

Governmental Funds -  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2020 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 14,640	\$ 14,640	\$ 10,189	\$ 4,451
Zoning and planning	148,459	157,036	157,036	-
Economic development	126,339	127,857	121,190	6,667
Foothills housing	7,000	7,000	7,000	-
Aging together	3,000	3,000	3,000	-
Board of zoning appeals	3,000	4,279	4,279	-
Board of building code appeals	405	405	-	405
Tourism	50,000	72,500	65,184	7,316
Lease purchase of Moore Building	-	-	230,000	(230,000)
Planning district commission	20,812	20,812	16,222	4,590
Geographic information system	16,882	16,882	12,543	4,339
Piedmont workforce network	500	500	500	-
Central Virginia Economic development	10,000	10,000	10,000	-
Skyline CAP	47,585	47,585	47,585	-
Total planning and community development	<u>\$ 448,622</u>	<u>\$ 482,496</u>	<u>\$ 684,728</u>	<u>\$ (202,232)</u>
Environmental management:				
Soil and water conservation district	\$ 29,321	\$ 29,321	\$ 29,321	\$ -
Forestry service	5,942	5,942	5,942	-
Water quality management	1,000	1,000	1,000	-
Total environmental management	<u>\$ 36,263</u>	<u>\$ 36,263</u>	<u>\$ 36,263</u>	<u>\$ -</u>
Cooperative extension program:				
VPI extension	\$ 109,883	\$ 109,883	\$ 104,321	\$ 5,562
Northern VA 4-H center	750	750	750	-
Total cooperative extension program	<u>\$ 110,633</u>	<u>\$ 110,633</u>	<u>\$ 105,071</u>	<u>\$ 5,562</u>
Total community development	<u>\$ 595,518</u>	<u>\$ 629,392</u>	<u>\$ 826,062</u>	<u>\$ (196,670)</u>
Nondepartmental:				
Miscellaneous	\$ 5,750	\$ 5,750	\$ 4,795	\$ 955
Contingency	1,187,780	142,679	-	142,679
Total nondepartmental	<u>\$ 1,193,530</u>	<u>\$ 148,429</u>	<u>\$ 4,795</u>	<u>\$ 143,634</u>
Debt service:				
Principal retirement	\$ 1,226,412	\$ 8,996,962	\$ 8,996,962	\$ -
Bond issuance costs	-	145,614	145,614	-
Interest and fiscal charges	210,996	428,427	428,425	2
Total debt service	<u>\$ 1,437,408</u>	<u>\$ 9,571,003</u>	<u>\$ 9,571,001</u>	<u>\$ 2</u>
Total General Fund	<u><u>\$ 30,625,419</u></u>	<u><u>\$ 39,407,079</u></u>	<u><u>\$ 36,079,406</u></u>	<u><u>\$ 3,327,673</u></u>

Governmental Funds -  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2020 (continued)

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	\$ 6,573	\$ 24,103	\$ 18,130	\$ 5,973
Office consolidation	95,000	95,000	53,010	41,990
Public safety radio system	1,378,893	5,167,360	1,247,836	3,919,524
School capital projects - debt funded	-	7,050,342	1,224,318	5,826,024
Criglersville school project	-	24,500	16,580	7,920
Total capital projects	<u>\$ 1,480,466</u>	<u>\$ 12,361,305</u>	<u>\$ 2,559,874</u>	<u>\$ 9,801,431</u>
Total Capital Improvement Fund	<u>\$ 1,480,466</u>	<u>\$ 12,361,305</u>	<u>\$ 2,559,874</u>	<u>\$ 9,801,431</u>
Total Expenditures--Primary Government	<u>\$ 32,105,885</u>	<u>\$ 51,768,384</u>	<u>\$ 38,639,280</u>	<u>\$ 13,129,104</u>
Discretely Presented Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 15,520,779	\$ 15,520,779	\$ 14,818,384	\$ 702,395
Administration, attendance and health	1,179,984	1,179,984	1,148,562	31,422
Pupil transportation services	1,572,954	1,659,954	1,508,385	151,569
Operation and maintenance services	2,244,765	2,244,765	2,166,391	78,374
Technology	648,477	706,970	723,276	(16,306)
Total education	<u>\$ 21,166,959</u>	<u>\$ 21,312,452</u>	<u>\$ 20,364,998</u>	<u>\$ 947,454</u>
Total School Operating Fund	<u>\$ 21,166,959</u>	<u>\$ 21,312,452</u>	<u>\$ 20,364,998</u>	<u>\$ 947,454</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food program	<u>\$ 885,000</u>	<u>\$ 1,085,000</u>	<u>\$ 1,009,064</u>	<u>\$ 75,936</u>
School Capital Fund:				
Capital Projects:				
School projects	\$ 517,105	\$ 775,861	\$ 113,137	\$ 662,724
Total capital projects	<u>\$ 517,105</u>	<u>\$ 775,861</u>	<u>\$ 113,137</u>	<u>\$ 662,724</u>
Total School Capital Fund	<u>\$ 517,105</u>	<u>\$ 775,861</u>	<u>\$ 113,137</u>	<u>\$ 662,724</u>
Total Expenditures--Discretely Presented Component Unit-- School Board	<u>\$ 22,569,064</u>	<u>\$ 23,173,313</u>	<u>\$ 21,487,199</u>	<u>\$ 1,686,114</u>

