



COUNTY OF MADISON, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF MADISON, VIRGINIA

Financial Report
Year Ended June 30, 2014

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

BOARD OF SUPERVISORS

Doris G. Lackey, Chairman
R. Clay Jackson, Vice-Chair

Jonathon Weakley

Robert Campbell

Kevin McGhee

DEPARTMENT OF SOCIAL SERVICES BOARD

Norris John, Chairman
Joseph Goodall, Vice-Chair

Charlotte Hoffman

Tina Weaver

Jerry J. Butler

MADISON COUNTY SCHOOL BOARD

James L. Nelson, Chairman
Doreen G. Jenkins, Vice-Chairman

Barry Penn Hollar

Tanya Taylor

Joseph Parker

OTHER OFFICIALS

Daniel R. Bouton..... Judge of the Circuit Court
Linda Parrish Clerk of the Circuit Court
Dale Durrer Judge of the General District Court
Edward DeJ. Berry Judge of the Juvenile & Domestic Relations Court
Deborah Tinsley Judge of the Juvenile & Domestic Relations Court
George S. Webb, III Commonwealth's Attorney
Gale Harris Commissioner of the Revenue
Stephanie Murray Treasurer
Erik Weaver Sheriff
Matthew Eberhardt..... Superintendent of Schools
Elizabeth Patterson Clerk of the School Board
Valerie Ward Director of Social Services
Ernest C. Hoch County Administrator

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Madison, Virginia, as of and for the year ended Financial June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, Virginia, as of June 30, 2014, 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 budgetary comparison information and schedule of pension and OPEB funding progress 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Madison, Virginia's internal control over financial reporting and compliance.

Robinson, Farned, Cox Associates

Charlottesville, Virginia
January 6, 2015

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2014

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 18,068,123	\$ 2,259,774
Receivables (net of allowance for uncollectibles):		
Property taxes	6,438,179	-
Accounts receivable	283,676	38,905
Inventory	-	33,817
Due from other governments	883,375	607,585
Due from Primary Government	385,390	3,162,975
Total Current Assets	<u>\$ 26,058,743</u>	<u>\$ 6,103,056</u>
Noncurrent Assets:		
Capital assets:		
Land and construction in progress	\$ 7,123,083	\$ 321,620
Buildings and equipment, net of depreciation	15,088,367	5,704,621
Total Noncurrent Assets	<u>\$ 22,211,450</u>	<u>\$ 6,026,241</u>
Total Assets	<u>\$ 48,270,193</u>	<u>\$ 12,129,297</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 498,830	\$ 3,448,443
Amounts held for others	76,364	-
Unearned revenue - performance bonds	106,618	-
Accrued liabilities	-	1,853,657
Due to Component Unit	3,162,975	385,390
Accrued interest payable	186,645	-
Current portion of long-term obligations	1,143,603	88,122
Total Current Liabilities	<u>\$ 5,175,035</u>	<u>\$ 5,775,612</u>
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations	13,278,347	525,297
Total Liabilities	<u>\$ 18,453,382</u>	<u>\$ 6,300,909</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues - taxes	\$ 5,484,598	-
NET POSITION		
Net investment in capital assets	\$ 13,367,381	\$ 5,976,290
Unrestricted	10,964,832	(147,902)
Total Net Position	<u>\$ 24,332,213</u>	<u>\$ 5,828,388</u>
Total Liabilities, Deferred Inflows or Resources and Net Position	<u>\$ 48,270,193</u>	<u>\$ 12,129,297</u>

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

Statement of Activities
Year Ended June 30, 2014

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
PRIMARY GOVERNMENT:						
Governmental activities:						
General government						
administration	\$ 1,191,034	\$ -	\$ 195,792	\$ -	\$ (995,242)	\$ -
Judicial administration	1,207,655	238,698	368,726	-	(600,231)	-
Public safety	5,486,234	573,883	969,084	-	(3,943,267)	-
Public works	958,957	107,418	30,778	-	(820,761)	-
Health and welfare	4,752,444	-	3,086,029	-	(1,666,415)	-
Education	13,029,097	-	-	4,601,477	(8,427,620)	-
Parks, recreation, and cultural	422,822	142,963	-	-	(279,859)	-
Community development	511,140	-	-	-	(511,140)	-
Interest on long-term debt	315,760	-	-	-	(315,760)	-
Total governmental activities	<u>\$ 27,875,143</u>	<u>\$ 1,062,962</u>	<u>\$ 4,650,409</u>	<u>\$ 4,601,477</u>	<u>\$ (17,560,295)</u>	<u>\$ -</u>
COMPONENT UNIT:						
School Board	<u>\$ 23,621,135</u>	<u>\$ 337,383</u>	<u>\$ 10,394,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,888,980)</u>
General revenues:						
General property taxes				\$ 14,730,276	\$ -	\$ -
Local sales and use tax				865,583	-	-
Consumers' utility taxes				322,800	-	-
Motor vehicle licenses				425,198	-	-
Restaurant food taxes				351,835	-	-
Other local taxes				408,787	-	-
Unrestricted revenues from use of money and property				120,246		32,270
Miscellaneous				290,046		229,415
Grants and contributions not restricted to specific programs				1,749,820		-
County contribution to School Board				-		12,971,413
Total general revenues				<u>\$ 19,264,591</u>	<u>\$ 13,233,098</u>	
Change in net position				\$ 1,704,296	\$ 344,118	
Net position - beginning				<u>22,627,917</u>	<u>5,484,270</u>	
Net position - ending				<u>\$ 24,332,213</u>	<u>\$ 5,828,388</u>	

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

Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2014

ASSETS	General Fund	Capital Improvement Fund	Total
Cash and cash equivalents	\$ 9,526,837	\$ 8,541,286	\$ 18,068,123
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	6,438,179	-	6,438,179
Accounts receivable	283,676	-	283,676
Note receivable	-	-	-
Due from component unit	385,390	-	385,390
Due from other governmental units	883,375	-	883,375
Total assets	\$ 17,517,457	\$ 8,541,286	\$ 26,058,743
LIABILITIES			
Accounts payable	\$ 498,830	\$ -	\$ 498,830
Amounts held for others	76,364	-	76,364
Unearned revenue - performance bonds	106,618	-	106,618
Due to component unit	-	3,162,975	3,162,975
Total liabilities	\$ 681,812	\$ 3,162,975	\$ 3,844,787
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	\$ 6,459,757	\$ -	\$ 6,459,757
FUND BALANCES			
Restricted	\$ 63,570	\$ 4,568,309	\$ 4,631,879
Committed	524,952	810,002	1,334,954
Assigned	112,666	-	112,666
Unassigned	9,674,700	-	9,674,700
Total fund balances	\$ 10,375,888	\$ 5,378,311	\$ 15,754,199
Total liabilities, deferred inflows of resources and fund balances	\$ 17,517,457	\$ 8,541,286	

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.

22,211,450

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

(186,645)

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.

975,159

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.

(14,421,950)

Net position of general government activities

\$ 24,332,213

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, 2014

	General	Capital Improvement	Total
Revenues:			
General property taxes	\$ 14,491,657	\$ -	\$ 14,491,657
Other local taxes	2,374,203	-	2,374,203
Permits, privilege fees and regulatory licenses	242,529	-	242,529
Fines and forfeitures	189,681	-	189,681
Revenue from use of money and property	120,246	-	120,246
Charges for services	630,752	-	630,752
Miscellaneous	290,046	-	290,046
Intergovernmental:			
Contribution from Component Unit School Board	-	4,601,477	4,601,477
Commonwealth	5,518,616	-	5,518,616
Federal	881,613	-	881,613
Total revenues	\$ 24,739,343	\$ 4,601,477	\$ 29,340,820
Expenditures:			
Current:			
General government administration	\$ 1,219,249	\$ -	\$ 1,219,249
Judicial administration	865,373	-	865,373
Public safety	5,634,475	-	5,634,475
Public works	999,430	-	999,430
Health and welfare	4,731,099	-	4,731,099
Education	8,129,982	4,635,615	12,765,597
Parks, recreation, and cultural	435,199	-	435,199
Community development	508,977	-	508,977
Nondepartmental	36,702	-	36,702
Capital projects	-	4,663,682	4,663,682
Debt service:			
Principal retirement	958,203	-	958,203
Interest and other fiscal charges	274,563	-	274,563
Total expenditures	\$ 23,793,252	\$ 9,299,297	\$ 33,092,549
Excess (deficiency) of revenues over (under) expenditures	\$ 946,091	\$ (4,697,820)	\$ (3,751,729)
Other Financing Sources (uses):			
Issuance of long-term debt	\$ 500,000	\$ -	\$ 500,000
Issuance of capital lease	223,500	-	223,500
Total other financing sources (uses)	\$ 723,500	\$ -	\$ 723,500
Net change in fund balances	\$ 1,669,591	\$ (4,697,820)	\$ (3,028,229)
Fund balances at beginning of year	8,706,297	10,076,131	18,782,428
Fund balances at end of year	\$ 10,375,888	\$ 5,378,311	\$ 15,754,199

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, 2014

	Primary Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (3,028,229)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment:	
Capital outlay	\$ 5,261,267
Depreciation expense	<u>(741,566)</u>
	4,519,701
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	(3,847)
Transfer of joint tenancy assets from Primary Government to the Component Unit	(209,250)
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.	238,619
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	\$ 551,000
Principal retired on capital lease	97,203
Issuance of long-term debt	(723,500)
Principal retired on state literary fund loan	<u>310,000</u>
	234,703
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	\$ (15,062)
Change in net OPEB obligation	(14,000)
Change in landfill closure liability	22,858
Change in accrued interest payable	<u>(41,197)</u>
	(47,401)
Change in net position of governmental activities	<u>\$ 1,704,296</u>

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>34,850</u>
Total assets	\$ <u><u>34,850</u></u>
LIABILITIES	
Amounts held for others	\$ <u>34,850</u>
Total liabilities	\$ <u><u>34,850</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, 2014

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 (government 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).

