

COUNTY OF MADISON, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

COUNTY OF MADISON, VIRGINIA

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**Financial Report
Year Ended June 30, 2022**

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Madison, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Madison, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 21 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Madison, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Madison, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Madison, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Madison, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises and statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of County of Madison, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Madison, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Madison, Virginia's internal control over financial reporting and compliance.

Robinson, Fawnd, Cox Associates

Charlottesville, Virginia
December 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Madison, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022.

Financial Highlights

Government-wide Financial Statements

Total net position for Madison County's governmental activities was \$32.554 million as of June 30, 2022, which represents an increase of \$2.106 million from the previous fiscal year. This increase was due to an excess of revenues over expenses for fiscal year 2022.

Unrestricted cash and cash equivalents were \$25.399 million as of June 30, 2022, which represents an increase of \$841,000 from the previous fiscal year. The increase in unrestricted cash and cash equivalents was primarily due to the receipt of AARP funds that were not spent during fiscal year 2022.

As of June 30, 2022, the County had \$3.314 million in unexpended loan proceeds on hand in connection with the June 2020 financing which is subject to reporting requirements for the current year.

Fund Financial Statements

For the fiscal year ended June 30, 2022, the governmental funds had a combined fund balance of \$24.427 million, which reflects an increase of \$438,000 from the balance at the end of the previous fiscal year.

The increase in governmental fund balance at June 30, 2022, is due to revenues exceeding expenditures during the year.

The County's General Fund was \$5.218 million favorable to the final amended budget for fiscal year 2022. This favorable variance is due to several factors. While revenue fell short of the amended budget by \$929,000; expenditures were less than the amended budget by \$4.622 million and transfers out were less than the amended budget by \$1.526 million. The primary expenditure savings were \$480,000 in Public Safety, \$1.483 million in Health and Welfare, and \$2.149 million in unspent ARPA funding.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net position* (Exhibit 1) presents information on all of the County's assets, deferred outflow of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

Overview of the Financial Statements: (Continued)

Government-wide Financial Statements: (Continued)

The *statement of activities* (Exhibit 2) presents how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses in this statement are reported for some items that will result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave.)

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

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

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

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

Fund Financial Statements

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

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

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

- Nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grantors or bondholders, as well as amounts that restricted through enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision-making authority.

Overview of the Financial Statements: (Continued)

- Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental funds other than the general fund.
- Unassigned fund balance includes all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental funds.

At the end of fiscal year 2022, the County's total governmental funds reported an ending fund balance of \$24.427 million.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and to compare total fund balance to the sum of total fund expenditures and transfers to capital projects funds. Unassigned fund balance represents 36.48% of total general fund expenditures, while total general fund balance represents 78.61% of that same amount.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. A reconciliation between the two methods is provided after the governmental fund balance sheet on Exhibit 3 and after the governmental fund statement of revenues, expenditures, and changes in fund balances on Exhibit 5.

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

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund (Exhibit 8) and for the Capital Projects Fund (Exhibit 27) to demonstrate compliance with this budget.

Fiduciary funds are used to account for assets held by the County in a trustee capacity (Trust Fund) or a custodian for individuals, private organizations, other governmental units, or other funds (Custodial Fund). The County maintains one fiduciary fund, the Special Welfare Fund, which is a Custodial Fund. The Fund is accounted for in a separate statement of Fiduciary Net Position (Exhibit 6) and a separate statement of Changes in Fiduciary Net Position (Exhibit 7). The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

Statement of Net Position

The following table reflects condensed information on the County's Net Position as of June 30, 2022 and 2021.

Summary of Net Position
(\$ in thousands)

	Primary Government		Component Units	
	Governmental Activities		School Board	
	2022	2021	2022	2021
Current assets and other assets	\$ 35,680	\$ 33,259	\$ 4,176	\$ 3,037
Capital assets (net)	33,009	33,097	9,274	8,870
Total Assets	\$ 68,689	\$ 66,356	\$ 13,450	\$ 11,907
Total Deferred Outflows	\$ 1,949	\$ 2,330	\$ 3,962	\$ 4,815
Long term liabilities	\$ 24,490	\$ 27,929	\$ 12,804	\$ 20,984
Other liabilities	3,894	3,579	1,363	1,196
Total Liabilities	\$ 28,384	\$ 31,508	\$ 14,167	\$ 22,180
Total Deferred Inflows of Resources	\$ 9,701	\$ 6,730	\$ 8,588	\$ 2,376
Net Position:				
Net investment in capital assets	\$ 12,264	\$ 12,190	\$ 8,995	\$ 8,870
Restricted	1,212	103	1,354	53
Unrestricted	19,078	18,155	(15,692)	(16,758)
Total Net Position	\$ 32,554	\$ 30,448	\$ (5,343)	\$ (7,835)

Total net position for Madison County's governmental activities as of June 30, 2022 was \$32.554 million, which represents an increase of \$2.106 million from the previous fiscal year.

Total net position for the Madison County School Board was \$(5.343) million as of June 30, 2022; this amount represents an increase of \$2.494 million from the previous fiscal year.

The increases in net position for Madison County's governmental activities and School Board reflect the amounts by which revenues exceeded expenses in fiscal year 2022 for each reporting unit.

Government-wide Financial Analysis: (Continued)

Statement of Activities

The following table presents summary information for the Change in Net Position for the years ended June 30, 2022 and 2021.

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

	Primary Government		Component Units	
	Governmental Activities		School Board	
	2022	2021	2022	2021
REVENUES				
Program Revenues:				
Charges for services	\$ 1,163	\$ 867	\$ 84	\$ 39
Operating grants & contributions	4,736	7,210	14,938	12,568
Capital grants & contributions	-	201	-	-
General revenues:				
General property taxes	19,133	18,027	-	-
Other local taxes	3,905	3,614	-	-
Use of money & property	42	70	-	-
Miscellaneous	1,096	261	605	396
Grants & contributions not restricted to specific programs	1,568	1,594	-	-
Contribution from County	-	-	10,034	9,661
Total revenues	<u>\$ 31,643</u>	<u>\$ 31,844</u>	<u>\$ 25,661</u>	<u>\$ 22,664</u>
EXPENSES				
General government	2,228	2,000	-	-
Judicial administration	1,368	1,419	-	-
Public safety	8,453	8,241	-	-
Public works	1,238	1,149	-	-
Health and welfare	4,164	4,795	-	-
Education	10,250	9,976	23,169	21,900
Parks & Rec	500	746	-	-
Community Development	654	773	-	-
Interest on long-term debt	682	705	-	-
Total expenses	<u>\$ 29,537</u>	<u>\$ 29,804</u>	<u>\$ 23,169</u>	<u>\$ 21,900</u>
Change in net position	<u>\$ 2,106</u>	<u>\$ 2,040</u>	<u>\$ 2,492</u>	<u>\$ 764</u>
Net position - beginning, as restated	<u>30,448</u>	<u>28,408</u>	<u>(7,835)</u>	<u>(8,599)</u>
Net position - ending	<u><u>\$ 32,554</u></u>	<u><u>\$ 30,448</u></u>	<u><u>\$ (5,343)</u></u>	<u><u>\$ (7,835)</u></u>

The change in net position for Madison County's governmental activities for fiscal year 2022 was \$2.106 million. This reflects an increase of \$66,000 from the previous fiscal year. The increase from the previous fiscal year is the result of a \$201,000 decrease in revenues and a \$267,000 decrease in expenses relative to fiscal year 2021.

The decrease in fiscal year 2022 revenues for governmental activities was primarily due to \$2.675 million less in operating and capital grants & contributions in fiscal year 2022. Property taxes increased by \$1.106 million between fiscal year 2021 and fiscal year 2022.

Government-wide Financial Analysis: (Continued)

The decrease in fiscal year 2022 expenses for governmental activities was primarily due to a decrease of \$631,000 in health and welfare expenditures, \$246,000 in parks & recreation expenditures, \$119,000 in community development expenditures, \$51,000 in Judicial administration, and a \$23,000 decrease in interest expense on long-term debt.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2022, the governmental funds had a combined fund balance of \$24.427 million, which reflects an increase of \$438,000 from the balance at the end of the previous fiscal year.

The increase in governmental fund balance at June 30, 2022, was due to revenues exceeding expenditures.

The County's unassigned fund balance in the general fund was \$11.335 million at the end of fiscal year 2022, a decrease of \$3.761 million compared to the prior fiscal year.

The County's restricted fund balance in the general fund was \$3.434 million at the end of fiscal year 2022, a decrease of \$378,000 compared to the prior fiscal year. This decrease was attributable to the spending down of bond proceeds that were received in prior fiscal years.

Total revenues in governmental funds for fiscal year 2022 were \$30.850 million, reflecting a decrease of \$1.252 million from the previous fiscal year. This was primarily due to a \$2.701 million decrease in intergovernmental revenues in fiscal year 2022.

Total governmental expenditures in fiscal year 2022 were \$30.411 million, reflecting a decrease of \$9.497 million from the previous fiscal year. This was primarily due to a \$9.496 million decrease in capital projects from the previous fiscal year. There was an increase of \$653,556 in debt service expenditures in fiscal year 2022 from the previous fiscal year. Public Safety expenditures decreased by \$551,606 in fiscal year 2022.

General Fund Budgetary Highlights

The following table presents budgeted and actual revenues and expenditures for the General Fund for fiscal year 2022:

General Fund Summary Budgetary Information Year Ended June 30, 2022 (\$ in thousands)				
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 20,490,438	\$ 21,062,811	\$ 22,429,275	
Intergovernmental	7,360,463	9,617,173	6,303,805	
Other	1,057,569	1,098,899	2,116,488	
Total	28,908,470	31,778,883	30,849,568	
Expenditures and transfers	33,880,143	37,222,209	31,074,532	
Change in fund balance	\$ (4,971,673)	\$ (5,443,326)	\$ (224,964)	

General Fund Budgetary Highlights: (Continued)

General fund budget amendments resulted in an increase of \$2.956 million between the original budget and the final budget.

Significant additional appropriations included the following:

- \$212,430 for General Government Administration
- \$2,333,923 for Public Safety
- \$127,562 for Public Works
- \$213,672 for Education

The County's General Fund was \$5.218 million favorable to the final amended budget for fiscal year 2022. This favorable variance is due to several factors. While revenue fell short of the amended budget by \$929,000, expenditures were less than the amended budget by \$4.622 million and transfers out were less than the amended budget by \$1.526 million. The primary expenditure savings were \$480,000 in Public Safety, \$1.483 million in Health and Welfare, and \$2.149 million in unspent ARPA funding.

Capital Asset and Debt Administration

Capital Assets

The following table reflects condensed information on the County's capital assets as of June 30, 2022 and 2021.