**- Statistical Information -**



COUNTY OF MADISON, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Ten Fiscal Years

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

COUNTY OF MADISON, VIRGINIA

Table 2

Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	Program Revenues					General Revenues										Grants and Contributions Not Restricted to Specific Programs (1)		Revenues from the Use of Money & Property		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Local Sales and Use Tax	Consumers' Utility Tax	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Motor Vehicle Licenses	
2010-11	\$ 914,025	\$ 3,433,918	\$ -	\$ 12,513,243	\$ 763,844	\$ 347,299	\$ 418,414	\$ 318,251	\$ 282,431	\$ 1,763,040	\$ 125,474	\$ 185,893	\$ 21,065,832							
2011-12	1,237,560	4,168,508	6,250	13,623,003	839,405	317,594	420,975	335,143	401,744	1,756,719	99,377	268,350	23,474,628							
2012-13	948,345	4,302,181	-	14,158,939	856,431	321,273	423,225	341,365	418,580	1,749,093	112,497	613,492	24,245,421							
2013-14	1,062,962	4,650,409	4,601,477	14,730,276	865,583	322,800	425,198	351,835	408,787	1,749,820	120,246	290,046	29,579,439							
2014-15	1,015,066	5,016,167	-	14,880,317	965,923	334,364	436,137	380,853	421,898	1,727,109	106,236	290,340	25,574,410							
2015-16	1,030,798	5,301,202	-	14,881,805	982,248	334,021	447,600	401,303	432,878	1,736,350	115,497	386,279	26,049,981							
2016-17	883,213	5,510,808	-	15,244,661	1,021,382	339,369	446,360	445,670	472,885	1,716,160	131,991	308,067	26,520,566							
2017-18	908,233	4,843,204	-	15,727,481	1,040,502	345,329	456,558	463,480	448,124	1,709,968	163,658	350,384	26,456,921							
2018-19	988,321	4,995,475	-	16,437,813	1,074,001	354,993	468,604	502,163	508,854	1,667,646	239,955	724,702	27,962,527							
2019-20	929,018	5,311,740	254,935	17,245,381	1,223,259	356,731	472,768	479,074	453,308	1,646,300	176,786	271,285	28,820,585							

COUNTY OF MADISON, VIRGINIA

Table 3

General Government Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes (3)	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2010-11	\$ 12,527,310	\$ 2,130,239	\$ 228,572	\$ 162,755	\$ 168,030	\$ 957,404	\$ 336,102	\$ -	\$ 14,368,576	\$ 30,878,988
2011-12	13,638,769	2,314,861	164,269	152,815	129,874	1,304,487	741,178	-	15,606,531	34,052,784
2012-13	14,250,356	2,360,874	161,826	164,756	146,549	987,866	909,130	-	16,559,976	35,541,333
2013-14	14,491,657	2,374,203	242,529	189,681	152,516	968,135	519,461	-	16,795,001	35,733,183
2014-15	14,916,195	2,539,175	176,783	218,303	128,613	919,345	697,966	-	17,107,278	36,703,658
2015-16	14,939,437	2,598,050	212,473	170,894	123,980	968,408	1,063,394	-	17,568,139	37,644,775
2016-17	15,282,378	2,725,666	222,790	170,298	132,017	827,494	1,106,690	-	18,154,186	38,621,519
2017-18	15,552,344	2,753,993	188,292	182,666	165,346	1,552,193	407,068	-	17,888,757	38,690,659
2018-19	16,816,639	2,908,615	262,981	159,000	241,999	828,719	1,646,439	-	17,755,080	40,619,472
2019-20	17,137,442	2,985,140	214,208	135,608	178,819	840,731	999,950	-	18,758,379	41,250,277