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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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

Fund Financial Statements:

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

Budgetary Comparison Schedules:

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units: The County has no blended component units to be included for the fiscal year ended June 30, 2014.

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 of the County financial statements for the fiscal year ended June 30, 2014.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

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 Lottery Fund - This fund accounts for and reports the state school lottery revenues.

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.

C. Other Related Organizations

Included in the County's Financial Statements: None

D. Other Related Organizations

Excluded from the County's Financial Statements:

Madison County Industrial Development Authority: The County's officials are responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Madison County Industrial Development Authority.

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.

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

E. 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.

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.

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

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

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.

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.

F. 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 County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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

F. Budgets and Budgetary Accounting (Continued)

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 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.
9. Expenditures exceeded appropriation's for Welfare Administration by \$3,471, CSA by \$669,064, and School Food by \$87,493 for the year ended June 30, 2014.

G. Cash and Cash Equivalents

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

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

Investments for the government, as well as for its component unit, are reported at fair value.

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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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 \$270,265 at June 30, 2014 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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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

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 estimated fair market 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

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. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, 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.

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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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

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.

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.

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, 2014 (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
Nonspendable:			
Inventory	\$ -	\$ -	\$ 33,817
Total Nonspendable	\$ -	\$ -	\$ 33,817
Restricted:			
School Lottery Funds	\$ -	\$ -	\$ 1,892
Asset Forfeitures	63,570		-
Unspent bond proceeds - school projects		4,568,309	-
School Textbook Funds	-	-	39,020
Total Restricted	\$ 63,570	\$ 4,568,309	\$ 40,912
Committed:			
Capital Projects	\$ -	\$ 810,002	\$ 12
Debt Service	492,250		-
Micro Enterprise	32,702		-
School Operations	-	-	1,000
Cafeteria	-	-	339,825
Total Committed	\$ 524,952	\$ 810,002	\$ 340,837
Assigned:			
Tourism	\$ 97,031	\$ -	\$ -
Sheriff	15,635		-
Total Assigned	\$ 112,666	\$ -	\$ -
Unassigned	\$ 9,674,700	\$ -	\$ -
Total Fund Balance	\$ 10,375,888	\$ 5,378,311	\$ 415,566

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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

N. Net Position

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

O. Net Position Flow Assumption

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

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 one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of amounts prepaid on the 2nd half installments and the 2nd half installment and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, amounts prepaid on the 2nd half installments and the 2nd half installments are reported as deferred inflows of resources.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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.

Investments

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

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2014 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
U.S. Government Securities	\$ 65,774
Local Government Investment Pool	<u>1,008,003</u>
Total	\$ <u><u>1,073,777</u></u>

External Investment Pool

The fair values of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 2 - Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	Greater than 10 years
U.S. Government Securities	\$ <u>65,774</u>	\$ <u>65,774</u>

Note 3 - Due From Other Governmental Units:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 161,150	\$ -
Public assistance and welfare administration	46,264	-
State sales tax	-	360,771
Comprehensive services	322,177	-
Recordation tax	9,045	-
Communications tax	98,454	-
Shared expenses	107,364	-
Fire program funds	39,280	-
Other state funds	38,382	-
Federal Government:		
School funds	-	225,970
School food	-	20,844
Public assistance and welfare administration	61,259	-
Totals	\$ <u>883,375</u>	\$ <u>607,585</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 4 - Capital Assets:

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Primary Government:				
Capital assets not being depreciated:				
Land	\$ 1,419,418	\$ -	\$ -	\$ 1,419,418
Construction in progress-Jointly Owned	958,733	4,601,477	-	5,560,210
Construction in progress	47,624	312,073	216,242	143,455
Total capital assets not being depreciated	<u>\$ 2,425,775</u>	<u>\$ 4,913,550</u>	<u>\$ 216,242</u>	<u>\$ 7,123,083</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 16,586,100	\$ 216,242	\$ -	\$ 16,802,342
Equipment (including vehicles)	2,864,820	347,717	172,017	3,040,520
Jointly owned assets	2,480,000	-	310,000	2,170,000
Total capital assets being depreciated	<u>\$ 21,930,920</u>	<u>\$ 563,959</u>	<u>\$ 482,017</u>	<u>\$ 22,012,862</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (3,409,530)	\$ (485,950)	\$ -	\$ (3,895,480)
Equipment (including vehicles)	(2,236,320)	(201,366)	(168,170)	(2,269,516)
Jointly owned assets	(805,999)	(54,250)	(100,750)	(759,499)
Total accumulated depreciation	<u>\$ (6,451,849)</u>	<u>\$ (741,566)</u>	<u>\$ (268,920)</u>	<u>\$ (6,924,495)</u>
Net capital assets being depreciated	<u>\$ 15,479,071</u>	<u>\$ (177,607)</u>	<u>\$ 213,097</u>	<u>\$ 15,088,367</u>
Net capital assets	<u>\$ 17,904,846</u>	<u>\$ 4,735,943</u>	<u>\$ 429,339</u>	<u>\$ 22,211,450</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Component Unit - School Board:				
Capital assets not being depreciated:				
Land	\$ 109,803	\$ -	\$ -	\$ 109,803
Construction in progress	211,817	-	-	211,817
Total capital assets not being depreciated	<u>\$ 321,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,620</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,848,695	\$ 62,976	\$ -	\$ 4,911,671
Equipment (including vehicles)	3,587,536	495,956	38,929	4,044,563
Jointly owned assets	6,060,889	310,000	-	6,370,889
Total capital assets being depreciated	<u>\$ 14,497,120</u>	<u>\$ 868,932</u>	<u>\$ 38,929</u>	<u>\$ 15,327,123</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (4,299,342)	\$ (248,077)	\$ -	\$ (4,547,419)
Jointly owned assets	(1,920,404)	(100,750)	-	(2,021,154)
Equipment (including vehicles)	(2,821,055)	(271,803)	(38,929)	(3,053,929)
Total accumulated depreciation	<u>\$ (9,040,801)</u>	<u>\$ (620,630)</u>	<u>\$ (38,929)</u>	<u>\$ (9,622,502)</u>
Net capital assets being depreciated	<u>\$ 5,456,319</u>	<u>\$ 248,302</u>	<u>\$ -</u>	<u>\$ 5,704,621</u>
Net capital assets	<u>\$ 5,777,939</u>	<u>\$ 248,302</u>	<u>\$ -</u>	<u>\$ 6,026,241</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 4 - Capital Assets: (Continued)

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	\$ 31,719
Judicial administration	338,769
Public safety	177,750
Public works	35,668
Health and welfare	29,135
Education	54,250
Parks, recreation and cultural	74,275
Total	<u>\$ 741,566</u>
Component Unit School Board	<u>\$ 620,630</u>
Depreciation Expense	\$ 519,880
Joint tenancy transfer of accumulated depreciation	<u>100,750</u>
Total additions to accumulated depreciation, previous page	<u>\$ 620,630</u>

Note 5 - Compensated Absences:

In accordance with GASB Statement No. 16, *Accounting for 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	\$ <u>442,433</u>
Component Unit School Board	\$ <u>381,708</u>

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

Fund	Due from	Due to
General	\$ 385,390	\$ -
Capital Improvement	-	3,162,975
School Board	3,162,975	385,390
Total	<u>\$ 3,548,365</u>	<u>\$ 3,548,365</u>

Note 7 - Pension Plan: (Continued)

A. Plan Description

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

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

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

VRS - PLAN 1

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

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

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

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

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

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

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

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

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

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

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

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

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

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

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

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

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

VRS – PLAN 2

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

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

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

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

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

9. Service Retirement Multiplier - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

10. Normal Retirement Age - Normal Social Security retirement age.

11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

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

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

14. Eligibility - Same as VRS Plan 1–Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1–Refer to Section 15.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

3. *Non-Eligible Members (Continued)

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

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

5. Creditable Service

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

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

6. Vesting

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

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

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting (Continued)

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

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

Distribution is not required by law until age 70½.

7. Calculating the Benefit

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

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

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

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

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

10. Normal Retirement Age

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

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

11. Earliest Unreduced Retirement Eligibility

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

Note 7 - Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

11. Earliest Unreduced Retirement Eligibility

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

12. Earliest Reduced Retirement Eligibility

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

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

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

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

Defined Contribution Component - Not Applicable.

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

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

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

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

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

17. Purchase of Prior Service

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

Defined Contribution Component - Not Applicable.

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 7 - Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 12.74% and 5.44% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,119,759, \$1,058,291, and \$574,294, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$507,206 was equal to the County's required and actual contributions.

Three Year Trend Information - County

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 507,206	100%	\$ -
June 30, 2013	504,676	100%	-
June 30, 2012	326,589	100%	-

(1) Employer portion only

For fiscal year 2014, School Board's annual pension cost of \$41,669 was equal to the School Board's required and actual contributions.

Three Year Trend Information - School Board Non-Professional

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 41,669	100%	-
June 30, 2013	38,151	100%	-
June 30, 2012	11,641	100%	-

(1) Employer portion only

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 7 - Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

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

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 82.01% funded. The actuarial accrued liability for benefits was \$14,248,481, and the actuarial value of assets was \$11,685,589, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,562,892. The covered payroll (annual payroll of active employees covered by the plan) was \$3,881,730 and ratio of the UAAL to the covered payroll was 66.02%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 97.98% funded. The actuarial accrued liability for benefits was \$3,185,382, and the actuarial value of assets was \$3,121,011, resulting in an unfunded actuarial accrued liability (UAAL) of \$64,371. The covered payroll (annual payroll of active employees covered by the plan) was \$759,520 and ratio of the UAAL to the covered payroll was 8.48%.