Capital Asset Summary Information
(\$ in thousands)

	Primary Government		Component Units	
	Governmental		School	
	Activities		Board	
	2022	2021	2022	2021
Land	\$ 1,462	\$ 1,462	\$ 110	\$ 110
Construction in progress	12,235	13,028	65	65
Buildings and improvements	19,434	17,459	6,336	6,402
Equipment	6,085	5,773	7,713	6,681
Jointly owned assets	6,516	7,008	13,545	13,053
Accumulated depreciation	(12,723)	(11,633)	(18,495)	(17,095)
	\$ 33,009	\$ 33,097	\$ 9,274	\$ 9,216

Total capital assets for governmental activities decreased \$88,000 in fiscal year 2022 from the previous fiscal year. This overall decrease was comprised of a \$1.090 million increase in accumulated depreciation, \$492,000 decrease in asset transfers from the County to the School Board, and a \$1.494 million increase in capital additions.

Capital additions for governmental activities increased \$1.494 million in fiscal year 2022 from the previous fiscal year. This overall increase was comprised of a \$793,000 decrease in construction in progress, \$1.975 million increase in buildings and improvements, and a \$312,000 increase in equipment.

The \$12.235 million in construction in progress consisted of \$8.351 million for the Madison Primary School Renovation project, \$3.353 million for the Public Safety Radio System, and \$595,000 for ERP and Other System Upgrades. The \$312,000 in equipment and vehicle additions were primarily for information technology and security improvements, as well as for the purchase of vehicles and equipment for public safety functions.

Capital Asset and Debt Administration: (Continued)

Long-term debt

The following table reflects condensed information on the County's outstanding loans and bonded indebtedness as of June 30, 2022 and 2021.

Summary of Outstanding Debt
(\$ in thousands)

	Primary Government	
	Governmental Activities	
	2022	2021
Public Facility Lease Revenue Bond, Series 2020A	\$ 16,147	\$ 16,600
Public Facility Lease Revenue Refunding Bond, Series 2020B	1,393	1,503
Public Facility Lease Revenue Refunding Bond, Series 2020C	5,811	6,244
State literary fund loan	-	-
	\$ 23,351	\$ 24,347

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

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

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

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

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

Requests for Information

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

- Basic Financial Statements -

Government-wide Financial Statements

Statement of Net Position
At June 30, 2022

	Primary Government	Component Unit		Component Unit Madison County Parks and Recreation Authority
		Governmental Activities	School Board	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 25,398,850	\$ 1,632,451	\$ 149,925	
Receivables (net of allowance for uncollectibles):				
Property taxes	7,772,636			
Accounts receivable	472,466	15,320		
Inventory	-	22,315		
Prepaid expenses	188,517	58,474		
Due from other governments	939,882	1,096,724		
Due from Primary Government	-	75,420		
Total Current Assets	\$ 34,772,351	\$ 2,900,704	\$ 149,925	
Noncurrent Assets:				
Net pension asset	\$ 896,787	\$ 1,275,063	\$ -	
Net OPEB asset	\$ 11,252	\$ -	\$ -	
Capital assets:				
Land and construction in progress	\$ 13,696,665	\$ 174,443	\$ -	
Buildings and equipment, net of depreciation	18,846,718	8,821,871	293,838	
Lease buildings and land improvements, net of amortization	338,394		-	
Lease equipment, net of amortization	127,240	277,336		
Total Capital Assets	\$ 33,009,017	\$ 9,273,650	\$ 293,838	
Total Noncurrent Assets	\$ 33,917,056	\$ 10,548,713	\$ 293,838	
Total Assets	\$ 68,689,407	\$ 13,449,417	\$ 443,763	
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 1,567,297	\$ 3,365,021	\$ -	
OPEB deferrals	\$ 382,049	\$ 596,488		
Total Deferred Outflows of Resources	\$ 1,949,346	\$ 3,961,509	\$ -	
Total Assets and Deferred Outflows of Resources	\$ 70,638,753	\$ 17,410,926	\$ 443,763	
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 789,631	\$ 217,861	\$ -	
Amounts held for others	242,953		-	
Unearned grant revenue	1,266,621		-	
Accrued liabilities	-	1,046,273	2,125	
Due to Component Unit	75,420		-	
Accrued interest payable	274,016		-	
Current portion of long-term obligations	1,245,249	98,677		
Total Current Liabilities	\$ 3,893,890	\$ 1,362,811	\$ 2,125	
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	24,489,583	12,804,336		
Total Liabilities	\$ 28,383,473	\$ 14,167,147	\$ 2,125	
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - taxes	\$ 6,686,523	\$ -	\$ -	
OPEB deferrals	\$ 391,315	\$ 776,042		
Pension deferrals	\$ 2,623,169	\$ 7,811,651		
Total deferred inflows of resources	\$ 9,701,007	\$ 8,587,693	\$ -	
NET POSITION				
Net investment in capital assets	\$ 12,264,504	\$ 8,994,719	\$ 293,838	
Restricted	1,212,088	1,353,584		
Unrestricted	19,077,681	(15,692,217)	147,800	
Total Net Position	\$ 32,554,273	\$ (5,343,914)	\$ 441,638	
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 70,638,753	\$ 17,410,926	\$ 443,763	

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

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government	Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Board	Madison County Parks and Recreation Authority
PRIMARY GOVERNMENT:							
Governmental activities:							
General government							
administration	\$ 2,228,404	\$ -	\$ 276,326	\$ -	\$ (1,952,078)	\$ -	\$ -
Judicial administration	1,367,865	240,339	476,677	-	(650,849)	-	-
Public safety	8,452,990	680,548	1,149,095	-	(6,623,347)	-	-
Public works	1,238,100	241,791	9,310	-	(986,999)	-	-
Health and welfare	4,163,500	-	2,814,785	-	(1,348,715)	-	-
Education	10,249,899	-	-	-	(10,249,899)	-	-
Parks, recreation, and cultural	500,030	-	-	-	(500,030)	-	-
Community development	653,808	-	9,685	-	(644,123)	-	-
Interest on long-term debt	682,318	-	-	-	(682,318)	-	-
Total governmental activities	\$ 29,536,914	\$ 1,162,678	\$ 4,735,878	\$ -	\$ (23,638,358)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 23,239,190	\$ 85,487	\$ 15,007,788	\$ -	\$ -	\$ (8,145,915)	\$ -
Madison County Parks and							
Recreation Authority	532,552	216,006	-	-	-	-	(316,546)
Total component units	\$ 23,771,742	\$ 301,493	\$ 15,007,788	\$ -	\$ -	\$ (8,145,915)	\$ (316,546)
General revenues:							
General property taxes				\$ 19,133,165	\$ -	\$ -	\$ -
Local sales and use tax				1,562,757	-	-	-
Consumers' utility taxes				365,160	-	-	-
Motor vehicle licenses				433,793	-	-	-
Restaurant food taxes				671,726	-	-	-
Other local taxes				871,852	-	-	-
Unrestricted revenues from use of money and property				42,005	5	-	-
Miscellaneous				1,095,995	602,806	63,009	-
Grants and contributions not restricted to specific programs				1,567,927	-	-	-
Contribution from County				-	10,034,317	277,102	-
Total general revenues				\$ 25,744,380	\$ 10,637,128	\$ 340,111	-
Change in net position				\$ 2,106,022	\$ 2,491,213	\$ 23,565	-
Net position - beginning				30,448,251	(7,835,127)	418,073	-
Net position - ending				\$ 32,554,273	\$ (5,343,914)	\$ 441,638	-

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

- Basic Financial Statements -

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2022

	Capital		
	General Fund	Improvement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 24,946,436	\$ 452,414	\$ 25,398,850
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	7,772,636	-	7,772,636
Accounts receivable	472,466	-	472,466
Due from other governmental units	939,882	-	939,882
Prepaid expenditures	188,517	-	188,517
Total assets	\$ 34,319,937	\$ 452,414	\$ 34,772,351
LIABILITIES			
Accounts payable	\$ 673,624	\$ 116,007	\$ 789,631
Amounts held for others	242,953	-	242,953
Unearned grant revenue	1,266,621	-	1,266,621
Due to component unit	75,420	-	75,420
Total liabilities	\$ 2,258,618	\$ 116,007	\$ 2,374,625
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	\$ 7,786,275	\$ -	\$ 7,786,275
Unavailable revenue - opioid settlement	184,190	-	184,190
Total deferred inflows of resources	\$ 7,970,465	\$ -	\$ 7,970,465
FUND BALANCES			
Nonspendable	\$ 188,517	\$ -	\$ 188,517
Restricted	3,433,956	-	3,433,956
Committed	-	336,407	336,407
Assigned	9,042,144	-	9,042,144
Unassigned	11,426,237	-	11,426,237
Total fund balances	\$ 24,090,854	\$ 336,407	\$ 24,427,261
Total liabilities, deferred inflows of resources and fund balances	\$ 34,319,937	\$ 452,414	

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.

33,009,017

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

(274,016)

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

Unavailable revenue - property taxes	1,099,752
Unavailable revenue - opioid settlement	184,190
Deferred inflows related to measurement of net pension liability	(2,623,169)
Deferred inflows related to measurement of net OPEB liability	(391,315)
Net pension asset	896,787
Net OPEB asset	11,252

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

Deferred outflows related to pensions	1,567,297
Deferred outflows related to OPEB	382,049

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.