(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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education(2)	Recreation and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
2010-11	\$ 1,079,799	\$ 752,503	\$ 4,423,250	\$ 1,203,558	\$ 2,899,404	\$ 17,506,718	\$ 304,055	\$ 653,101	\$ 111,112	\$ 239,673	\$ 1,585,967	\$ 30,759,140
2011-12	1,063,875	730,518	4,915,378	1,184,056	3,795,114	18,111,745	314,751	481,807	90,040	52,249	1,892,410	32,631,943
2012-13	1,265,783	763,682	4,869,780	1,146,436	4,454,921	18,972,672	360,431	481,924	130,309	1,038,856	2,581,873	36,066,667
2013-14	1,219,249	865,373	5,634,475	999,430	4,731,099	19,094,380	435,199	508,977	36,702	4,663,682	1,232,766	39,421,332
2014-15	1,298,574	819,898	5,465,454	1,025,561	4,950,311	19,626,160	420,701	595,144	5,584	6,539,841	1,428,288	42,175,516
2015-16	1,328,466	848,738	5,506,166	950,854	5,582,522	19,804,268	476,491	535,745	1,116	400,226	1,447,093	36,881,685
2016-17	1,352,710	918,656	5,609,963	946,045	5,900,655	20,194,751	356,465	544,945	64,096	38,000	1,453,435	37,379,721
2017-18	1,489,090	918,471	6,167,216	921,347	4,692,827	21,052,695	361,640	631,453	702	180,048	3,517,411	39,932,900
2018-19	1,574,914	899,824	6,443,324	1,132,134	4,881,655	20,821,906	454,131	569,985	5,911	416,203	1,488,661	38,688,648
2019-20	1,694,717	944,204	7,321,576	1,168,473	5,001,895	21,379,062	521,812	826,062	4,795	2,673,011	9,571,001	51,106,608

(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

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1)		Current		Delinquent (1)		Total Tax		Outstanding Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy	
	Tax Levy		Tax (1) (3)	Percent of Levy Collected	Tax (2)	Collections	Total Tax Collections	to Tax Levy	Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy	
2010-11	\$ 13,253,517	\$	12,332,708	93.05%	\$ 993,265	\$	13,325,973	100.55%	\$ 1,226,886		9.26%	
2011-12	13,415,513		12,322,112	91.85%	949,858		13,271,970	98.93%	1,137,175		8.48%	
2012-13	14,099,257		13,045,127	92.52%	902,588		13,947,715	98.93%	1,163,158		8.25%	
2013-14	14,346,454		13,203,008	92.03%	931,044		14,134,052	98.52%	1,359,533		9.48%	
2014-15	14,599,617		13,851,493	94.88%	702,747		14,554,240	99.69%	1,457,348		9.98%	
2015-16	14,705,489		13,404,674	91.15%	1,175,209		14,579,883	99.15%	1,457,348		9.91%	
2016-17	14,974,584		13,894,171	92.79%	1,013,226		14,907,397	99.55%	1,454,428		9.71%	
2017-18	15,436,200		14,218,972	92.11%	962,988		15,181,960	98.35%	1,455,940		9.43%	
2018-19	16,035,565		15,090,736	94.11%	1,799,931		16,890,667	105.33%	1,295,330		8.08%	
2019-20	16,916,735		15,555,982	91.96%	1,274,956		16,830,938	99.49%	1,282,875		7.58%	