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 8 - Long-Term Obligations:

Primary Government-Long-term Obligations:

Changes in Long-Term Obligations:

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

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Public Facility Lease Revenue Bond	\$ 10,762,500	-	551,000	\$ 10,211,500	\$ 632,500
Variable Rate Demand Revenue Bond	-	500,000	-	500,000	-
Landfill closure liability	500,757	7,011	29,869	477,899	29,869
State literary fund loan	2,480,000	-	310,000	2,170,000	310,000
Capital leases	404,581	223,500	97,203	530,878	126,991
Net OPEB obligation	75,240	45,000	31,000	89,240	-
Compensated absences	427,371	15,062	-	442,433	44,243
Total governmental activities	<u>\$ 14,650,449</u>	<u>\$ 790,573</u>	<u>\$ 1,019,072</u>	<u>\$ 14,421,950</u>	<u>\$ 1,143,603</u>

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

Year Ending June 30,	State Literary Fund Loan		VACO/VML Public Facility Lease Revenue Bond		VACO/VML Variable Rate Demand Revenue Bond		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 310,000	\$ 65,100	\$ 632,500	\$ 219,547	-	\$ 31,500	\$ 126,991	\$ 12,437
2016	310,000	55,800	646,000	205,949	-	68,833	130,042	9,385
2017	310,000	46,500	660,000	192,060	-	70,000	133,170	6,257
2018	310,000	37,200	674,500	177,870	190,000	65,567	107,278	3,050
2019	310,000	27,900	690,000	163,368	190,000	60,247	33,397	564
2020	310,000	18,600	703,500	148,533	190,000	54,927	-	-
2021	310,000	9,300	719,000	133,408	190,000	49,607	-	-
2022	-	-	734,500	117,949	190,000	44,287	-	-
2023	-	-	750,500	102,157	190,000	38,967	-	-
2024	-	-	766,500	86,022	190,000	33,646	-	-
2025	-	-	783,000	69,542	195,000	28,210	-	-
2026	-	-	800,000	52,707	195,000	22,750	-	-
2027	-	-	817,000	35,507	195,000	17,290	-	-
2028	-	-	834,500	17,942	195,000	11,830	-	-
2029	-	-	-	-	195,000	6,370	-	-
2030	-	-	-	-	195,000	910	-	-
Total	<u>\$ 2,170,000</u>	<u>\$ 260,400</u>	<u>\$ 10,211,500</u>	<u>\$ 1,722,561</u>	<u>\$ 2,500,000</u>	<u>\$ 604,941</u>	<u>\$ 530,878</u>	<u>\$ 31,693</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (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%	\$ 2,170,000	\$ 310,000
<i>VACO/VML Public Facility Lease Revenue Bond:</i>		
\$10,762,500 loan issued January 25, 2013 due in varying installments through November 2027. Interest is payable annually at 2.15%.	\$ 10,211,500	\$ 632,500
<i>VACO/VML Variable Rate Demand Revenue Bond:</i>		
\$2,500,000 loan issued April 3, 2014 due in varying installments through July 2029. Interest is payable annually at the Bank's Prime Rate plus 1.5%. The amount drawn on the loan at June 30, 2014 was \$500,000.	\$ 500,000	\$ -
<i>Capital Leases:</i>		
\$472,794 lease issued October 21, 2011 due in annual installments of principal and interest of \$81,232 through October 2018. Interest is payable at 2.185%. The assets acquired through the capital lease are \$472,794 for emergency operations equipment and had \$141,838 of accumulated depreciation as of June 30, 2014.	\$ 334,435	\$ 72,134
\$223,500 lease issued November 1, 2013 due in annual installments of principal and interest of \$29,098 through November 2017. Interest is payable at 1.83%. The assets acquired through the capital lease are \$223,500 for police vehicles and a public works vehicle and had \$44,048 of accumulated depreciation as of June 30, 2014.	\$ 196,443	\$ 54,857
Total Capital Leases	\$ 530,878	\$ 126,991
Landfill closure liability	\$ 477,899	\$ 29,869
Net OPEB obligation	\$ 89,240	\$ -
Compensated absences	\$ 442,433	\$ 44,243
Total	<u>\$ 14,421,950</u>	<u>\$ 1,143,603</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (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, 2014:

	Balance at July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Compensated absences	\$ 384,994	\$ -	\$ 3,286	\$ 381,708	\$ 38,171
Capital lease	99,901	-	49,950	49,951	49,951
Net OPEB obligation	160,760	105,000	84,000	181,760	-
Total Component Unit	<u>\$ 645,655</u>	<u>\$ 105,000</u>	<u>\$ 137,236</u>	<u>\$ 613,419</u>	<u>\$ 88,122</u>

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

Year Ending June 30,	Capital Lease	
	Principal	Interest
2015	\$ 49,951	\$ -
Total	<u>\$ 49,951</u>	<u>\$ -</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>
<u>Capital Lease:</u>	
\$199,802 capital lease for computers payable in annual principal installments of \$49,950 through August 15, 2014, interest payable at 0.00%. The assets acquired through the capital lease are \$199,802 for computers and had \$79,920 of accumulated depreciation as of June 30, 2013.	\$ <u>49,951</u>
Compensated absences	\$ <u>381,708</u>
Net OPEB obligation	\$ <u>181,760</u>
Total long-term obligations	<u>\$ 613,419</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

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.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 5,348,911	\$ 6,324,070
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>135,687</u>	<u>135,687</u>
Total governmental activities	<u>\$ 5,484,598</u>	<u>\$ 6,459,757</u>

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 11 - Surety Bonds:

	<u>Amount</u>
Virginia Department of Risk Management - Surety	
Stephanie Murray, Treasurer	\$ 400,000
Linda Parrish, Clerk of the Circuit Court	25,000
Gale L. Harris, 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 Local Government Risk Management Plan	
Madison County School Board Public Officials Liability	1,000,000
Madison County Public Officials Liability	250,000

Note 12 - Risk Management:

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

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

Note 13 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste, which occurred in fiscal year 2005, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$477,899 reported as landfill closure and postclosure care liability at June 30, 2014, 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 2014. 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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 14 - Other Postemployment Benefits - Health Insurance:

County:

A. 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 retire with 30 years of service, or at age 62 with 5 years of service are eligible. 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.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. 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.

C. Annual OPEB Cost and Net OPEB Obligation:

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 45,000
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	(3,000)
Annual OPEB cost (expense)	<u>\$ 45,000</u>
Contribution made	31,000
Increase in net OPEB obligation	<u>\$ 14,000</u>
Net OPEB obligation-beginning of year	75,240
Net OPEB obligation-end of year	<u><u>\$ 89,240</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding year is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 39,050	61%	\$ 55,240
June 30, 2013	44,000	55%	75,240
June 30, 2014	45,000	69%	89,240

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 14 - Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	501,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	501,000
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)	\$	3,361,337
UAAL as a percentage of covered payroll		15%

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

E. Actuarial Methods and Assumptions

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

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 14 - Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Interest Assumptions

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012, was thirty years.

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	3.75%

School Board:

A. 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.

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process. The school board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. 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.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 14 - Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$ 105,000
Interest on net OPEB obligation	6,000
Adjustment to annual required contribution	(6,000)
Annual OPEB cost (expense)	<u>\$ 105,000</u>
Contribution made	84,000
Increase in net OPEB obligation	<u>\$ 21,000</u>
Net OPEB obligation-beginning of year	160,760
Net OPEB obligation-end of year	<u><u>\$ 181,760</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 83,950	61%	\$ 118,760
June 30, 2013	102,000	59%	160,760
June 30, 2014	105,000	80%	181,760

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 1,172,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 1,172,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	\$ 11,572,663
UAAL as a percentage of covered payroll	10.13%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 14 - Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

E. Actuarial Methods and Assumptions

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

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.00 percent initially, reduced by decrements to an ultimate rate of 5.00 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012, was thirty years.

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	3.75%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 15 - Other Postemployment Benefits-VRS Health Insurance Credit:

A. Plan Description

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

An employee of the County who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 7.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2014 was .06% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2014, the County's contribution of \$1,328 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost (ARC)</u>	<u>Percentage of ARC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2012	\$ 1,733	100%	\$ -
June 30, 2013	1,328	100%	-
June 30, 2014	1,328	100%	-

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 15 - Other Postemployment Benefits-VRS Health Insurance Credit: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	47,475
Actuarial value of plan assets	\$	50,206
Unfunded actuarial accrued liability	\$	(2,731)
Funded ratio (actuarial value of plan assets / AAL)		105.75%
Covered payroll (active plan members)	\$	1,574,206
UAAL as a percentage of covered payroll		-0.17%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2013 was 30 years.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2014 (Continued)

Note 15 - Other Postemployment Benefits-VRS Health Insurance Credit: (Continued)

F. Professional Employees - Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$106,982, \$106,321, and \$54,434, respectively and equaled the required contributions for each year.

Note 16 - Litigation:

At June 30, 2014 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.