(25,734,832)

Net position of general government activities

\$ 32,554,273

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, 2022

	General	Capital Improvement	Total
Revenues:			
General property taxes	\$ 18,523,987	\$ -	\$ 18,523,987
Other local taxes	3,905,288	-	3,905,288
Permits, privilege fees and regulatory licenses	274,127	-	274,127
Fines and forfeitures	181,714	-	181,714
Revenue from use of money and property	42,005	-	42,005
Charges for services	706,837	-	706,837
Miscellaneous	911,805	-	911,805
Intergovernmental:			
Commonwealth	4,741,697	-	4,741,697
Federal	1,562,108	-	1,562,108
Total revenues	\$ 30,849,568	\$ -	\$ 30,849,568
Expenditures:			
Current:			
General government administration	\$ 2,062,552	\$ -	\$ 2,062,552
Judicial administration	1,127,067	-	1,127,067
Public safety	8,154,915	-	8,154,915
Public works	1,234,989	-	1,234,989
Health and welfare	4,188,927	-	4,188,927
Education	9,720,484	-	9,720,484
Parks, recreation, and cultural	428,605	-	428,605
Community development	662,267	-	662,267
Nondepartmental	925	-	925
Capital projects	-	1,102,843	1,102,843
Debt service:			
Principal retirement	1,033,580	-	1,033,580
Interest and other fiscal charges	693,918	-	693,918
Total expenditures	\$ 29,308,229	\$ 1,102,843	\$ 30,411,072
Excess (deficiency) of revenues over (under) expenditures	\$ 1,541,339	\$ (1,102,843)	\$ 438,496
Other Financing Sources (uses):			
Transfers in	\$ -	\$ 1,766,303	\$ 1,766,303
Transfers (out)	(1,766,303)	-	(1,766,303)
Total other financing sources (uses)	\$ (1,766,303)	\$ 1,766,303	\$ -
Net change in fund balances	\$ (224,964)	\$ 663,460	\$ 438,496
Fund balances at beginning of year	\$ 24,315,818	\$ (327,053)	\$ 23,988,765
Fund balances at end of year	\$ 24,090,854	\$ 336,407	\$ 24,427,261

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, 2022

	Primary Government Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 438,496
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period. The following details support this adjustment:	
Capital outlay	\$ 1,056,458
Depreciation/amortization expense	<u>(1,415,313)</u> (358,855)
Transfer of joint tenancy assets from Primary Government to the Component Unit	(318,833)
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.	
Unavailable revenue - property taxes	\$ 609,178
Unavailable revenue - opioid settlement	184,190
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability	(362,551)
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>(2,526,923)</u> (2,096,106)
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	\$ 453,000
Principal retired on refunding bonds	543,000
Principal retired on lease liabilities	113,388
Principal retired on notes payable	<u>37,580</u> 1,146,968
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	\$ 60,650
Change in net OPEB liability/asset	378,370
Change in landfill closure liability	30,422
Change in net pension liability	3,194,413
Change in deferred outflows related to pensions	(329,672)
Change in deferred outflows related to OPEB	(51,431)
Change in accrued interest payable	<u>11,600</u> 3,294,352
Change in net position of governmental activities	\$ <u>2,106,022</u>

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

Statement of Fiduciary Net Position --
Fiduciary Fund
At June 30, 2022

	<u>Custodial Fund</u>	<u>Special Welfare Fund</u>
ASSETS		
Cash and cash equivalents	\$ 48,560	
Total assets	<u>\$ 48,560</u>	
NET POSITION		
Restricted:		
Social services clients	\$ 48,560	
Total net position	<u>\$ 48,560</u>	

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

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year Ended June 30, 2022

	<u>Custodial Fund</u>	<u>Special Welfare Fund</u>
Additions:		
Interest income	\$ 6	
Private contributions	39,540	
Rebates and refunds	462	
Total additions	<u>\$ 40,008</u>	
Deductions:		
Recipient payments	\$ 47,717	
Total deductions	<u>\$ 47,717</u>	
Change in fiduciary net position	\$ (7,709)	
Net position - beginning of year	<u>56,269</u>	
Net position - end of year	<u>\$ 48,560</u>	

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements:

Government-wide Financial Statements:

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

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

Statement of Net Position:

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

Statement of Activities:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Statement of Activities: (Continued)

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

Fund Financial Statements:

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

Budgetary Comparison Schedules:

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their government over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. 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, 2022.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

Discretely Presented Component Unit: The School Board operates the County Public School System. Members are currently elected by popular vote. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2022.

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

The Madison County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Madison and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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

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

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

C. Other Related Organizations

Excluded from the County's Financial Statements:

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

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

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

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

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

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

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

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

1. Governmental Funds:

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

a. General Fund

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

b. Capital Improvement Fund

The Capital Improvement Fund accounts for and reports all financial resources used for the acquisition or construction of major capital facilities. The Capital Improvement Fund is considered a major fund at June 30, 2022.

2. Fiduciary Funds (Trust and Custodial Funds):

Fiduciary Funds (Trust and Custodial 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 Custodial 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 Custodial Fund is the Special Welfare Fund.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

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

G. Investments

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$136,957 at June 30, 2022 and is comprised solely of property taxes.

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

I. Capital Assets

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

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

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

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

Assets	Years
Buildings	40
Building improvements	20 to 40
Lease buildings	2
Lease equipment	2 to 5
Lease land improvements	13
Vehicles	3 to 5
Office and computer equipment	5
Buses	12

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

J. Compensated Absences

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

K. Long-term Obligations

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

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

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Fund Balances

Financial Policies

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

M. Fund Balances (Continued)

Financial Policies (Continued)

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

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

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

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (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:			
Prepaid expenditures	\$ 188,517	\$ -	\$ 58,474
Inventory	-	-	22,315
Total Nonspendable	\$ 188,517	\$ -	\$ 80,789
Restricted:			
Asset Forfeitures	\$ 51,847	\$ -	\$ -
Unspent bond proceeds	3,314,097	-	-
Toppings Funds	32,190	-	-
Animal donations	29,194	-	-
Opioid settlement	6,628	-	-
School Activities - Restricted Cash	-	-	25,529
School Textbook Funds	-	-	52,992
Total Restricted	\$ 3,433,956	\$ -	\$ 78,521
Committed:			
Capital Projects	\$ -	\$ 366,407	\$ 399,642
School Operations	-	-	38,000
School Activities	-	-	243,802
Cafeteria	-	-	854,290
Total Committed	\$ -	\$ 366,407	\$ 1,535,734
Assigned:			
Tourism	\$ 269,169	\$ -	\$ -
Capital Projects	3,873,264	-	-
Debt Stabilization Reserve	1,335,939	-	-
Budget Stabilization Reserve	1,335,939	-	-
Joint Services Stabilization Reserve	324,990	-	-
Opening Balance Appropriation	1,490,118	-	-
2025 Reassessment	400,000	-	-
Sheriff	12,725	-	-
Total Assigned	\$ 9,042,144	\$ -	\$ -
Unassigned	\$ 11,426,237	\$ -	\$ (58,474)
Total Fund Balance	\$ 24,090,854	\$ 366,407	\$ 1,636,570

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

N. Net Position

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

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

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

O. Deferred Outflows/Inflows of Resources

A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The County has multiple items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

O. Deferred Outflows/Inflows of Resources

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

P. Pensions

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

Q. Other Postemployment Benefits (OPEB)

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

R. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

R. Leases: (Continued)

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Note 2 - Deposits and Investments:

Deposits

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 2 - Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

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

The County’s rated debt investments as of June 30, 2022 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Rated Debt Investments	County's Rated Debt Investments' Values	
	Fair Quality	
	AAAm	AA+
U.S. Government Securities	\$ -	\$ 64,714
SNAP	3,382,178	-
Local Government Investment Pool	7,793,181	-
Total	\$ 11,175,359	\$ 64,714

External Investment Pool

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 2 - Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 year	Greater than 10 years
U.S. Government Securities	\$ 64,714	\$ -	\$ 64,714
SNAP	3,382,178	3,382,178	-
Local Government Investment Pool	<u>7,793,181</u>	<u>7,793,181</u>	-
Total	<u>\$ 11,240,073</u>	<u>\$ 11,175,359</u>	<u>\$ 64,714</u>

Note 3 - Due From Other Governmental Units:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 270,358	\$ -
Public assistance and welfare administration	73,031	-
State sales tax	-	449,953
Comprehensive services	121,896	-
Communications tax	66,394	-
Shared expenses	115,946	-
Department of Justice	63,129	-
Other state funds	70,135	-
Federal Government:		
School funds	-	628,414
Public safety	40,523	-
School food	-	18,357
Public assistance and welfare administration	110,033	-
Community Development Block Grant	7,500	-
Justice Assistance Grant	937	-
Totals	<u>\$ 939,882</u>	<u>\$ 1,096,724</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 4 - Capital Assets:

The following is a summary of capital assets for the fiscal year ended June 30, 2022:

	Balance				Balance
	July 1, 2021*	Additions	Deletions		June 30, 2022
Primary Government:					
Capital assets not being depreciated:					
Land	\$ 1,462,028	\$ -	\$ -	\$ 1,462,028	
Construction in progress-Jointly Owned	8,112,086	174,597	-	8,286,683	
Construction in progress	4,915,644	532,874	1,500,564	3,947,954	
Total capital assets not being depreciated	\$ 14,489,758	\$ 707,471	\$ 1,500,564	\$ 13,696,665	
Capital assets being depreciated/amortized:					
Buildings and improvements	\$ 17,458,839	\$ 1,385,479	\$ -	\$ 18,844,318	
Lease land improvements	332,883	-	-	332,883	
Lease buildings	69,940	-	-	69,940	
Equipment (including vehicles)	5,773,266	464,072	151,908	6,085,430	
Lease equipment	186,879	-	-	186,879	
Jointly owned assets	7,007,800	-	491,427	6,516,373	
Total capital assets being depreciated/amortized	\$ 30,829,607	\$ 1,849,551	\$ 643,335	\$ 32,035,823	
Less accumulated depreciation/amortization:					
Buildings and improvements	\$ (7,331,747)	\$ (521,367)	\$ -	\$ (7,853,114)	
Lease land improvements	-	(26,280)	-	(26,280)	
Lease buildings	-	(38,149)	-	(38,149)	
Equipment (including vehicles)	(3,569,310)	(606,969)	(151,908)	(4,024,371)	
Lease equipment	-	(59,639)	-	(59,639)	
Jointly owned assets	(731,603)	(162,909)	(172,594)	(721,918)	
Total accumulated depreciation/amortization	\$ (11,632,660)	\$ (1,415,313)	\$ (324,502)	\$ (12,723,471)	
Net capital assets being depreciated/amortized	\$ 19,196,947	\$ 434,238	\$ 318,833	\$ 19,312,352	
Net capital assets	\$ 33,686,705	\$ 1,141,709	\$ 1,819,397	\$ 33,009,017	

* Beginning balances have been adjusted to reflect implementation of GASB 87

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 4 - Capital Assets: (Continued)

The following is a summary of capital assets for the fiscal year ended June 30, 2022 (Continued):

	Balance			Balance
	July 1, 2021*	Additions	Deletions	June 30, 2022
Component Unit - School Board:				
Capital assets not being depreciated:				
Land	\$ 109,803	\$ -	\$ -	\$ 109,803
Construction in progress	8,176,726	174,597	-	8,351,323
Construction in progress-Jointly Owned	(8,112,086)	(174,597)	-	(8,286,683)
Total capital assets not being depreciated	\$ 174,443	\$ -	\$ -	\$ 174,443
Capital assets being depreciated/amortized:				
Buildings and improvements	\$ 26,463,700	\$ -	\$ 66,000	\$ 26,397,700
Equipment (including vehicles)	6,334,458	1,032,072	-	7,366,530
Lease equipment	346,783	-	-	346,783
Jointly owned assets	(7,007,800)	-	(491,427)	(6,516,373)
Total capital assets being depreciated/amortized	\$ 26,137,141	\$ 1,032,072	\$ (425,427)	\$ 27,594,640
Less accumulated depreciation/amortization:				
Buildings and improvements	\$ (13,108,723)	\$ (938,094)	\$ (66,000)	\$ (13,980,817)
Jointly owned assets	731,603	162,909	172,594	721,918
Equipment (including vehicles)	(4,717,857)	(449,230)	-	(5,167,087)
Lease equipment	-	(69,447)	-	(69,447)
Total accumulated depreciation/amortization	\$ (17,094,977)	\$ (1,293,862)	\$ 106,594	\$ (18,495,433)
Net capital assets being depreciated/amortized	\$ 9,042,164	\$ (261,790)	\$ (318,833)	\$ 9,099,207
Net capital assets	\$ 9,216,607	\$ (261,790)	\$ (318,833)	\$ 9,273,650