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

COUNTY OF MADISON, VIRGINIA

Table 6

Assessed Value of Taxable Property (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Mobile Homes	Machinery and Tools			Public Service	Total
				Merchants' Capital	Public Service	Total		
2010-11	\$ 1,968,205,900	\$ 119,915,146	\$ 1,356,400	\$ 4,490,180	\$ 20,612,489	\$ 42,548,911	\$ 2,157,129,026	
2011-12	1,978,255,150	115,602,303	1,351,300	4,386,450	24,618,756	47,248,097	2,171,462,056	
2012-13	1,785,742,800	116,902,835	1,367,700	3,801,840	22,921,593	46,116,154	1,976,852,922	
2013-14	1,591,460,450	117,824,549	1,104,500	3,844,827	20,776,576	44,805,961	1,779,816,863	
2014-15	1,605,038,450	118,207,845	1,142,200	4,144,481	24,428,195	48,828,075	1,801,789,246	
2015-16	1,620,377,400	114,334,699	1,160,600	4,071,363	24,036,071	47,366,304	1,811,346,437	
2016-17	1,635,149,750	118,763,510	1,192,500	4,469,521	26,384,953	45,692,315	1,831,652,549	
2017-18	1,677,006,075	125,966,256	1,224,400	4,997,202	28,532,503	47,090,233	1,884,816,669	
2018-19	1,703,493,550	131,516,620	1,287,500	4,738,091	25,940,260	47,201,812	1,914,177,833	
2019-20	1,759,341,250	138,003,080	1,077,500	7,984,750	27,559,017	50,521,011	1,984,486,608	

(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 Taxes in semiannual installments.

COUNTY OF MADISON, VIRGINIA

Table 7

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Years	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)		Merchants' Capital (2)
2010-11	\$ 0.44/0.50	\$ 2.95/2.80	\$ 0.44	\$ 1.47	\$ 0.86	0.86
2011-12	0.50/0.53	2.95/2.80	0.50	1.62	0.86	0.86
2012-13	0.53/0.67	3.45/2.80	0.53	1.67	0.86	0.86
2013-14	0.67/0.68	3.45	0.67	1.67	0.86	0.86
2014-15	0.68	3.45	0.68	1.67	0.86	0.86
2015-16	0.68	3.45	0.68	1.67	0.86	0.86
2016-17	0.68	3.45	0.68	1.67	0.86	0.86
2017-18	0.68	3.45	0.68	1.67	0.86	0.86
2018-19	0.70/0.68	3.45	0.68	1.67	0.86	0.86
2019-20	0.70/0.71	3.45	0.70	1.67	0.86	0.86

(1) Per \$100 of assessed value.

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

COUNTY OF MADISON, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
2010-11	13,308	\$ 2,157,129,026	\$ 6,428,248	6,428,248	0.0030	0.0030	483
2011-12	13,308	2,171,462,056	4,810,000	4,810,000	0.0022	0.0022	361
2012-13	13,308	1,976,852,922	13,242,500	13,242,500	0.0067	0.0067	995
2013-14	13,200	1,779,816,863	12,881,500	12,881,500	0.0072	0.0072	976
2014-15	13,200	1,801,789,246	12,939,000	12,939,000	0.0072	0.0072	980
2015-16	13,200	1,811,346,437	12,483,000	12,483,000	0.0069	0.0069	946
2016-17	13,200	1,831,652,549	11,513,000	11,513,000	0.0063	0.0063	872
2017-18	13,200	1,884,816,669	10,466,510	10,466,510	0.0056	0.0056	793
2018-19	13,295	1,914,177,833	9,282,490	9,282,490	0.0048	0.0048	698
2019-20	13,295	1,984,486,608	24,951,000	24,951,000	0.0126	0.0126	1,877

(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.

COUNTY OF MADISON, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2010-11	\$ 1,390,719	\$ 195,248	\$ 1,585,967	\$ 30,759,140	5.16%
2011-12	1,698,131	144,328	1,842,459	32,631,943	5.65%
2012-13	2,448,163	133,710	2,581,873	36,066,667	7.16%
2013-14	1,008,153	274,563	1,282,716	39,421,332	3.25%
2014-15	1,119,911	308,377	1,428,288	42,175,516	3.39%
2015-16	1,147,420	299,673	1,447,093	36,881,685	3.92%
2016-17	1,165,198	288,237	1,453,435	37,379,721	3.89%
2017-18	3,245,829	271,582	3,517,411	39,932,900	8.81%
2018-19	1,241,178	247,483	1,488,661	38,688,648	3.85%
2019-20	8,996,962 (2)	428,425 (2)	9,425,387	51,106,608	18.44%

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

(1) Includes debt that was refunded in FY 20.