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, 2014

	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:				
General property taxes	\$ 14,415,930	\$ 14,415,930	\$ 14,491,657	\$ 75,727
Other local taxes	2,245,803	2,250,669	2,374,203	123,534
Permits, privilege fees and regulatory licenses	191,360	191,360	242,529	51,169
Fines and forfeitures	160,700	160,700	189,681	28,981
Revenue from use of money and property	72,400	72,400	120,246	47,846
Charges for services	496,092	711,654	630,752	(80,902)
Miscellaneous	33,000	268,758	290,046	21,288
Intergovernmental:				
Commonwealth	4,843,840	5,056,622	5,518,616	461,994
Federal	694,757	694,757	881,613	186,856
Total revenues	\$ 23,153,882	\$ 23,822,850	\$ 24,739,343	\$ 916,493
Expenditures:				
Current:				
General government administration	\$ 1,218,114	\$ 1,308,322	\$ 1,219,249	\$ 89,073
Judicial administration	815,019	903,362	865,373	37,989
Public safety	5,250,463	5,586,374	5,634,475	(48,101)
Public works	1,077,655	1,253,167	999,430	253,737
Health and welfare	3,818,564	4,058,564	4,731,099	(672,535)
Education	7,979,858	8,329,370	8,129,982	199,388
Parks, recreation, and cultural	232,732	523,419	435,199	88,220
Community development	484,215	548,270	508,977	39,293
Nondepartmental	898,227	290,516	36,702	253,814
Debt service:				
Principal retirement	1,091,146	978,126	958,203	19,923
Interest and other fiscal charges	262,889	266,730	274,563	(7,833)
Total expenditures	\$ 23,128,882	\$ 24,046,220	\$ 23,793,252	\$ 252,968
Excess (deficiency) of revenues over (under) expenditures	\$ 25,000	\$ (223,370)	\$ 946,091	\$ 1,169,461
Other Financing Sources (uses):				
Issuance of long-term debt	\$ -	\$ -	\$ 500,000	\$ 500,000
Issuance of capital lease	-	-	223,500	223,500
Transfers (out)	(250,000)	(250,000)	-	250,000
Total other financing sources (uses)	\$ (250,000)	\$ (250,000)	\$ 723,500	\$ 973,500
Net change in fund balances	\$ (225,000)	\$ (473,370)	\$ 1,669,591	\$ 2,142,961
Fund balances at beginning of year	225,000	473,370	8,706,297	8,232,927
Fund balances at end of year	\$ -	\$ -	\$ 10,375,888	\$ 10,375,888

Schedule of Pension and OPEB Funding Progress
Last Three Fiscal Years

Virginia Retirement System

County:

Actuarial Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2013	\$ 11,685,589	\$ 14,248,481	2,562,892	82.01%	\$ 3,881,730	66.02%
6/30/2012	11,045,358	14,024,817	2,979,459	78.76%	3,588,907	83.02%
6/30/2011	10,922,889	13,419,028	2,496,139	81.40%	3,524,966	70.81%

School Board Non-Professional:

Actuarial Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2013	\$ 3,121,011	\$ 3,185,382	64,371	97.98%	\$ 759,520	8.48%
6/30/2012	3,024,836	3,186,593	161,757	94.92%	641,049	25.23%
6/30/2011	3,063,799	3,126,624	62,825	97.99%	666,654	9.42%

County VRS Health Insurance Credit:

Actuarial Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/13	\$ 50,206	\$ 47,475	(2,731)	105.75%	\$ 1,574,206	-0.17%
6/30/12	46,151	44,926	(1,225)	102.73%	1,439,270	-0.09%
6/30/11	47,334	40,580	(6,754)	116.64%	1,454,745	-0.46%

Other Post Employment Benefits

County

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/12	\$ -	\$ 501,000	501,000	0.00%	\$ 3,361,337	14.90%
7/1/10	-	461,000	461,000	0.00%	3,836,000	12.02%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2012	\$ -	\$ 1,172,000	1,172,000	0.00%	\$ 11,572,663	10.13%
7/1/2010	-	794,000	794,000	0.00%	7,176,000	11.06%

Other Supplementary Information

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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
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental:				-
School Board contribution to primary government	\$ -	\$ 608,482	\$ 4,601,477	\$ 3,992,995
Total revenues	\$ -	\$ 608,482	\$ 4,601,477	\$ 3,992,995
EXPENDITURES				
Education	\$ -	\$ 973,046	\$ 4,635,615	\$ (3,662,569)
Capital projects	\$ 6,000,000	\$ 6,678,482	\$ 4,663,682	\$ 2,014,800
Total expenditures	\$ 6,000,000	\$ 7,651,528	\$ 9,299,297	\$ (1,647,769)
Excess (deficiency) of revenues over (under) expenditures	\$ (6,000,000)	\$ (7,043,046)	\$ (4,697,820)	\$ 2,345,226
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	\$ 6,000,000	\$ 6,000,000	\$ -	\$ (6,000,000)
Total other financing sources (uses)	\$ 6,000,000	\$ 6,000,000	\$ -	\$ (6,000,000)
Net change in fund balances	\$ -	\$ (1,043,046)	\$ (4,697,820)	\$ (3,654,774)
Fund balances at beginning of year	-	1,043,046	10,076,131	9,033,085
Fund balances at end of year	\$ -	\$ -	\$ 5,378,311	\$ 5,378,311

Agency Funds
 Schedule of Changes in Assets and Liabilities
 Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 31,434	\$ 27,546	\$ 24,130	\$ 34,850
Accounts receivable	<u>290</u>	<u>-</u>	<u>290</u>	<u>-</u>
Total assets	<u>\$ 31,724</u>	<u>\$ 27,546</u>	<u>\$ 24,420</u>	<u>\$ 34,850</u>
Liabilities:				
Amounts held for others	<u>\$ 31,724</u>	<u>\$ 27,546</u>	<u>\$ 24,420</u>	<u>\$ 34,850</u>
Total liabilities	<u>\$ 31,724</u>	<u>\$ 27,546</u>	<u>\$ 24,420</u>	<u>\$ 34,850</u>

Combining Balance Sheet - Discretely Presented Component Unit - School Board
 At June 30, 2014

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,795,442	\$ 389,271	\$ 34,149	\$ 40,912	\$ 2,259,774
Accounts receivable	38,254	651	-	-	38,905
Due from other governmental units	586,741	20,844	-	-	607,585
Due from Primary Government	-	-	3,162,975	-	3,162,975
Inventory	-	33,817	-	-	33,817
Total assets	<u>\$ 2,420,437</u>	<u>\$ 444,583</u>	<u>\$ 3,197,124</u>	<u>\$ 40,912</u>	<u>\$ 6,103,056</u>
LIABILITIES					
Accounts payable	\$ 239,605	\$ 11,726	\$ 3,197,112	\$ -	\$ 3,448,443
Accrued liabilities	1,794,442	59,215	-	-	1,853,657
Due to Primary Government	385,390	-	-	-	385,390
Total liabilities	<u>\$ 2,419,437</u>	<u>\$ 70,941</u>	<u>\$ 3,197,112</u>	<u>\$ -</u>	<u>\$ 5,687,490</u>
FUND BALANCES					
Nonspendable	\$ -	\$ 33,817	\$ -	\$ -	\$ 33,817
Restricted	-	-	-	40,912	40,912
Committed	1,000	339,825	12	-	340,837
Total fund balances	<u>\$ 1,000</u>	<u>\$ 373,642</u>	<u>\$ 12</u>	<u>\$ 40,912</u>	<u>\$ 415,566</u>
Total liabilities and fund balances	<u>\$ 2,420,437</u>	<u>\$ 444,583</u>	<u>\$ 3,197,124</u>	<u>\$ 40,912</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.

6,026,241

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.

(613,419)

Net position of General Government Activities

\$ 5,828,388

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2014

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	Total
Revenues:					
Revenue from use of money and property	\$ 32,245	\$ -	\$ 11	\$ 14	\$ 32,270
Charges for services	4,300	333,083	-	-	337,383
Miscellaneous	229,415	-	-	-	229,415
Intergovernmental:					
County contribution to School Board	8,126,548	-	4,635,615	-	12,762,163
Commonwealth	8,966,837	23,916	-	-	8,990,753
Federal	924,397	479,622	-	-	1,404,019
Total revenues	<u>\$ 18,283,742</u>	<u>\$ 836,621</u>	<u>\$ 4,635,626</u>	<u>\$ 14</u>	<u>\$ 23,756,003</u>
Expenditures:					
Current:					
Education	\$ 18,233,792	\$ 807,204	\$ -	\$ -	\$ 19,040,996
Capital projects	-	-	4,601,477	-	4,601,477
Debt service:					
Principal	49,950	-	-	-	49,950
Total expenditures	<u>\$ 18,283,742</u>	<u>\$ 807,204</u>	<u>\$ 4,601,477</u>	<u>\$ -</u>	<u>\$ 23,692,423</u>
Changes in fund balances	\$ -	\$ 29,417	\$ 34,149	\$ 14	\$ 63,580
Fund balances at beginning of year	1,000	344,225	(34,137)	40,898	351,986
Fund balances at end of year	<u>\$ 1,000</u>	<u>\$ 373,642</u>	<u>\$ 12</u>	<u>\$ 40,912</u>	<u>\$ 415,566</u>

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, 2014

		Component Unit
		School Board

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

Net change in fund balances - total governmental funds	\$	63,580
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period computed as follows:

Capital additions	\$	558,932	
Depreciation expense		(519,880)	39,052

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 capital lease		49,950
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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		3,286	
Change in net OPEB obligation		(21,000)	(17,714)

Transfer of joint tenancy assets from Primary Government to the Component Unit		209,250
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Change in net position of governmental activities	\$	344,118
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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, 2014