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 4 - Capital Assets: (Continued)

The following is a summary of capital assets for the fiscal year ended June 30, 2022 (Continued):

	Balance			Balance
	July 1, 2021	Additions	Deletions	June 30, 2022
Component Unit - Parks and Recreation Authority:				
Capital assets not being depreciated:				
Construction in progress	\$ 8,225	\$ -	\$ 8,225	\$ -
Total capital assets not being depreciated	\$ 8,225	\$ -	\$ 8,225	\$ -
Capital assets being depreciated:				
Buildings and improvements	\$ 304,112	\$ 8,225	\$ -	\$ 312,337
Equipment	\$ 112,318	\$ 10,975	\$ -	\$ 123,293
Total capital assets being depreciated	\$ 416,430	\$ 19,200	\$ -	\$ 435,630
Less accumulated depreciation:				
Buildings and improvements	\$ (31,485)	\$ (17,252)	\$ -	\$ (48,737)
Equipment	\$ (82,614)	\$ (10,441)	\$ -	\$ (93,055)
Total accumulated depreciation	\$ (114,099)	\$ (27,693)	\$ -	\$ (141,792)
Net capital assets being depreciated	\$ 302,331	\$ (8,493)	\$ -	\$ 293,838
Net capital assets	\$ 310,556	\$ (8,493)	\$ 8,225	\$ 293,838

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	\$ 138,687
Judicial administration	287,528
Public safety	629,465
Public works	94,371
Health and welfare	25,043
Education	162,909
Parks, recreation and cultural	75,164
Community development	2,146
Total	\$ 1,415,313
Component Unit School Board	\$ 1,456,771
Depreciation/Amortization Expense	\$ 1,456,771
Joint tenancy transfer of accumulated depreciation	(162,909)
Total additions to accumulated depreciation /amortization, previous page	\$ 1,293,862
Component Unit Parks and Recreation Authority	\$ 27,693

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 5 - Compensated Absences:

The County has accrued the liability arising from compensated absences.

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

Primary Government	\$ <u>463,650</u>
Component Unit School Board	\$ <u>303,342</u>

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

Fund	Due from	Due to
General	\$ -	\$ 75,420
School Board	\$ 75,420	\$ -
Total	\$ <u>75,420</u>	\$ <u>75,420</u>
Fund	Transfers In	Transfers Out
General	\$ -	\$ 1,766,303
Capital Improvement	\$ 1,766,303	\$ -
Total	\$ <u>1,766,303</u>	\$ <u>1,766,303</u>

Note 7 - Pension Plan:

Plan Description

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Benefit Structures

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

- a. Employees with a measurement date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a measurement date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	67	40
Inactive members:		
Vested inactive members	17	14
Non-vested inactive members	32	16
Inactive members active elsewhere in VRS	48	15
Total inactive members	97	45
Active members	112	44
Total covered employees	276	129

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2022 was 10.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$598,232 and \$561,113 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Contributions: (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2022 was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were (\$6,358) and \$46 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability/Asset

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	57.00%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Discount Rate: (Continued)

For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 20,592,272	\$ 18,294,646	\$ 2,297,626
Changes for the year:			
Service cost	\$ 719,477	\$ -	\$ 719,477
Interest	1,355,401	-	1,355,401
Changes of assumptions	731,791	-	731,791
Differences between expected and actual experience	(175,389)	-	(175,389)
Contributions - employer	-	561,114	(561,114)
Contributions - employee	-	265,127	(265,127)
Net investment income	-	5,011,306	(5,011,306)
Benefit payments, including refunds of employee contributions	(1,024,525)	(1,024,525)	-
Administrative expenses	-	(12,328)	12,328
Other changes	-	474	(474)
Net changes	\$ 1,606,755	\$ 4,801,168	\$ (3,194,413)
Balances at June 30, 2021	<u>\$ 22,199,027</u>	<u>\$ 23,095,814</u>	<u>\$ (896,787)</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component School Board (nonprofessional)			Net Pension Liability (Asset) (a) - (b)	
	Increase (Decrease)		Plan Fiduciary Net Position (b)		
	Total Pension Liability (a)				
Balances at June 30, 2020	\$ 3,707,503	\$ 4,201,138	\$ (493,635)		
Changes for the year:					
Service cost	\$ 71,699	\$ -	\$ 71,699		
Interest	243,627	-	243,627		
Changes of assumptions	123,659	-	123,659		
Differences between expected and actual experience	(51,672)	-	(51,672)		
Contributions - employee	-	37,796	(37,796)		
Net investment income	-	1,133,738	(1,133,738)		
Benefit payments, including refunds of employee contributions	(196,439)	(196,439)	-		
Administrative expenses	-	(2,899)	2,899		
Other changes	-	106	(106)		
Net changes	\$ 190,874	\$ 972,302	\$ (781,428)		
Balances at June 30, 2021	\$ 3,898,377	\$ 5,173,440	\$ (1,275,063)		

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 2,143,435	\$ (896,787)	\$ (3,379,104)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (821,710)	\$ (1,275,063)	\$ (1,652,523)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$260,415 and (\$98,152), respectively. At June 30, 2022, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,250	\$ 127,729	\$ 7,827	\$ 29,108
Change in assumptions	651,815	-	69,659	-
Net difference between projected and actual earnings on pension plan investments	-	2,495,440	-	561,619
Employer contributions subsequent to the measurement date	598,232	-	-	6,358
Total	\$ 1,567,297	\$ 2,623,169	\$ 77,486	\$ 597,085

\$598,232 reported as deferred outflows of resources related to pensions resulting from the County's contributions and \$6,358 reported as deferred inflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2023	\$ (119,809)	\$ (92,427)
2024	(298,328)	(119,005)
2025	(479,266)	(130,688)
2026	(756,701)	(171,121)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2021-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, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the [Code of Virginia](#), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$1,721,935 and \$1,609,602 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$8,832,076 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.11377% as compared to 0.1158% at June 30, 2020.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional)

For the year ended June 30, 2022, the school division recognized pension expense of \$(173,733). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 752,263
Change in assumptions	1,547,357	-
Net difference between projected and actual earnings on pension plan investments	-	5,565,738
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,243	896,565
Employer contributions subsequent to the measurement date	<u>1,721,935</u>	-
Total	<u>\$ 3,287,535</u>	<u>\$ 7,214,566</u>

\$1,721,935 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2023	\$ (1,395,141)	
2024	(1,281,169)	
2025	(1,330,911)	
2026	(1,642,709)	
2027	964	

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employer's Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 7 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 17,045,428	\$ 8,832,076	\$ 2,075,496

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 1,567,297	\$ 2,623,169	\$ (896,787)	\$ 260,415
Totals	\$ 1,567,297	\$ 2,623,169	\$ (896,787)	\$ 260,415
Component Unit School Board				
School Board Nonprofessional	\$ 77,486	\$ 597,085	\$ (1,275,063)	\$ (98,152)
School Board Professional	3,287,535	7,214,566	8,832,076	(173,733)
Totals	\$ 3,365,021	\$ 7,811,651	\$ 7,557,013	\$ (271,885)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (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, 2022:

	Balance at July 1, 2021*	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Direct Borrowings and Direct Placements:					
Public Facility Lease Revenue Bond	\$ 16,600,000	\$ -	\$ 453,000	\$ 16,147,000	\$ 466,000
Public Facility Lease Revenue					
Refunding Bonds	7,747,000	-	543,000	7,204,000	556,000
Landfill closure liability	298,915	3,140	33,562	268,493	33,562
Notes payable	268,876	-	37,580	231,296	38,890
Lease liability	589,702	-	113,388	476,314	107,727
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 882,308	\$ 60,311	\$ 315,688	\$ 626,931	-
Net Group Life Insurance OPEB liability	428,891	123,900	235,643	317,148	-
Total net OPEB liability	\$ 1,311,199	\$ 184,211	\$ 551,331	\$ 944,079	-
Net pension liability	2,297,626	2,818,997	5,116,623	-	-
Compensated absences	524,300	122,896	183,546	463,650	43,070
Total governmental activities	\$ 29,637,618	\$ 3,129,244	\$ 7,032,030	\$ 25,734,832	\$ 1,245,249

* Beginning balances have been adjusted to reflect implementation of GASB 87

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

Year Ending June 30,	Direct Borrowings and Direct Placements									
	Public Facility Lease Revenue				Public Facility Lease Revenue				Notes Payable	
	Bond		Refunding Bond		Principal		Interest		Principal	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 466,000	\$ 484,410	\$ 556,000	\$ 171,897	\$ 38,890	\$ 9,756	\$ 107,727	\$ 11,800		
2024	480,000	470,430	596,000	158,631	12,716	8,398	75,049	10,490		
2025	493,000	456,030	611,000	144,409	13,300	7,814	30,171	9,437		
2026	507,000	441,240	626,000	129,831	13,911	7,203	24,800	8,652		
2027	523,000	426,030	640,000	114,893	14,550	6,564	23,873	7,848		
2028-2032	2,844,000	1,885,710	3,438,000	337,974	83,410	22,157	151,055	25,000		
2033-2037	5,788,000	1,313,490	737,000	17,586	54,519	3,545	63,639	1,950		
2038-2041	5,046,000	383,850	-	-	-	-	-	-		
Total	\$ 16,147,000	\$ 5,861,190	\$ 7,204,000	\$ 1,075,221	\$ 231,296	\$ 65,437	\$ 476,314	\$ 75,177		