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- Compliance -





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

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**To the Honorable Members of the Board of Supervisors  
County of 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, 2020, 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 15, 2020.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 15, 2020

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

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**To the Honorable Members of the Board of Supervisors  
County of 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, 2020. 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, 2020.

## 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.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 15, 2020

Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Primary Government:</b>			
Department of Justice			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	CJS5601701	\$ <u>46,232</u>
Total Department of Justice			\$ <u>46,232</u>
Department of Health and Human Services:			
Direct Payments:			
Provider Relief Fund	93.498	N/A	\$ 12,994
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	11,004
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400109/0400110	105,599
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	176
Low-Income Home Energy Assistance	93.568	0600409/0600410	20,582
Child Care Mandatory and Matching Funds of the Child Care and Development Fund(CCDF Cluster)	93.596	0760109/0760110	19,590
Chafee Education and Training Vouchers Program	93.599	9160110	9,978
Adoption and Legal Guardianship Incentive Payments	93.603	1130116/1130117	2,807
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	232
Foster Care - Title IV-E	93.658	1100109/1100110	288,065
Adoption Assistance	93.659	1120109/1120110	248,880
Social Services Block Grant	93.667	1000109/1000110	167,804
Chafee Foster Care Independence Program	93.674	9150108/9150109/91501110	3,544
Children's Health Insurance Program	93.767	0540109/0540110	3,569
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	<u>222,005</u>
Total Department of Health and Human Services			\$ <u>1,116,829</u>
U.S. Election Assistance Commission:			
Pass through Payments:			
Virginia Department of Elections:			
COVID-19-2018 HAVA Election Security Grants	90.404	N/A	\$ <u>5,585</u>
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	\$ <u>7,500</u>
Total Department of Homeland Security			\$ <u>7,500</u>

Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020 (continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Primary Government: (continued)</b>			
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	\$ <u>214,782</u>
Total Department of Agriculture			\$ <u>214,782</u>
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	\$ <u>104,265</u>
Total Expenditures of Federal Awards-Primary Government			\$ <u><u>1,495,193</u></u>
<b>Component Unit School Board:</b>			
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ <u>71,516</u>
Department of Education:			
COVID-19-National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	19,263
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	255,923
Total 10.555			<u>346,702</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	81,308
COVID-19-School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	6,404
Total 10.553			<u>87,712</u>
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.559	2013IN109941/2014IN109941	2,021
COVID-19-Summer Food Service Program for Children (Child Nutrition Cluster)	10.559		360,999
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559		21,269
			<u>384,289</u>
Total Department of Agriculture/Child Nutrition Cluster			\$ <u>818,703</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010130046	\$ <u>453,396</u>
Supporting Effective Instruction State Grants	84.367	S367A120044/S367A13044	92,628
English Language Acquisition State Grants	84.365	Not Available	1,357
Special Education - Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	426,117
Special Education - Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	11,385
Special Education Cluster Total			<u>437,502</u>
Student Support and Academic Enrichment Program	84.424	S424A170048	28,606
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	26,856
Total Department of Education			\$ <u>1,040,345</u>
Total Expenditures of Federal Awards-Component Unit School Board			\$ <u>1,859,048</u>
Total Expenditures of Federal Awards-Reporting Entity			\$ <u><u>3,354,241</u></u>

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

COUNTY OF MADISON, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Madison, Virginia under programs of the federal government for the year ended June 30, 2020. 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 \$ 1,588,879

Total primary government \$ 1,588,879

Component Unit School Board:

School Operating Fund \$ 1,040,345

School Cafeteria Fund 818,703

Total component unit school board \$ 1,859,048

Total federal expenditures per basic financial statements \$ 3,447,927

Payments in lieu of taxes \$ (93,686)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 3,354,241

COUNTY OF MADISON, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
10.561	State Administrative Matching Grants for the Supplement Nutrition Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Prior Year Findings and Questioned Costs**

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