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 33,670	\$ 33,670	\$ 32,245	\$ (1,425)
Charges for services	2,100	2,100	4,300	2,200
Miscellaneous	558,712	558,712	229,415	(329,297)
Intergovernmental:				
County contribution to School Board	7,976,424	8,325,936	8,126,548	(199,388)
Commonwealth	8,944,626	8,944,626	8,966,837	22,211
Federal	913,673	913,673	924,397	10,724
Total revenues	<u>\$ 18,429,205</u>	<u>\$ 18,778,717</u>	<u>\$ 18,283,742</u>	<u>\$ (494,975)</u>
Expenditures:				
Current:				
Education	\$ 18,379,255	\$ 18,728,767	\$ 18,233,792	\$ 494,975
Capital projects	-	-	-	-
Debt service:				
Principal	49,950	49,950	49,950	-
Total expenditures	<u>\$ 18,429,205</u>	<u>\$ 18,778,717</u>	<u>\$ 18,283,742</u>	<u>\$ 494,975</u>
Changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	1,000	1,000
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 11
331,711	331,711	333,083	1,372	-	-	-	-
10,000	10,000	-	(10,000)	-	-	-	-
-	-	-	-	-	-	4,635,615	4,635,615
28,000	28,000	23,916	(4,084)	-	-	-	-
350,000	350,000	479,622	129,622	-	-	-	-
<u>\$ 719,711</u>	<u>\$ 719,711</u>	<u>\$ 836,621</u>	<u>\$ 116,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,635,626</u>	<u>\$ 4,635,626</u>
\$ 719,711	\$ 719,711	\$ 807,204	\$ (87,493)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	608,482	4,601,477	(3,992,995)
-	-	-	-	-	-	-	-
<u>\$ 719,711</u>	<u>\$ 719,711</u>	<u>\$ 807,204</u>	<u>\$ (87,493)</u>	<u>\$ -</u>	<u>\$ 608,482</u>	<u>\$ 4,601,477</u>	<u>\$ (3,992,995)</u>
\$ -	\$ -	\$ 29,417	\$ 29,417	\$ -	\$ (608,482)	\$ 34,149	\$ 642,631
-	-	344,225	344,225	-	608,482	(34,137)	(642,619)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,642</u>	<u>\$ 373,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 As of June 30, 2014

	School Lottery Fund	School Textbook Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,892	\$ 39,020	\$ 40,912
Total assets	<u>\$ 1,892</u>	<u>\$ 39,020</u>	<u>\$ 40,912</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ 1,892	\$ 39,020	\$ 40,912
Total fund balances	<u>\$ 1,892</u>	<u>\$ 39,020</u>	<u>\$ 40,912</u>
Total liabilities and fund balances	<u>\$ 1,892</u>	<u>\$ 39,020</u>	<u>\$ 40,912</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, 2014

	<u>School Lottery Fund</u>	<u>School Textbook Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 1	\$ 13	\$ 14
Total revenues	<u>\$ 1</u>	<u>\$ 13</u>	<u>\$ 14</u>
EXPENDITURES			
Current:			
Education	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1</u>	<u>\$ 13</u>	<u>\$ 14</u>
Net change in fund balances	\$ 1	\$ 13	\$ 14
Fund balances - beginning	1,891	39,007	40,898
Fund balances - ending	<u><u>\$ 1,892</u></u>	<u><u>\$ 39,020</u></u>	<u><u>\$ 40,912</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, 2014

	School Lottery Fund				School Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 13	\$ 13
Total revenues	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 13	\$ 13
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 13	\$ 13
Net change in fund balances	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 13	\$ 13
Fund balances - beginning	-	-	1,891	1,891	-	-	39,007	39,007
Fund balances - ending	\$ -	\$ -	\$ 1,892	\$ 1,892	\$ -	\$ -	\$ 39,020	\$ 39,020

Statement of Fiduciary Net Position - Fiduciary Fund
 Discretely Presented Component Unit - School Board
 At June 30, 2014

	Scholarship Private- Purpose Trust Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u>94,357</u>
Total assets	\$ <u><u>94,357</u></u>
NET POSITION	
Held in trust for scholarships	\$ <u>94,357</u>
Total net position	\$ <u>94,357</u>
Total liabilities and net position	\$ <u><u>94,357</u></u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2014

	Scholarship Private- Purpose Trust Fund
	<u> </u>
Additions:	
Interest income	\$ <u>5,541</u>
Total additions	\$ <u>5,541</u>
Deductions:	
Scholarships awarded	\$ <u>6,311</u>
Total deductions	\$ <u>6,311</u>
Change in net position	\$ (770)
Net position - beginning of year	<u>95,127</u>
Net position - end of year	<u><u>\$ 94,357</u></u>

Supporting Schedules

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

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	\$ 10,680,667	\$ 10,680,667	\$ 10,706,217	\$ 25,550
Real and personal public service corporation property taxes	252,908	252,908	300,200	47,292
Personal property taxes	2,959,206	2,959,206	2,877,162	(82,044)
Mobile home taxes	7,105	7,105	6,906	(199)
Machinery and tools taxes	58,603	58,603	64,544	5,941
Merchants capital taxes	203,536	203,536	179,023	(24,513)
Penalties	150,590	150,590	195,965	45,375
Interest	73,315	73,315	102,192	28,877
Tax collection fee	30,000	30,000	59,448	29,448
Total general property taxes	<u>\$ 14,415,930</u>	<u>\$ 14,415,930</u>	<u>\$ 14,491,657</u>	<u>\$ 75,727</u>
Other local taxes:				
Local sales and use taxes	\$ 825,000	\$ 825,000	\$ 865,583	\$ 40,583
Consumers' utility taxes	320,000	320,000	322,800	2,800
Local consumption tax	40,000	40,000	42,035	2,035
Restaurant food taxes	318,250	318,250	351,835	33,585
Transient occupancy taxes	90,000	94,866	125,400	30,534
Gross receipts taxes	22,600	22,600	20,780	(1,820)
Bank stock taxes	89,500	89,500	83,399	(6,101)
Motor vehicle licenses	418,400	418,400	425,198	6,798
Taxes on recordation and wills	122,053	122,053	137,173	15,120
Total other local taxes	<u>\$ 2,245,803</u>	<u>\$ 2,250,669</u>	<u>\$ 2,374,203</u>	<u>\$ 123,534</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 10,485	\$ 10,485	\$ 10,000	\$ (485)
Building and related permits	156,325	156,325	198,191	41,866
Land transfer fees	400	400	488	88
Land use application fees	24,150	24,150	33,850	9,700
Total permits, privilege fees and regulatory licenses	<u>\$ 191,360</u>	<u>\$ 191,360</u>	<u>\$ 242,529</u>	<u>\$ 51,169</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 160,700	\$ 160,700	\$ 189,681	\$ 28,981
Total fines and forfeitures	<u>\$ 160,700</u>	<u>\$ 160,700</u>	<u>\$ 189,681</u>	<u>\$ 28,981</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 21,200	\$ 21,200	\$ 53,254	\$ 32,054
Revenue from use of property	51,200	51,200	66,992	15,792
Total revenue from use of money and property	<u>\$ 72,400</u>	<u>\$ 72,400</u>	<u>\$ 120,246</u>	<u>\$ 47,846</u>

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2014 (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	\$ 343	\$ 343	\$ 344	\$ 1
Commonwealth attorney fees	600	600	1,198	598
Courthouse maintenance fees	7,575	7,575	8,263	688
Courtroom security fees	36,974	36,974	39,212	2,238
Other charges for services	13,900	13,900	14,526	626
Ambulance transportation fees	300,000	300,000	316,828	16,828
Waste collection and disposal charges	120,700	120,700	107,418	(13,282)
Recreation fees	16,000	231,562	142,963	(88,599)
Total charges for services	<u>\$ 496,092</u>	<u>\$ 711,654</u>	<u>\$ 630,752</u>	<u>\$ (80,902)</u>
Miscellaneous revenue:				
Expenditure refunds	\$ 32,500	\$ 198,826	\$ 165,967	\$ (32,859)
CSA	-	-	28,492	28,492
Miscellaneous	500	69,932	95,587	25,655
Total miscellaneous revenue	<u>\$ 33,000</u>	<u>\$ 268,758</u>	<u>\$ 290,046</u>	<u>\$ 21,288</u>
Total revenue from local sources	<u>\$ 17,615,285</u>	<u>\$ 18,071,471</u>	<u>\$ 18,339,114</u>	<u>\$ 267,643</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rental tax - DMV	\$ 500	\$ 500	\$ 1,514	\$ 1,014
Mobile home titling taxes	1,500	1,500	5,656	4,156
PPTRA	1,029,052	1,029,052	1,029,053	1
Communication taxes	590,000	590,000	584,274	(5,726)
Motor vehicle carrier's tax	600	600	597	(3)
Recordation tax	37,650	37,650	43,384	5,734
Total noncategorical aid	<u>\$ 1,659,302</u>	<u>\$ 1,659,302</u>	<u>\$ 1,664,478</u>	<u>\$ 5,176</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 164,006	\$ 164,006	\$ 163,315	\$ (691)
Sheriff	693,571	693,571	694,193	622
Commissioner of the Revenue	74,162	74,162	74,504	342
Treasurer	80,188	80,188	84,599	4,411
Registrar/electoral board	34,235	34,235	36,689	2,454
Clerk of the Circuit Court	192,110	216,103	205,411	(10,692)
Total shared expenses	<u>\$ 1,238,272</u>	<u>\$ 1,262,265</u>	<u>\$ 1,258,711</u>	<u>\$ (3,554)</u>