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 8 - Long-Term Obligations: (Continued)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i>Public Facility Lease Revenue Bond:</i>		
\$16,600,000 Public Facilities Lease Revenue Bond, Series 2020A issued June 24, 2020 due in varying installments through February 2041. Interest is payable annually at 3.00%.	\$ 16,147,000	\$ 466,000
<i>Public Facility Lease Revenue Refunding Bonds.:</i>		
\$1,625,000 Public Facilities Lease Revenue Refunding Bond, Series 2020B issued June 24, 2020 due in varying installments through February 2033. Interest is payable annually at 2.37%.	\$ 1,393,000	\$ 112,000
\$6,416,000 Public Facilities Lease Revenue Refunding Bond, Series 2020C issued June 24, 2020 due in varying installments through February 2033. Interest is payable annually at 2.39%.	\$ 5,811,000	\$ 444,000
Total Public Facility Lease Revenue Refunding Bonds	<u>\$ 7,204,000</u>	<u>\$ 556,000</u>
<i>Notes Payable:</i>		
\$230,000 lease issued March 24, 2020, due in monthly installments of principal and interest of \$1,759 through March 2035. Interest is payable at 4.50%. The assets acquired through the capital lease are \$230,000 for a building and had \$13,826 of accumulated depreciation as of June 30, 2022.	\$ 204,563	\$ 12,157
\$126,126 lease issued October 20, 2017 due in annual installments of principal and interest of \$27,532 through October 2022. Interest is payable at 2.99%. The assets acquired through the capital lease are \$118,886 for election equipment and had \$39,629 of accumulated depreciation as of June 30, 2022.	\$ 26,733	\$ 26,733
Total Notes Payable	<u>\$ 231,296</u>	<u>\$ 38,890</u>
<i>Lease Liabilities:</i>		
Lease for a cell phone tower issued on November 2, 2020, due in \$2,200 monthly payments. The monthly payments will increase 3.50% annually starting March 1, 2022. Discount rate at 3.445%.	\$ 316,418	\$ 17,005
Two-year building lease issued on April 7, 2021, due in \$3,200 monthly payments starting May 1, 2021. Discount rate at 0.751%.	\$ 31,890	\$ 31,890
Various leases for equipment, payable in monthly payments ranging from \$115 to \$3,965 through May 2026. The discount rates range from 0.751% to 1.335%.	\$ 128,006	\$ 58,832
Total Lease Liabilities	<u>\$ 476,314</u>	<u>\$ 107,727</u>
Landfill closure liability	\$ 268,493	\$ 33,562
Net OPEB liability	\$ 944,079	\$ -
Compensated absences	\$ 463,650	\$ 43,070
Total long-term obligations	<u>\$ 25,734,832</u>	<u>\$ 1,245,249</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (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, 2022:

	Balance at July 1, 2021*	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Compensated absences	\$ 327,468	\$ 8,621	\$ 32,747	\$ 303,342	\$ 30,334
Lease liability	346,783	-	67,852	278,931	68,343
Net pension liability	16,857,762	3,351,944	11,377,630	8,832,076	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 1,315,256	\$ 218,335	\$ 225,884	\$ 1,307,707	-
Net Group Life Insurance OPEB liability	896,165	211,239	492,436	614,968	-
Net Health Insurance Credit OPEB liability	1,620,323	294,708	349,042	1,565,989	-
Total net OPEB liability	\$ 3,831,744	\$ 724,282	\$ 1,067,362	\$ 3,488,664	-
 Total Component Unit	 \$ 21,363,757	 \$ 4,084,847	 \$ 12,545,591	 \$ 12,903,013	 \$ 98,677

* Beginning balances have been adjusted to reflect implementation of GASB 87

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	\$ 68,343	\$ 3,310
2024	69,261	2,392
2025	70,192	1,461
2026	71,135	517
 Total	 \$ 278,931	 \$ 7,680

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

Note 8 - Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
<i>Lease Liabilities:</i>		
Five-year lease for office equipment, due in \$673 quarterly payments through April 29, 2026. Discount rate at 1.335%.	\$ 10,470	\$ 2,565
Five-year lease for equipment, due in \$5,747 monthly payments, through June 9, 2026. Discount rate at 1.335%.	<u>268,461</u>	<u>65,778</u>
Total Lease Liabilities	<u>\$ 278,931</u>	<u>\$ 68,343</u>
Compensated absences	<u>\$ 303,342</u>	<u>\$ 30,334</u>
Net pension liability	<u>\$ 8,832,076</u>	<u>\$ -</u>
Net OPEB obligation	<u>\$ 3,488,664</u>	<u>\$ -</u>
Total long-term obligations	<u><u>\$ 12,903,013</u></u>	<u><u>\$ 98,677</u></u>

Note 9 - Deferred/Unavailable/Unearned Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 1,099,752
2nd half assessments due after June 30th	6,380,888	6,380,888
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>305,635</u>	<u>305,635</u>
Total deferred/unavailable property tax revenue:	<u>\$ 6,686,523</u>	<u>\$ 7,786,275</u>
Unavailable opioid settlement revenue:	<u>\$ -</u>	<u>\$ 184,190</u>
Total governmental activities	<u><u>\$ 6,686,523</u></u>	<u><u>\$ 7,970,465</u></u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 10 - Contingent Liabilities:

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

Note 11 - Surety Bonds:

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

Note 12 - Risk Management:

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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 \$268,493 reported as landfill closure and postclosure care liability at June 30, 2022, 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 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from any funds accumulated for this purpose in the General Fund.

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

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

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

County:

Plan Description

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

Benefits Provided

Postemployment benefits are provided to eligible retirees include health insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. For participating retirees, the retirees pay 100% of the published rates for individual and dependent coverage until age 65. Surviving spouses are not allowed access to the plan.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

County: (Continued)

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	94
Total retirees with coverage	3
Total	97

Contributions

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

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	Ranging from 3.50% to 5.35% depending on years of service per year for general salary inflations
Discount Rate	3.54%

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

The date of the most recent actuarial experience study for which significant assumptions were based is July 1, 2021.

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.54% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

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

County: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2021	\$ 882,308
Changes for the year:	
Service cost	40,682
Interest	19,629
Economic/demographic gains or losses	(166,119)
Changes in assumptions	(120,900)
Benefit payments	(28,669)
Net changes	(255,377)
Balances at June 30, 2022	<u><u>\$ 626,931</u></u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 699,259	\$ 626,931	\$ 562,919

The following presents the total OPEB liability of the County was calculated using healthcare cost trend rates that are one percentage point lower (3.50% decreasing to 2.90% after 2073) or one percentage point higher (5.50% decreasing to 4.90% after 2073) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (3.50% decreasing to 2.90% after 2073)	Trend (4.50% decreasing to 3.90% after 2073)	1% Increase (5.50% decreasing to 4.90% after 2073)
\$ 541,850	\$ 626,931	\$ 728,948

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

County: (Continued)

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$75,229. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 137,555	\$ 143,970
Changes in assumptions	100,018	109,568
Total	\$ 237,573	\$ 253,538

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

Year Ended June 30		
2023	\$ 14,918	
2024	14,918	
2025	14,841	
2026	14,090	
2027	(17,327)	
Thereafter	(57,405)	

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

School Board:

Plan Description

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

School Board: (Continued)

Benefits Provided

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

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	232
Total retirees with coverage	4
Total retirees without coverage	1
 Total	 237

Contributions

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

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	Ranging from 3.50% to 5.95% depending on years of service per year for general salary inflations
Discount Rate	3.54%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

School Board: (Continued)

Actuarial Assumptions: (Continued)

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

The date of the most recent actuarial experience study for which significant assumptions were based is July 1, 2021.

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.54% as of the end of the fiscal year with the expectation that the School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	School Board Total OPEB Liability
Balances at June 30, 2021	\$ 1,315,256
Changes for the year:	
Service cost	83,662
Interest	29,722
Economic/demographic gains or losses	104,951
Changes in assumptions	(179,844)
Benefit payments	(46,040)
Net changes	(7,549)
Balances at June 30, 2022	<u><u>\$ 1,307,707</u></u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 1,416,477	\$ 1,307,707	\$ 1,205,176

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

School Board: (Continued)

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

The following presents the total OPEB liability of the School Board was calculated using healthcare cost trend rates that are one percentage point lower (3.50% decreasing to 2.90% after 2073) or one percentage point higher (5.50% decreasing to 4.90% after 2073) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(4.80% decreasing to 3.20% after 2073)	(5.90% decreasing to 4.00% after 2073)	(6.80% decreasing to 5.20% after 2073)
\$ 1,148,217	\$ 1,307,707	\$ 1,495,016

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$101,144. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,666	\$ 146,381
Changes in assumptions	\$ 140,371	\$ 168,271
Total	\$ 232,037	\$ 314,652

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

	Year Ended June 30
2023	\$ (12,240)
2024	(12,240)
2025	(12,240)
2026	(12,842)
2027	(13,755)
Thereafter	(19,298)

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	8	15
Inactive members:		
Vested inactive members	-	-
Total inactive members	8	15
Active members	49	44
Total covered employees	57	59

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2022 was 0.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$3,307 and \$3,081 for the years ended June 30, 2022 and June 30, 2021, respectively. The School Board's contractually required employer contribution rate for the year ended June 30, 2022 was 0.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$8,669 and \$8,009 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Contributions; (Continued)

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The County and School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

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

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)			Net HIC OPEB Liability (Asset) (a) - (b)
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)		
	Primary Government			
Balances at June 30, 2020	\$ 69,482	\$ 69,484	\$ (2)	
Changes for the year:				
Service cost	\$ 3,147	\$ -	\$ 3,147	
Interest	4,511	-	4,511	
Differences between expected and actual experience	1,513	-	1,513	
Assumption changes	435	-	435	
Contributions - employer	-	3,082	(3,082)	
Net investment income	-	17,982	(17,982)	
Benefit payments	(5,296)	(5,296)	-	
Administrative expenses	-	(208)	208	
Net changes	\$ 4,310	\$ 15,560	\$ (11,250)	
Balances at June 30, 2021	\$ 73,792	\$ 85,044	\$ (11,252)	
<u>Component School Board (nonprofessional)</u>				
Balances at June 30, 2020	\$ 100,300	\$ -	\$ 100,300	
Changes for the year:				
Service cost	\$ 1,363	\$ -	\$ 1,363	
Interest	6,770	-	6,770	
Differences between expected and actual experience	2	-	2	
Assumption changes	2,536	-	2,536	
Contributions - employer	-	8,009	(8,009)	
Net investment income	-	1,176	(1,176)	
Administrative expenses	-	(36)	36	
Net changes	\$ 10,671	\$ 9,149	\$ 1,522	
Balances at June 30, 2021	\$ 110,971	\$ 9,149	\$ 101,822	

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's			
Net HIC OPEB Liability (Asset)	\$ (2,928)	\$ (11,252)	\$ (18,253)
Component Unit School Board (nonprofessional)			
Net HIC OPEB Liability (Asset)	\$ 113,095	\$ 101,822	\$ 92,191

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

For the year ended June 30, 2022, the County and School Board recognized HIC Plan OPEB expense of \$2,413 and \$8,227, respectively. At June 30, 2022, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Plan from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,860	\$ 6,847	\$ 2	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	8,593	-	726
Change in assumptions	1,242	832	2,028	-
Employer contributions subsequent to the measurement date	3,307	-	8,669	-
Total	\$ 23,409	\$ 16,272	\$ 10,699	\$ 726

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

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

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

\$3,307 and \$8,669 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		Component Unit	
		Primary Government	School Board (nonprofessional)
2023	\$ (313)	\$ 327	
2024	(289)	327	
2025	(350)	327	
2026	(741)	323	
2027	2,866	-	
Thereafter	2,657	-	

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$130,472 and \$122,067 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$1,464,167 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.1141% as compared to 0.1165% at June 30, 2020.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

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

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

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$98,236. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,550
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	19,288
Change in assumptions	39,579	5,884
Changes in proportionate share	9,789	117,023
Employer contributions subsequent to the measurement date	130,472	-
Total	\$ 179,840	\$ 167,745

\$130,472 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,

2023	\$ (22,800)
2024	(23,019)
2025	(23,774)
2026	(25,109)
2027	(15,721)
Thereafter	(7,954)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,648,246	\$ 1,464,167	\$ 1,308,392

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$32,562 and \$30,373 for the years ended June 30, 2022 and June 30, 2021, respectively, for the County; \$4,777 and \$4,413 for the years ended June 30, 2022 and June 30, 2021, respectively, for the School Board (nonprofessional); and \$58,227 and \$54,476 for the years ended June 30, 2022 and June 30, 2021, respectively, for the School Board (professional).

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

At June 30, 2022, the entity reported a liability of \$317,148, \$46,105, and \$568,863 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.02720%, 0.00400%, and 0.04890% as compared to 0.02570%, 0.00407%, and 0.04963% at June 30, 2020 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$22,588, \$1,287, and \$12,935 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2022 (Continued)

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

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

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	\$ 36,172	\$ 2,416
Net difference between projected and actual earnings on GLI OPEB program investments	- -	75,696
Change in assumptions	17,484	43,393
Changes in proportionate share	34,849	-
Employer contributions subsequent to the measurement date	32,562	-
Total Primary Government	\$ 121,067	\$ 121,505
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 5,258	\$ 351
Net difference between projected and actual earnings on GLI OPEB program investments	- -	11,004
Change in assumptions	2,542	6,308
Changes in proportionate share	1,326	4,628
Employer contributions subsequent to the measurement date	4,777	-
Total Component Unit School Board (nonprofessional)	\$ 13,903	\$ 22,291
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 64,881	\$ 4,334
Net difference between projected and actual earnings on GLI OPEB program investments	- -	135,775
Change in assumptions	31,361	77,833
Changes in proportionate share	5,540	52,686
Employer contributions subsequent to the measurement date	58,227	-
Total Component Unit School Board (professional)	\$ 160,009	\$ 270,628

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

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

\$32,562, \$4,777 and \$58,227 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OEPB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2023	\$ (6,029)	\$ (2,873)	\$ (38,395)
2024	(3,869)	(2,361)	(34,181)
2025	(4,824)	(2,686)	(34,467)
2026	(17,826)	(4,235)	(50,764)
2027	(452)	(1,010)	(11,039)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u><u>\$ 1,164,272</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 463,364	\$ 317,148	\$ 199,071
School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 67,361	\$ 46,105	\$ 28,940
School Board(professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 831,129	\$ 568,863	\$ 357,071

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-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, 2022 (Continued)

Note 18 - Aggregate OPEB Information:

	VRS OPEB Plans				OPEB Expense	
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)			
Primary Government						
Group Life Insurance Program (Note 17):						
County	\$ 121,067	\$ 121,505	\$ 317,148	\$ 22,588		
County Health Insurance Credit Program (Note 15)	23,409	16,272	(11,252)	2,413		
County Stand-Alone Plan (Note 14)	237,573	253,538	626,931	75,229		
Totals	<u>\$ 382,049</u>	<u>\$ 391,315</u>	<u>\$ 932,827</u>	<u>\$ 100,230</u>		
Component Unit School Board						
Group Life Insurance Program (Note 17):						
School Board Nonprofessional	\$ 13,903	\$ 22,291	\$ 46,105	\$ 1,287		
School Board Professional	160,009	270,628	568,863	12,935		
School Board Health Insurance Credit Program (Note 15)	10,699	726	101,822	8,227		
Teacher Health Insurance Credit Program (Note 15)	179,840	167,745	1,464,167	98,236		
School Stand-Alone Plan (Note 14)	232,037	314,652	1,307,707	101,144		
Totals	<u>\$ 596,488</u>	<u>\$ 776,042</u>	<u>\$ 3,488,664</u>	<u>\$ 221,829</u>		

Note 19 - Litigation:

At June 30, 2022, there were no matters of litigation involving the County or its component unit that would have an adverse material effect on the financial position of the reporting entity.

Note 20 - Fair Value Measurements:

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 20 - Fair Value Measurements: (Continued)

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

The County has the following recurring fair value measurements as of June 30, 2022:

Investment	6/30/2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
U.S. Government Securities	\$ 64,714	\$ 64,714	\$ -	\$ -
	\$ 64,714	\$ 64,714	\$ -	\$ -

Note 21—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

	Component	
	Unit	
	Governmental	School
	Activities	Board
Leasee activity:		
Lease assets	\$ 589,702	\$ 346,783
Lease liabilities	\$ 589,702	\$ 346,783

Note 22 - Upcoming Pronouncements:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 22 - Upcoming Pronouncements: (Continued)

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

Note 23 - COVID-19 Pandemic Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

CARES Act Funding

On March 27, 2021, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population. The County received total CRF funding of \$2,199,018. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2022 will be returned to the federal government. The County spent the remainder of CRF funds during FY22 in the amount of \$10,659.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2022 (Continued)

Note 23 - COVID-19 Pandemic Subsequent Event: (Continued)

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

During June 2022, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,259,997 from both allocations are reported as unearned revenue as of June 30.

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- Required Supplementary Information -

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -- General Fund
 Year Ended June 30, 2022

	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:				
General property taxes	\$ 17,434,250	\$ 17,959,250	\$ 18,523,987	\$ 564,737
Other local taxes	3,056,188	3,103,561	3,905,288	801,727
Permits, privilege fees and regulatory licenses	196,500	196,500	274,127	77,627
Fines and forfeitures	130,800	130,800	181,714	50,914
Revenue from use of money and property	78,500	78,500	42,005	(36,495)
Charges for services	566,294	566,294	706,837	140,543
Miscellaneous	85,475	126,805	911,805	785,000
Intergovernmental:				
Commonwealth	5,525,035	5,654,326	4,741,697	(912,629)
Federal	1,835,428	3,962,847	1,562,108	(2,400,739)
Total revenues	\$ 28,908,470	\$ 31,778,883	\$ 30,849,568	\$ (929,315)
Expenditures:				
Current:				
General government administration	\$ 1,965,693	\$ 2,178,123	\$ 2,062,552	\$ 115,571
Judicial administration	1,112,053	1,182,710	1,127,067	55,643
Public safety	6,301,389	8,635,312	8,154,915	480,397
Public works	1,116,086	1,243,648	1,234,989	8,659
Health and welfare	5,671,597	5,671,997	4,188,927	1,483,070
Education	9,800,501	10,014,173	9,720,484	293,689
Parks, recreation, and cultural	427,202	428,702	428,605	97
Community development	627,445	697,620	662,267	35,353
Nondepartmental	2,224,038	2,150,086	925	2,149,161
Debt service:				
Principal retirement	1,033,581	1,033,581	1,033,580	1
Interest and other fiscal charges	693,918	693,918	693,918	-
Total expenditures	\$ 30,973,503	\$ 33,929,870	\$ 29,308,229	\$ 4,621,641
Excess (deficiency) of revenues over (under) expenditures	\$ (2,065,033)	\$ (2,150,987)	\$ 1,541,339	\$ 3,692,326
Other Financing Sources (uses):				
Transfers (out)	\$ (2,906,640)	\$ (3,292,339)	\$ (1,766,303)	\$ 1,526,036
Total other financing sources (uses)	\$ (2,906,640)	\$ (3,292,339)	\$ (1,766,303)	\$ 1,526,036
Net change in fund balances	\$ (4,971,673)	\$ (5,443,326)	\$ (224,964)	\$ 5,218,362
Fund balances at beginning of year	\$ 4,971,673	\$ 5,443,326	\$ 24,315,818	\$ 18,872,492
Fund balances at end of year	\$ -	\$ -	\$ 24,090,854	\$ 24,090,854

COUNTY OF MADISON, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2021

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

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

Exhibit 9

2018	2019	2020	2021
\$ 570,023	\$ 606,878	\$ 677,748	\$ 719,477
1,174,284	1,189,868	1,251,916	1,355,401
(508,725)	182,252	592,229	(175,389)
-	564,680	-	731,791
<u>(989,214)</u>	<u>(1,036,713)</u>	<u>(953,051)</u>	<u>(1,024,525)</u>
\$ 246,368	\$ 1,506,965	\$ 1,568,842	\$ 1,606,755
17,270,097	17,516,465	19,023,430	20,592,272
<u>\$ 17,516,465</u>	<u>\$ 19,023,430</u>	<u>\$ 20,592,272</u>	<u>\$ 22,199,027</u>
 \$ 394,766	\$ 407,989	\$ 427,549	\$ 561,114
222,548	239,126	251,406	265,127
1,217,607	1,157,589	347,959	5,011,306
(989,214)	(1,036,713)	(953,051)	(1,024,525)
(10,613)	(11,514)	(11,849)	(12,328)
(1,085)	(728)	(412)	474
<u>\$ 834,009</u>	<u>\$ 755,749</u>	<u>\$ 61,602</u>	<u>\$ 4,801,168</u>
<u>16,643,286</u>	<u>17,477,295</u>	<u>18,233,044</u>	<u>18,294,646</u>
<u>\$ 17,477,295</u>	<u>\$ 18,233,044</u>	<u>\$ 18,294,646</u>	<u>\$ 23,095,814</u>
 \$ 39,170	\$ 790,386	\$ 2,297,626	\$ (896,787)
 99.78%	95.85%	88.84%	104.04%
 \$ 4,584,440	\$ 4,940,970	\$ 5,244,199	\$ 5,573,211
 0.85%	16.00%	43.81%	-16.09%

COUNTY OF MADISON, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2021

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

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

Exhibit 10

	2019	2020	2021
\$	70,774	72,976	71,699
228,352	232,552	243,627	
(19,974)	49,027	(51,672)	
94,551	-	123,659	
	<u>(196,793)</u>	<u>(184,535)</u>	<u>(196,439)</u>
\$	176,910	170,020	190,874
3,360,573	3,537,483	3,707,503	
<u>\$ 3,537,483</u>	<u>\$ 3,707,503</u>	<u>\$ 3,898,377</u>	
\$	3,454	3,252	-
38,555	38,491	37,796	
272,231	80,870	1,133,738	
	<u>(196,793)</u>	<u>(184,535)</u>	<u>(196,439)</u>
(2,800)	(2,825)	(2,899)	
(170)	(95)	106	
\$	114,477	(64,842)	972,302
4,151,503	4,265,980	4,201,138	
<u>\$ 4,265,980</u>	<u>\$ 4,201,138</u>	<u>\$ 5,173,440</u>	
\$	(728,497)	(493,635)	(1,275,063)
	120.59%	113.31%	132.71%
\$	831,157	837,116	817,250
	-87.65%	-58.97%	-156.02%