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2014 (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	\$ 35,000	\$ 45,115	\$ 39,280	\$ (5,835)
Litter Control	7,875	7,875	7,426	(449)
Four for life	15,000	28,981	13,981	(15,000)
Domestic Violence	39,991	39,991	-	(39,991)
LOD Insurance	16,040	28,667	16,605	(12,062)
Victim witness	20,040	20,040	-	(20,040)
Department of Juvenile Justice	4,940	8,232	6,585	(1,647)
E-911	35,000	35,720	41,570	5,850
Comprehensive Services Act	1,239,966	1,239,966	1,826,904	586,938
Sanitation improvement	-	93,126	23,352	(69,774)
Sheriff -asset forfeiture	-	-	4,270	4,270
Public assistance and welfare	532,414	532,414	531,393	(1,021)
Other state grants	-	54,928	84,061	29,133
Total other categorical aid	<u>\$ 1,946,266</u>	<u>\$ 2,135,055</u>	<u>\$ 2,595,427</u>	<u>\$ 460,372</u>
Total categorical aid	<u>\$ 3,184,538</u>	<u>\$ 3,397,320</u>	<u>\$ 3,854,138</u>	<u>\$ 456,818</u>
Total revenue from the Commonwealth	<u>\$ 4,843,840</u>	<u>\$ 5,056,622</u>	<u>\$ 5,518,616</u>	<u>\$ 461,994</u>
Revenue from the Federal Government:				
Payments in lieu of taxes	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 85,342</u>	<u>\$ 5,342</u>
Categorical aid:				
Public assistance and welfare	\$ 614,757	\$ 614,757	\$ 727,732	\$ 112,975
Asset forfeiture	-	-	32,848	32,848
Homeland security grant	-	-	24,492	24,492
Ground Safety Transportation	-	-	11,199	11,199
Total categorical aid	<u>\$ 614,757</u>	<u>\$ 614,757</u>	<u>\$ 796,271</u>	<u>\$ 181,514</u>
Total revenue from the Federal Government	<u>\$ 694,757</u>	<u>\$ 694,757</u>	<u>\$ 881,613</u>	<u>\$ 186,856</u>
Total General Fund	<u>\$ 23,153,882</u>	<u>\$ 23,822,850</u>	<u>\$ 24,739,343</u>	<u>\$ 916,493</u>
Capital Improvement Fund:				
Revenue from local sources:				
Intergovernmental:				
School Board contribution to Primary Government	<u>\$ -</u>	<u>\$ 608,482</u>	<u>\$ 4,601,477</u>	<u>\$ 3,992,995</u>
Total Capital Improvement Fund	<u>\$ -</u>	<u>\$ 608,482</u>	<u>\$ 4,601,477</u>	<u>\$ 3,992,995</u>

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2014 (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	\$ 33,670	\$ 33,670	\$ 32,245	\$ (1,425)
Charges for services:				
Charges for education	\$ 2,100	\$ 2,100	\$ 4,300	\$ 2,200
Total charges for services	\$ 2,100	\$ 2,100	\$ 4,300	\$ 2,200
Miscellaneous revenue:				
Rebates and refunds	\$ 197,700	\$ 197,700	\$ 187,770	\$ (9,930)
Miscellaneous	361,012	361,012	41,645	(319,367)
Total miscellaneous revenue	558,712	558,712	229,415	(329,297)
Total revenue from local sources	\$ 594,482	\$ 594,482	\$ 265,960	\$ (328,522)
Intergovernmental:				
County contribution to School Board	\$ 7,976,424	\$ 8,325,936	\$ 8,126,548	\$ (199,388)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,044,657	\$ 2,044,657	\$ 1,989,143	\$ (55,514)
Basic school aid	4,348,904	4,348,904	4,346,796	(2,108)
Special ed SOQ	629,498	629,498	625,377	(4,121)
Vocational SOQ	146,115	146,115	145,159	(956)
Technology	206,000	206,000	280,000	74,000
Primary class size	164,253	164,253	163,965	(288)
Fringe benefits	749,592	749,592	813,422	63,830
Other state funds	655,607	655,607	602,975	(52,632)
Total categorical aid	\$ 8,944,626	\$ 8,944,626	\$ 8,966,837	\$ 22,211
Total revenue from the Commonwealth	\$ 8,944,626	\$ 8,944,626	\$ 8,966,837	\$ 22,211
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 328,326	\$ 328,326	\$ 296,451	\$ (31,875)
Title III	1,149	1,149	-	(1,149)
Title VI - B Special Education	467,591	467,591	507,786	40,195
Education technology	3,369	3,369	585	(2,784)
Vocational education	30,551	30,551	22,782	(7,769)
Preschool	-	-	10,797	10,797
Title II	82,687	82,687	85,996	3,309
Total categorical aid	\$ 913,673	\$ 913,673	\$ 924,397	\$ 10,724
Total revenue from the federal government	\$ 913,673	\$ 913,673	\$ 924,397	\$ 10,724
Total School Operating Fund	\$ 18,429,205	\$ 18,778,717	\$ 18,283,742	\$ (494,975)

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2014 (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	\$ 331,711	\$ 331,711	\$ 333,083	\$ 1,372
Total charges for services	<u>\$ 331,711</u>	<u>\$ 331,711</u>	<u>\$ 333,083</u>	<u>\$ 1,372</u>
Miscellaneous revenue:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenue from local sources	<u>\$ 341,711</u>	<u>\$ 341,711</u>	<u>\$ 333,083</u>	<u>\$ (8,628)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food grant	\$ 28,000	\$ 28,000	\$ 23,916	\$ (4,084)
Revenue from the federal government:				
Categorical aid:				
School food grant	\$ 350,000	\$ 350,000	\$ 479,622	\$ 129,622
Total School Cafeteria Fund	<u>\$ 719,711</u>	<u>\$ 719,711</u>	<u>\$ 836,621</u>	<u>\$ 116,910</u>
School Lottery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1	\$ 1
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Total School Lottery Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
School Capital Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 11	\$ 11
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>
Intergovernmental:				
County contribution to School Board	\$ -	\$ -	\$ 4,635,615	\$ 4,635,615
Total School Capital Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,635,626</u>	<u>\$ 4,635,626</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 School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>
Total Revenues --Discretely Presented Component Unit -- School Board	<u>\$ 19,148,916</u>	<u>\$ 19,498,428</u>	<u>\$ 23,756,003</u>	<u>\$ 4,257,575</u>

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

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	\$ 58,819	\$ 61,040	\$ 60,989	\$ 51
General and financial administration:				
County administrator	\$ 222,153	\$ 222,563	\$ 209,169	\$ 13,394
Legal services	60,000	60,000	55,635	4,365
Independent Auditor	52,595	60,095	57,638	2,457
Commissioner of the revenue	201,427	201,427	193,285	8,142
Personal property	7,716	7,716	7,594	122
Data Processing	84,733	164,810	149,465	15,345
Land use	1,475	1,475	1,200	275
Assessor	4,425	4,425	3,220	1,205
Board of Equalization	-	-	-	-
Finance Department	163,390	163,390	156,493	6,897
Treasurer	245,328	245,328	229,630	15,698
Total general and financial administration	\$ 1,043,242	\$ 1,131,229	\$ 1,063,329	\$ 67,900
Board of Elections:				
Electoral board and officials	\$ 34,500	\$ 34,524	\$ 21,743	\$ 12,781
Registrar	81,553	81,529	73,188	8,341
Total board of elections	\$ 116,053	\$ 116,053	\$ 94,931	\$ 21,122
Total general government administration	\$ 1,218,114	\$ 1,308,322	\$ 1,219,249	\$ 89,073
Judicial administration:				
Courts:				
Circuit court	\$ 23,705	\$ 42,422	\$ 42,422	\$ -
Combined court	12,050	12,050	9,597	2,453
Clerk of the circuit court	285,055	319,681	299,884	19,797
Sheriff - court security	154,315	154,315	153,582	733
Magistrates	500	500	-	500
Rappahannock legal services	2,000	2,000	2,000	-
Victim witness program	23,291	23,291	23,078	213
Commissioner of accounts	920	920	720	200
Total courts	\$ 501,836	\$ 555,179	\$ 531,283	\$ 23,896
Commonwealth's attorney:				
Commonwealth's attorney	\$ 313,183	\$ 348,183	\$ 334,090	\$ 14,093
Total judicial administration	\$ 815,019	\$ 903,362	\$ 865,373	\$ 37,989

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014 (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	\$ 1,858,732	\$ 2,040,224	\$ 2,191,522	\$ (151,298)
Public safety	69,295	69,355	61,859	7,496
E-911 system	568,110	576,681	576,681	-
Total law enforcement and traffic control	<u>\$ 2,496,137</u>	<u>\$ 2,686,260</u>	<u>\$ 2,830,062</u>	<u>\$ (143,802)</u>
Fire and rescue services:				
Volunteer fire department	\$ 122,000	\$ 132,115	\$ 132,115	-
Ambulance and rescue service	265,000	292,997	277,997	15,000
Emergency medical services	1,070,146	1,108,943	1,092,335	16,608
EMS Council	7,743	7,743	7,743	-
Total fire and rescue services	<u>\$ 1,464,889</u>	<u>\$ 1,541,798</u>	<u>\$ 1,510,190</u>	<u>\$ 31,608</u>
Correction and detention:				
Confinement of prisoners	\$ 2,300	\$ 2,300	\$ 113	\$ 2,187
Regional jail	649,230	649,230	648,476	754
Jefferson area community corrections	6,234	6,234	6,234	-
Juvenile detention	71,846	75,138	67,455	7,683
Probation office	20,679	22,093	20,695	1,398
Total correction and detention	<u>\$ 750,289</u>	<u>\$ 754,995</u>	<u>\$ 742,973</u>	<u>\$ 12,022</u>
Inspections:				
Building	\$ 248,279	\$ 249,852	\$ 237,460	\$ 12,392
Total inspections	<u>\$ 248,279</u>	<u>\$ 249,852</u>	<u>\$ 237,460</u>	<u>\$ 12,392</u>
Other protection:				
Animal control and shelter facility	\$ 232,876	\$ 280,895	\$ 257,589	\$ 23,306
Line of Duty Act	53,893	68,474	52,481	15,993
Services to abused families	3,500	3,500	3,500	-
Medical examiner (coroner)	600	600	220	380
Total other protection	<u>\$ 290,869</u>	<u>\$ 353,469</u>	<u>\$ 313,790</u>	<u>\$ 39,679</u>
Total public safety	<u>\$ 5,250,463</u>	<u>\$ 5,586,374</u>	<u>\$ 5,634,475</u>	<u>\$ (48,101)</u>
Public works:				
Maintenance of highways, streets, bridges:				
Road construction	\$ -	\$ 118,500	\$ (7,091)	\$ 125,591
Total Maintenance of highways, streets, bridges	<u>\$ -</u>	<u>\$ 118,500</u>	<u>\$ (7,091)</u>	<u>\$ 125,591</u>
Sanitation and waste removal:				
County landfill	\$ 542,433	\$ 599,853	\$ 548,438	\$ 51,415
Total sanitation and waste removal	<u>\$ 542,433</u>	<u>\$ 599,853</u>	<u>\$ 548,438</u>	<u>\$ 51,415</u>
Maintenance of general buildings and grounds:				
General properties	\$ 535,222	\$ 534,814	\$ 458,083	\$ 76,731
Total maintenance of general buildings and grounds	<u>\$ 535,222</u>	<u>\$ 534,814</u>	<u>\$ 458,083</u>	<u>\$ 76,731</u>
Total public works	<u>\$ 1,077,655</u>	<u>\$ 1,253,167</u>	<u>\$ 999,430</u>	<u>\$ 253,737</u>