COUNTY OF MADISON, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2021

	2014	2015	2016	2017	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.13142%	0.12919%	0.12492%	0.12619%	0.12517%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,882,000	\$ 16,260,000	\$ 17,507,000	\$ 15,518,000	\$ 14,720,000
Employer's Covered Payroll	9,603,425	9,660,903	9,359,189	10,295,095	10,210,771
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.38%	168.31%	187.06%	150.73%	144.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%

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

Exhibit 11

	2019	2020	2021
0.12028%	0.11584%	0.11377%	
\$ 15,829,532	\$ 16,857,762	\$ 8,832,076	
10,176,839	10,214,762	10,088,200	
155.54%	165.03%	87.55%	
73.51%	71.47%	85.46%	

Schedule of Employer Contributions - Pension
Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to Contractually Required Contribution			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
(1)*	(2)*	(3)	(4)	(5)	
Primary Government					
2022	\$ 598,232	\$ 598,232	\$ -	\$ 5,954,892	10.05%
2021	561,113	561,113	-	5,573,211	10.07%
2020	429,701	429,701	-	5,244,199	8.19%
2019	407,487	407,487	-	4,940,970	8.25%
2018	394,774	394,774	-	4,584,440	8.61%
2017	393,926	393,926	-	4,466,281	8.82%
2016	493,214	493,214	-	4,233,595	11.65%
2015	471,612	471,612	-	4,048,172	11.65%
2014	507,088	507,088	-	3,980,282	12.74%
2013	504,675	504,675	-	3,961,344	12.74%
Component Unit School Board (nonprofessional)					
2022	\$ (6,358)	\$ (6,358)	\$ -	\$ 884,559	-0.72%
2021	46	46	-	817,250	0.01%
2020	199	199	-	837,116	0.02%
2019	1,333	1,333	-	831,157	0.16%
2018	1,201	1,201	-	841,045	0.14%
2017	4,002	4,002	-	763,392	0.52%
2016	35,470	35,470	-	731,331	4.85%
2015	34,316	34,316	-	707,545	4.85%
2014	41,634	41,634	-	765,340	5.44%
2013	41,830	41,830	-	768,936	5.44%
Component Unit School Board (professional)					
2022	\$ 1,721,935	\$ 1,721,935	\$ -	\$ 10,782,790	15.97%
2021	1,609,602	1,609,602	-	10,088,200	15.96%
2020	1,539,369	1,539,369	-	10,214,762	15.07%
2019	1,541,453	1,541,453	-	10,176,839	15.15%
2018	1,590,403	1,590,403	-	10,210,771	15.58%
2017	1,509,261	1,509,261	-	10,295,095	14.66%
2016	1,315,902	1,315,902	-	9,359,189	14.06%
2015	1,400,831	1,400,831	-	9,660,903	14.50%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

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

Notes to Required Supplementary Information - Pension
 Pension Plans
 Year Ended June 30, 2022

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2022

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 18,953	\$ 18,578	\$ 28,207	\$ 40,138	\$ 40,682
Interest	15,356	16,760	16,541	19,391	19,629
Changes in assumptions	(13,048)	17,115	150,855	4,546	(120,900)
Differences between expected and actual experience	-	-	231,344	-	(166,119)
Benefit payments	(18,464)	(15,016)	(30,191)	(37,902)	(28,669)
Net change in total OPEB liability	\$ 2,797	\$ 37,437	\$ 396,756	\$ 26,173	\$ (255,377)
Total OPEB liability - beginning	419,145	421,942	459,379	856,135	882,308
Total OPEB liability - ending	\$ 421,942	\$ 459,379	\$ 856,135	\$ 882,308	\$ 626,931
 Covered employee payroll	 \$ 4,288,858	 \$ 4,288,858	 \$ 5,220,405	 \$ 5,220,405	 \$ 4,977,693
 County's total OPEB liability (asset) as a percentage of covered employee payroll	 9.84%	 10.71%	 16.40%	 16.90%	 12.59%

Schedule is intended to show information for 10 years.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2022

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 57,167	\$ 56,266	\$ 56,693	\$ 76,387	\$ 83,662
Interest	39,196	43,605	43,237	28,603	29,722
Changes in assumptions	(26,737)	35,146	188,216	4,870	(179,844)
Economic/demographic gains or losses	-	-	(229,238)	-	104,951
Benefit payments	(34,934)	(38,827)	(14,635)	(24,779)	(46,040)
Net change in total OPEB liability	<u>\$ 34,692</u>	<u>\$ 96,190</u>	<u>\$ 44,273</u>	<u>\$ 85,081</u>	<u>\$ (7,549)</u>
Total OPEB liability - beginning	<u>1,055,020</u>	<u>1,089,712</u>	<u>1,185,902</u>	<u>1,230,175</u>	<u>1,315,256</u>
Total OPEB liability - ending	<u><u>\$ 1,089,712</u></u>	<u><u>\$ 1,185,902</u></u>	<u><u>\$ 1,230,175</u></u>	<u><u>\$ 1,315,256</u></u>	<u><u>\$ 1,307,707</u></u>
 Covered employee payroll	 \$ 9,729,827	 \$ 9,729,827	 \$ 9,522,007	 \$ 9,522,007	 \$ 10,082,562
 County's total OPEB liability (asset) as a percentage of covered employee payroll	 11.20%	 12.19%	 12.92%	 13.81%	 12.97%

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

Notes to Required Supplementary Information - County and Component Unit School Board OPEB
Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.50% in 2021 and gradually declines to 3.90% by the year 2073
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age of retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table fully generational using scale BB. The mortality rates for disabled retirees are calculated using the RP-2014 Disabled Mortality Table fully generational using scale BB.

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios
 Health Insurance Credit (HIC) Plan
 Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2021

	2017	2018	2019	2020	2021
Total HIC OPEB Liability					
Service cost	\$ 2,985	\$ 3,059	\$ 3,438	\$ 3,021	\$ 3,147
Interest	3,183	3,350	2,686	3,090	4,511
Differences between expected and actual experience	-	(13,071)	3,974	20,211	1,513
Changes in assumptions	(2,242)	-	1,353	-	435
Benefit payments	(234)	(2,817)	(2,846)	(5,238)	(5,296)
Net change in total HIC OPEB liability	\$ 3,692	\$ (9,479)	\$ 8,605	\$ 21,084	\$ 4,310
Total HIC OPEB Liability - beginning	45,580	49,272	39,793	48,398	69,482
Total HIC OPEB Liability - ending (a)	\$ 49,272	\$ 39,793	\$ 48,398	\$ 69,482	\$ 73,792
 Plan fiduciary net position					
Contributions - employer	\$ 1,632	\$ 1,683	\$ 1,645	\$ 1,747	\$ 3,082
Net investment income	6,718	4,655	4,385	1,417	17,982
Benefit payments	(234)	(2,817)	(2,846)	(5,238)	(5,296)
Administrative expense	(111)	(109)	(95)	(132)	(208)
Other	335	(335)	(5)	(1)	-
Net change in plan fiduciary net position	\$ 8,340	\$ 3,077	\$ 3,084	\$ (2,207)	\$ 15,560
Plan fiduciary net position - beginning	57,190	65,530	68,607	71,691	69,484
Plan fiduciary net position - ending (b)	\$ 65,530	\$ 68,607	\$ 71,691	\$ 69,484	\$ 85,044
 County's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (16,258)	\$ (28,814)	\$ (23,293)	\$ (2)	\$ (11,252)
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	133.00%	172.41%	148.13%	100.00%	115.25%
 Covered payroll	\$ 1,812,803	\$ 1,870,043	\$ 2,056,575	\$ 2,182,925	\$ 2,369,969
 County's net HIC OPEB liability as a percentage of covered payroll	-0.90%	-1.54%	-1.13%	0.00%	-0.47%

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

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios
 Health Insurance Credit (HIC) Plan
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2020 through June 30, 2021

	2020	2021
Total HIC OPEB Liability		
Service cost	\$ -	\$ 1,363
Interest	- -	6,770
Changes of benefit terms	100,300	-
Differences between expected and actual experience	- -	2
Changes in assumptions	- -	2,536
Net change in total HIC OPEB liability	\$ 100,300	\$ 10,671
Total HIC OPEB Liability - beginning	- -	100,300
Total HIC OPEB Liability - ending (a)	\$ 100,300	\$ 110,971
 Plan fiduciary net position		
Contributions - employer	\$ -	\$ 8,009
Net investment income	- -	1,176
Administrative expense	- -	(36)
Net change in plan fiduciary net position	\$ - -	\$ 9,149
Plan fiduciary net position - beginning	- -	- -
Plan fiduciary net position - ending (b)	\$ - -	\$ 9,149
 School Division's net HIC OPEB liability (asset) - ending (a) - (b)	\$ 100,300	\$ 101,822
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%	8.24%
 Covered payroll	\$ 837,116	\$ 817,250
 School Division's net HIC OPEB liability as a percentage of covered payroll	11.98%	12.46%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Primary Government and Component Unit School Board (nonprofessional)
 Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
Primary Government					
2022	\$ 3,307	\$ 3,307	\$ -	\$ 2,543,671	0.13%
2021	3,081	3,081	-	2,369,969	0.13%
2020	1,746	1,746	-	2,182,925	0.08%
2019	1,645	1,645	-	2,056,575	0.08%
2018	1,683	1,683	-	1,870,043	0.09%
2017	1,632	1,632	-	1,812,803	0.09%
2016	2,052	2,052	-	1,710,367	0.12%
2015	1,942	1,942	-	1,618,587	0.12%
2014	942	942	-	1,570,676	0.06%
2013	2,377	2,377	-	3,961,344	0.06%
Component Unit School Board (nonprofessional)					
2022	\$ 8,669	\$ 8,669	\$ -	\$ 884,559	0.98%
2021	8,009	8,009	-	817,250	0.98%

Schedule is intended to show information for 10 years. Information prior to the 2021 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Primary Government and Component Unit School Board (nonprofessional)
 Year Ended June 30, 2022

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Madison County School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)		Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.1141%	\$ 1,464,167	\$ 10,088,200	14.51%		13.15%
2020	0.1165%	1,520,023	10,214,762	14.88%		9.95%
2019	0.1213%	1,588,328	10,176,839	15.61%		8.97%
2018	0.1264%	1,604,000	10,218,425	15.70%		8.08%
2017	0.1272%	1,614,000	10,038,856	16.08%		7.04%

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to Contractually Required Contribution				Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)			
2022	\$ 130,472	\$ 130,472	\$ -	\$ 10,782,790		1.21%
2021	122,067	122,067	-	10,088,200		1.21%
2020	122,577	122,577	-	10,214,762		1.20%
2019	122,122	122,122	-	10,176,839		1.20%
2018	125,687	125,687	-	10,218,425		1.23%
2017	111,431	111,431	-	10,038,856		1.11%
2016	100,960	100,960	-	9,524,521		1.06%
2015	101,806	101,806	-	9,604,352		1.06%
2014	106,683	106,683	-	9,611,082		1.11%
2013	105,543	105,543	-	9,508,337		1.11%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2022