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014 (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	\$ 148,436	\$ 148,436	\$ 148,436	\$ -
Total health	\$ 148,436	\$ 148,436	\$ 148,436	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 75,723	\$ 75,723	\$ 75,723	\$ -
Total mental health and mental retardation	\$ 75,723	\$ 75,723	\$ 75,723	\$ -
Welfare:				
Administration	\$ 1,584,405	\$ 1,584,405	\$ 1,587,876	\$ (3,471)
Hospice of the Rapidan	4,000	4,000	4,000	-
Madison free clinic	2,500	2,500	2,500	-
Rapp-Rapidan medical reserve corporation	1,000	1,000	1,000	-
Piedmont regional dental clinic	2,500	2,500	2,500	-
CSA - at risk youth	2,000,000	2,240,000	2,909,064	(669,064)
Total welfare	\$ 3,594,405	\$ 3,834,405	\$ 4,506,940	\$ (672,535)
Total health and welfare	\$ 3,818,564	\$ 4,058,564	\$ 4,731,099	\$ (672,535)
Education:				
Contributions to community colleges	\$ 3,434	\$ 3,434	\$ 3,434	\$ -
Contributions to component unit school board	7,976,424	8,325,936	8,126,548	199,388
Total education	\$ 7,979,858	\$ 8,329,370	\$ 8,129,982	\$ 199,388
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 126,429	\$ 405,116	\$ 316,896	\$ 88,220
Total parks and recreation	\$ 126,429	\$ 405,116	\$ 316,896	\$ 88,220
Cultural enrichment:				
Public TV	\$ 550	\$ 550	\$ 550	-
Boys and girls club	500	500	500	-
Senior center	525	525	525	-
MESA	-	12,000	12,000	-
Madison county fair	1,500	1,500	1,500	-
Total cultural enrichment	\$ 3,075	\$ 15,075	\$ 15,075	-
Library:				
County library	\$ 103,228	\$ 103,228	\$ 103,228	-
Total parks, recreation and cultural	\$ 232,732	\$ 523,419	\$ 435,199	\$ 88,220

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014 (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	\$ 17,645	\$ 17,645	\$ 7,789	\$ 9,856
Zoning and planning	135,099	135,099	130,815	4,284
Rapidan Better Housing Corp.	7,000	7,000	7,000	-
Aging together	9,250	9,250	9,250	-
Board of zoning appeals	5,440	5,440	3,191	2,249
Board of building code appeals	700	700	150	550
Tourism	50,000	55,016	54,836	180
Planning district commission	11,210	12,446	11,209	1,237
Chamber of commerce	63,909	63,909	63,909	-
Geographic information system	23,407	25,882	17,251	8,631
Piedmont workforce network	500	500	500	-
Madison habitat for humanity	500	500	500	-
Skyline CAP	28,000	28,000	28,000	-
Total planning and community development	<u>\$ 352,660</u>	<u>\$ 361,387</u>	<u>\$ 334,400</u>	<u>\$ 26,987</u>
Environmental management:				
Soil and water conservation district	\$ 34,397	\$ 34,397	\$ 34,397	-
Forestry service	6,000	6,000	5,984	16
Water quality management	1,000	56,328	51,273	5,055
Total environmental management	<u>\$ 41,397</u>	<u>\$ 96,725</u>	<u>\$ 91,654</u>	<u>\$ 5,071</u>
Cooperative extension program:				
VPI extension	\$ 89,408	\$ 89,408	\$ 82,173	\$ 7,235
Northern VA 4-H center	750	750	750	-
Total cooperative extension program	<u>\$ 90,158</u>	<u>\$ 90,158</u>	<u>\$ 82,923</u>	<u>\$ 7,235</u>
Total community development	<u>\$ 484,215</u>	<u>\$ 548,270</u>	<u>\$ 508,977</u>	<u>\$ 39,293</u>
Nondepartmental:				
Miscellaneous	\$ 898,227	\$ 290,516	\$ 36,702	\$ 253,814
Total nondepartmental	<u>\$ 898,227</u>	<u>\$ 290,516</u>	<u>\$ 36,702</u>	<u>\$ 253,814</u>
Debt service:				
Principal retirement	\$ 1,091,146	\$ 978,126	\$ 958,203	\$ 19,923
Interest and fiscal charges	262,889	266,730	274,563	(7,833)
Total debt service	<u>\$ 1,354,035</u>	<u>\$ 1,244,856</u>	<u>\$ 1,232,766</u>	<u>\$ 12,090</u>
Total General Fund	<u>\$ 23,128,882</u>	<u>\$ 24,046,220</u>	<u>\$ 23,793,252</u>	<u>\$ 252,968</u>

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
Capital Improvement Fund:				
Education:				
Contributions to component unit school board	\$ -	\$ 973,046	\$ 4,635,615	\$ (3,662,569)
Capital Projects:				
Miscellaneous projects	\$ 6,000,000	\$ 6,070,000	\$ 62,205	\$ 6,007,795
School capital projects	-	608,482	4,601,477	(3,992,995)
Total capital projects	<u>\$ 6,000,000</u>	<u>\$ 6,678,482</u>	<u>\$ 4,663,682</u>	<u>\$ 2,014,800</u>
Total Capital Improvements Fund	<u>\$ 6,000,000</u>	<u>\$ 7,651,528</u>	<u>\$ 9,299,297</u>	<u>\$ (1,647,769)</u>
Total Expenditures--Primary Government	<u>\$ 29,128,882</u>	<u>\$ 31,697,748</u>	<u>\$ 33,092,549</u>	<u>\$ (1,394,801)</u>
Discretely Presented Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 13,356,242	\$ 13,680,754	\$ 13,384,935	\$ 295,819
Administration, attendance and health	884,865	884,865	883,540	1,325
Pupil transportation services	1,638,382	1,638,382	1,578,934	59,448
Operation and maintenance services	1,967,478	1,967,478	1,829,183	138,295
Technology	532,288	557,288	557,200	88
Total education	<u>\$ 18,379,255</u>	<u>\$ 18,728,767</u>	<u>\$ 18,233,792</u>	<u>\$ 494,975</u>
Debt service:				
Principal retirement	\$ 49,950	\$ 49,950	\$ 49,950	-
Total debt service	<u>\$ 49,950</u>	<u>\$ 49,950</u>	<u>\$ 49,950</u>	<u>-</u>
Total School Operating Fund	<u>\$ 18,429,205</u>	<u>\$ 18,778,717</u>	<u>\$ 18,283,742</u>	<u>\$ 494,975</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food program	\$ 719,711	\$ 719,711	\$ 807,204	\$ (87,493)
School Capital Fund:				
Capital Projects:				
Contribution to Primary Government	\$ -	\$ 608,482	\$ 4,601,477	\$ (3,992,995)
Total capital projects	<u>\$ -</u>	<u>\$ 608,482</u>	<u>\$ 4,601,477</u>	<u>\$ (3,992,995)</u>
Total School Capital Fund	<u>\$ -</u>	<u>\$ 608,482</u>	<u>\$ 4,601,477</u>	<u>\$ (3,992,995)</u>
Total Expenditures--Discretely Presented Component Unit-- School Board	<u>\$ 19,148,916</u>	<u>\$ 20,106,910</u>	<u>\$ 23,692,423</u>	<u>\$ (3,585,513)</u>

Statistical Information

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COUNTY OF MADISON, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General			Public Safety	Public Works	Health and Welfare	Education	Parks and Cultural	Community Development	Interest on Debt	Total
	Government Administration	Judicial Administration									
2004-05	\$ 885,213	\$ 480,576	\$ 3,130,935	\$ 1,316,008	\$ 1,392,766	\$ 6,218,856	\$ 370,662	\$ 986,286	\$ 293,510	\$ 15,074,812	
2005-06	949,045	543,889	3,628,091	1,183,355	1,680,276	6,908,934	425,737	410,815	258,137	15,988,279	
2006-07	1,167,738	581,515	4,014,589	1,382,984	2,290,794	7,206,592	307,191	1,172,189	234,594	18,358,186	
2007-08	1,159,581	611,026	4,311,119	1,553,922	2,513,784	7,656,901	283,031	732,319	205,686	19,027,369	
2008-09	1,274,260	816,078	4,279,844	1,432,619	2,652,806	7,455,744	354,226	435,164	206,551	18,907,292	
2009-10	1,236,352	784,033	4,266,320	1,235,080	2,580,466	8,259,183	371,752	411,120	199,776	19,344,082	
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	

COUNTY OF MADISON, VIRGINIA

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues										General Revenues					Grants and Contributions		Revenues from the Use of		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Local Sales and Use Tax	Comm-unication Tax (1)	Consumers' Utility Tax	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Not Restricted to Specific Programs (1)	Not Restricted to Specific Programs (1)	Property	Miscellaneous	Money & Property	Miscellaneous				
2004-05	\$ 687,502	\$ 2,359,662	\$ 240,601	\$ 8,368,873	\$ 858,730	\$ -	\$ 684,033	\$ 352,139	\$ 322,589	\$ 569,621	\$ 1,002,356	\$ 134,758	\$ 214,742	\$ 15,795,606						
2005-06	814,418	2,581,085	-	10,108,547	898,085	-	658,496	359,950	318,422	639,408	1,091,326	300,719	265,542	18,035,998						
2006-07	844,410	2,970,282	775,166	10,575,070	945,452	285,814	533,146	352,763	329,270	440,733	1,160,745	434,989	277,296	19,925,136						
2007-08	802,944	3,000,591	30,000	10,796,759	885,111	666,524	321,026	346,983	337,062	298,080	1,132,739	299,916	151,095	19,068,830						
2008-09	700,279	3,471,398	95,724	16,597,542	871,669	605,598	323,111	11,395	328,782	274,476	1,089,378	150,953	249,562	24,769,867						
2009-10	683,771	3,192,291	-	11,966,643	776,952	608,119	304,321	1,410	320,479	265,345	1,082,024	174,695	133,961	19,510,011						
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						

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

COUNTY OF MADISON, VIRGINIA

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
2004-05	\$ 8,406,422	\$ 2,787,112	\$ 173,077	\$ 344,611	\$ 134,901	\$ 507,413	\$ 290,110	\$ 33,502	\$ 12,961,011	\$ 25,638,159
2005-06	10,121,086	2,874,361	177,143	304,777	301,718	781,335	330,417	-	13,477,950	28,368,787
2006-07	10,479,228	2,887,178	243,660	159,163	436,563	938,793	340,875	-	15,448,144	30,933,604
2007-08	10,641,562	2,854,786	285,298	68,780	300,560	962,013	226,991	-	14,733,412	30,073,402
2008-09	16,255,821	2,415,031	213,156	127,581	180,985	844,561	416,134	-	14,926,950	35,380,219
2009-10	11,881,329	2,276,626	193,601	160,201	213,718	818,527	214,365	-	14,020,795	29,779,162
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

(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
2004-05	\$ 810,857	\$ 448,712	\$ 2,917,334	\$ 1,258,591	\$ 1,409,053	\$ 15,368,690	\$ 354,490	\$ 964,387	\$ 7,628	\$ 375,856	\$ 860,329	\$ 24,775,927
2005-06	842,860	501,572	3,321,342	1,100,196	1,629,216	16,627,783	400,619	410,965	2,444	1,095,866	831,109	26,763,972
2006-07	1,076,421	547,999	4,001,064	1,366,803	2,266,613	17,735,628	300,210	1,156,839	6,886	519,851	811,873	29,790,187
2007-08	1,069,986	580,475	4,103,144	1,503,808	2,492,297	18,274,023	278,166	727,606	2,969	2,487,444	791,972	32,311,890
2008-09	1,066,321	779,987	4,095,111	1,384,744	2,637,754	17,766,916	283,468	434,648	141,418	3,580,242	800,187	32,970,796
2009-10	1,032,617	751,801	4,285,339	1,213,242	2,549,199	17,619,776	302,702	382,894	84,874	4,634,042	1,648,163	34,504,649
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

(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) Tax Levy	Current Tax (1) (3) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2004-05	\$ 9,217,268	\$ 9,051,634	98.20%	\$ 165,343	\$ 9,216,977	100.00%	\$ 308,811	3.35%
2005-06	11,045,017	10,867,441	98.39%	141,373	11,008,814	99.67%	402,371	3.64%
2006-07	11,500,532	11,177,781	97.19%	184,236	11,362,017	98.80%	449,996	3.91%
2007-08	11,652,043	11,254,150	96.59%	212,406	11,466,556	98.41%	626,000	5.37%
2008-09	17,587,904	16,116,635	91.63%	977,283	17,093,918	97.19%	1,067,952	6.07%
2009-10	12,769,838	11,763,290	92.12%	863,163	12,626,453	98.88%	1,103,966	8.65%
2010-11	13,253,517	12,332,708	93.05%	993,265	13,325,973	100.55%	1,226,886	9.26%
2011-12	13,851,173	13,351,165	96.39%	949,858	14,301,023	103.25%	1,137,175	8.21%
2012-13	14,532,857	14,074,180	96.84%	902,588	14,976,768	103.05%	1,163,158	8.00%
2013-14	14,784,454	14,232,061	96.26%	931,044	15,163,105	102.56%	1,359,533	9.20%

(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		
2004-05 \$	820,600,600 \$	28,843,923 \$	1,606,340 \$	1,204,030 \$	3,719,957 \$	30,628,417 \$	886,603,267	
2005-06	1,226,556,700	153,743,395	1,367,200	5,706,345	26,010,545	37,909,513	1,451,293,698	
2006-07	1,264,715,300	163,607,309	1,417,940	6,190,939	23,301,149	33,151,419	1,492,384,056	
2007-08	1,298,909,100	162,442,134	1,509,889	5,871,140	26,275,770	24,477,476	1,519,485,509	
2008-09	2,931,263,050	147,441,726	1,323,762	6,014,590	27,220,872	37,295,445	3,150,559,445	
2009-10	1,962,094,200	122,898,091	1,331,600	4,930,033	26,865,146	41,188,982	2,159,308,052	
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	

(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)
2004-05	\$ 0.76	\$ 8.70		\$ 0.76	\$ 5.50	4.30
2005-06	0.59	2.14		0.59	1.10	0.86
2006-07	0.59	2.14		0.59	1.10	0.86
2007-08	0.59	2.14		0.59	1.10	0.86
2008-09	0.44	2.14		0.44	1.47	0.86
2009-10	0.44	2.95/2.80		0.44	1.47	0.86
2010-11	0.44/0.50	2.95/2.80		0.44	1.47	0.86
2011-12	0.50/0.53	2.95/2.80		0.50	1.62	0.86
2012-13	0.53/0.67	3.45/2.80		0.53	1.67	0.86
2013-14	0.67/0.68	3.45		0.67	1.67	0.86

(1) Per \$100 of assessed value.

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

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

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
2004-05	12,520	\$ 886,603,267	\$ 6,884,519	6,884,519	0.0078	550
2005-06	12,520	1,451,293,698	6,320,857	6,320,857	0.0044	505
2006-07	12,520	1,492,384,056	5,750,840	5,750,840	0.0039	459
2007-08	12,520	1,519,485,509	5,174,039	5,174,039	0.0034	413
2008-09	12,520	3,150,559,445	7,599,998	7,599,998	0.0024	607
2009-10	12,520	2,159,308,052	7,743,068	7,743,068	0.0036	618
2010-11	13,308	2,157,129,026	6,428,248	6,428,248	0.0030	483
2011-12	13,308	2,171,462,056	4,810,000	4,810,000	0.0022	361
2012-13	13,308	1,976,852,922	13,242,500	13,242,500	0.0067	995
2013-14	13,200	1,779,816,863	12,881,500	12,881,500	0.0072	976

(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
2004-05	\$ 557,603	\$ 302,726	\$ 860,329	\$ 24,775,927	3.47%
2005-06	563,662	267,447	831,109	26,763,972	3.11%
2006-07	570,017	241,856	811,873	29,790,187	2.73%
2007-08	576,801	215,171	791,972	32,311,890	2.45%
2008-09	584,041	216,146	800,187	32,970,796	2.43%
2009-10	1,451,006	197,157	1,648,163	34,504,649	4.78%
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%

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

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the 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, 2014, 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 January 6, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Madison, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
January 6, 2015

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

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of 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, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

January 6, 2015

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

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government:			
Department of Justice			
Pass Through Payments:			
Department of Criminal Justice Services:			
Asset Forfeiture	16.000	N/A	\$ <u>32,848</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC1454256	\$ 6,338
Alcohol Open Container Requirements	20.607	154AL1353462	<u>4,861</u>
Total Department of Transportation			\$ <u>11,199</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 15,499
Temporary Assistance for Needy Families	93.558	0400109/0400110	98,343
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	843
Low-Income Home Energy Assistance	93.568	0600409/0600410	11,049
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	17,528
Chafee Education and Training Vouchers Program	93.599	9160110	5,029
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	742
Foster Care - Title IV-E	93.658	1100109/1100110	125,755
Adoption Assistance	93.659	1120109/1120110	48,499
Social Services Block Grant	93.667	1000109/1000110	135,973
Chafee Foster Care Independence Program	93.674	9150108/9150109/91501110	3,143
Children's Health Insurance Program	93.767	0540109/0540110	4,100
Medical Assistance Program	93.778	1200109/1200110	<u>122,266</u>
Total Department of Health and Human Services			\$ <u>588,769</u>
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 952
Emergency Management Performance Grants	97.042	N/A	7,500
State Homeland Security Program	97.073	N/A	<u>16,040</u>
Total Department of Homeland Security			\$ <u>24,492</u>

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2014 (continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government: (continued)			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010111/0010112/0040111/0040112	\$ 138,963
Total Expenditures of Federal Awards-Primary Government			\$ 796,271
Component Unit School Board:			
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ 57,300
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	324,111
			<u>381,411</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	98,211
Total Department of Agriculture			\$ 479,622
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	S010A120046/S010130046	\$ 296,451
Improving Teacher Quality - State Grants	84.367	S367A120044/S367A13044	85,996
Special Education - Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	507,786
Special Education - Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	10,797
Advanced Placement Program	84.330	S330B130008	585
Career and Technical Education -- Basic Grants to States	84.048	V048A120046/V048A130046	22,782
Total Department of Education			\$ 924,397
Total Expenditures of Federal Awards-Component Unit School Board			\$ 1,404,019
Total Expenditures of Federal Awards-Reporting Entity			\$ 2,200,290

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, 2014

Note 1 - Basis of Presentation

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund \$ 881,613

Total primary government \$ 881,613

Component Unit School Board:

School Operating Fund \$ 924,397

School Cafeteria Fund 479,622

Total component unit school board \$ 1,404,019

Total federal expenditures per basic financial statements \$ 2,285,632

Payments in lieu of taxes \$ (85,342)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 2,200,290

COUNTY OF MADISON, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs: Material 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 Circular A-133, Section .510(a)?	No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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