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of County and School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)		Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
				(5)		
Primary Government						
2021	0.02720%	\$ 317,148	\$ 5,624,685	5.64%		67.45%
2020	0.02570%	428,891	5,289,525	8.11%		52.64%
2019	0.02538%	413,001	4,974,756	8.30%		52.00%
2018	0.02430%	369,000	4,621,166	7.98%		51.22%
2017	0.02441%	367,000	4,502,245	8.15%		48.86%
Component Unit School Board (nonprofessional)						
2021	0.00400%	\$ 46,105	\$ 817,250	5.64%		67.45%
2020	0.00407%	67,921	837,116	8.11%		52.64%
2019	0.00425%	69,159	834,058	8.29%		52.00%
2018	0.00442%	68,000	841,045	8.09%		51.22%
2017	0.00413%	63,000	762,592	8.26%		48.86%
Component Unit School Board (professional)						
2021	0.04890%	\$ 568,863	\$ 10,088,200	5.64%		67.45%
2020	0.04963%	828,244	10,214,762	8.11%		52.64%
2019	0.05191%	844,714	10,176,839	8.30%		52.00%
2018	0.05374%	816,000	10,218,425	7.99%		51.22%
2017	0.05445%	819,000	10,042,981	8.15%		48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to Contractually Required Contribution			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
Primary Government					
2022	\$ 32,562	\$ 32,562	\$ -	\$ 6,030,040	0.54%
2021	30,373	30,373	-	5,624,685	0.54%
2020	27,506	27,506	-	5,289,525	0.52%
2019	25,869	25,869	-	4,974,756	0.52%
2018	24,030	24,030	-	4,621,166	0.52%
2017	23,412	23,412	-	4,502,245	0.52%
2016	20,338	20,338	-	4,237,107	0.48%
2015	19,517	19,517	-	4,066,077	0.48%
2014	19,138	19,138	-	3,987,155	0.48%
2013	19,063	19,063	-	3,971,451	0.48%
Component Unit School Board (nonprofessional)					
2022	\$ 4,777	\$ 4,777	\$ -	\$ 884,559	0.54%
2021	4,413	4,413	-	817,250	0.54%
2020	4,353	4,353	-	837,116	0.52%
2019	4,337	4,337	-	834,058	0.52%
2018	4,373	4,373	-	841,045	0.52%
2017	3,965	3,965	-	762,592	0.52%
2016	3,510	3,510	-	731,331	0.48%
2015	3,475	3,475	-	724,051	0.48%
2014	3,674	3,674	-	765,340	0.48%
2013	3,691	3,691	-	768,936	0.48%
Component Unit School Board (professional)					
2022	\$ 58,227	\$ 58,227	\$ -	\$ 10,782,790	0.54%
2021	54,476	54,476	-	10,088,200	0.54%
2020	53,117	53,117	-	10,214,762	0.52%
2019	52,920	52,920	-	10,176,839	0.52%
2018	53,136	53,136	-	10,218,425	0.52%
2017	52,224	52,224	-	10,042,981	0.52%
2016	45,745	45,745	-	9,530,192	0.48%
2015	46,101	46,101	-	9,604,352	0.48%
2014	46,133	46,133	-	9,611,082	0.48%
2013	46,361	46,361	-	9,658,467	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2022

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

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- Other Supplementary Information -

Combining and Individual Fund Statements and Schedules

Capital Improvement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ 2,861,283	\$ 3,292,339	\$ 1,102,843	\$ 2,189,496
Total expenditures	\$ 2,861,283	\$ 3,292,339	\$ 1,102,843	\$ 2,189,496
Excess (deficiency) of revenues over (under) expenditures	\$ (2,861,283)	\$ (3,292,339)	\$ (1,102,843)	\$ 2,189,496
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,906,640	\$ 3,292,339	\$ 1,766,303	\$ (1,526,036)
Total other financing sources (uses)	\$ 2,906,640	\$ 3,292,339	\$ 1,766,303	\$ (1,526,036)
Net change in fund balances	\$ 45,357	\$ -	\$ 663,460	\$ 663,460
Fund balances at beginning of year	\$ (45,357)	\$ -	\$ (327,053)	\$ (327,053)
Fund balances at end of year	\$ -	\$ -	\$ 336,407	\$ 336,407

Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	School Activities Fund	Total
ASSETS						
Cash and cash equivalents	\$ 38,026	\$ 872,460	\$ 399,642	\$ 52,992	\$ 269,331	\$ 1,632,451
Accounts receivable	11,277	4,043	-	-	-	15,320
Due from other governmental units	1,078,367	18,357	-	-	-	1,096,724
Due from Primary Government	75,420	-	-	-	-	75,420
Prepaid expenditures	58,474	-	-	-	-	58,474
Inventory	-	22,315	-	-	-	22,315
Total assets	<u>\$ 1,261,564</u>	<u>\$ 917,175</u>	<u>\$ 399,642</u>	<u>\$ 52,992</u>	<u>\$ 269,331</u>	<u>\$ 2,900,704</u>
LIABILITIES						
Accounts payable	\$ 208,979	\$ 8,882	\$ -	\$ -	\$ -	\$ 217,861
Accrued liabilities	<u>1,014,585</u>	<u>31,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,273</u>
Total liabilities	<u>\$ 1,223,564</u>	<u>\$ 40,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264,134</u>
FUND BALANCES						
Nonspendable	\$ 58,474	\$ 22,315	\$ -	\$ -	\$ -	\$ 80,789
Restricted	-	-	-	52,992	25,529	78,521
Committed	38,000	854,290	399,642	-	243,802	1,535,734
Unassigned	(58,474)	-	-	-	-	(58,474)
Total fund balances	<u>\$ 38,000</u>	<u>\$ 876,605</u>	<u>\$ 399,642</u>	<u>\$ 52,992</u>	<u>\$ 269,331</u>	<u>\$ 1,636,570</u>
Total liabilities and fund balances	<u>\$ 1,261,564</u>	<u>\$ 917,175</u>	<u>\$ 399,642</u>	<u>\$ 52,992</u>	<u>\$ 269,331</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.

9,273,650

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

1,275,063

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

(7,811,651)

Deferred inflows related to pensions

(776,042)

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

Deferred outflows related to pensions

3,365,021

Deferred outflows related to OPEB

596,488

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.

(12,903,013)

Net position of General Government Activities

\$ (5,343,914)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	School Activities Fund	Total
Revenues:						
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 5
Charges for services	1,075	84,412	-	-	-	85,487
Miscellaneous	219,941	472	-	-	382,393	602,806
Intergovernmental:						
County contribution to School Board	9,715,484	-	-	-	-	9,715,484
County contribution to School Board-CARES Act	-	-	-	-	-	-
Commonwealth	10,106,540	57,992	-	-	-	10,164,532
Federal	3,514,671	1,258,794	-	-	-	4,773,465
Total revenues	\$ 23,557,711	\$ 1,401,670	\$ -	\$ 5	\$ 382,393	\$ 25,341,779
Expenditures:						
Current:						
Education	\$ 23,521,711	\$ 1,231,671	\$ -	\$ -	\$ 304,112	\$ 25,057,494
Capital projects	-	-	27,539	-	-	27,539
Total expenditures	\$ 23,521,711	\$ 1,231,671	\$ 27,539	\$ -	\$ 304,112	\$ 25,085,033
Excess (deficiency) of revenues over (under) expenditures	\$ 36,000	\$ 169,999	\$ (27,539)	\$ 5	\$ 78,281	\$ 256,746
Changes in fund balances	\$ 36,000	\$ 169,999	\$ (27,539)	\$ 5	\$ 78,281	\$ 256,746
Fund balances at beginning of year	2,000	706,606	427,181	52,987	191,050	1,379,824
Fund balances at end of year	\$ 38,000	\$ 876,605	\$ 399,642	\$ 52,992	\$ 269,331	\$ 1,636,570

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, 2022

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 \$ 256,746

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/amortization expense. This is the amount by which the depreciation/amortization exceeded capital outlays in the current period computed as follows:

Capital additions	\$ 1,032,072
Depreciation/amortization expense	<u>(1,293,862)</u>

(261,790)

Change in deferred inflows related to the measurement of the net pension liability/asset (5,846,964)

Change in deferred inflows related to the measurement of the net OPEB liability/asset (364,785)

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 liabilities \$ 67,852

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	24,126
Change in net pension liability/asset	8,807,114
Change in deferred outflows related to pensions	(901,408)
Change in deferred outflows related to OPEB	48,409
Change in net OPEB liability	<u>343,080</u>

8,321,321

Transfer of joint tenancy assets from Primary Government to the Component Unit

318,833

Change in net position of governmental activities

\$ 2,491,213

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, 2022

	School Operating Fund				Variance From Amended Budget	
	Original Budget	Budget		Budget Positive (Negative)		
		As Amended	Actual			
Revenues:						
Revenue from use of money and property	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)		
Charges for services	-	-	1,075	1,075		
Miscellaneous	261,071	261,071	219,941	(41,130)		
Intergovernmental:						
County contribution to School Board	9,692,040	9,905,712	9,715,484	(190,228)		
Commonwealth	9,784,307	10,045,265	10,106,540	61,275		
Federal	1,745,926	3,808,802	3,514,671	(294,131)		
Total revenues	\$ 21,484,844	\$ 24,022,350	\$ 23,557,711	\$ (464,639)		
Expenditures:						
Current:						
Education	\$ 21,484,844	\$ 24,022,350	\$ 23,521,711	\$ 500,639		
Capital projects	-	-	-	-		
Total expenditures	\$ 21,484,844	\$ 24,022,350	\$ 23,521,711	\$ 500,639		
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 36,000	\$ 36,000		
Changes in fund balances	\$ -	\$ -	\$ 36,000	\$ 36,000		
Fund balances at beginning of year	-	-	2,000	2,000		
Fund balances at end of year	\$ -	\$ -	\$ 38,000	\$ 38,000		

School Cafeteria Fund				School Capital Fund				Variance From Amended Budget	
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Budget Positive (Negative)		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
286,500	286,500	84,412	(202,088)	-	-	-	-		
75,000	75,000	472	(74,528)	-	-	-	-		
				103,461	103,461	-	(103,461)		
25,000	25,000	57,992	32,992	-	-	-	-		
510,000	710,000	1,258,794	548,794	-	-	-	-		
<u>\$ 896,500</u>	<u>\$ 1,096,500</u>	<u>\$ 1,401,670</u>	<u>\$ 305,170</u>	<u>\$ 103,461</u>	<u>\$ 103,461</u>	<u>\$ -</u>	<u>\$ (103,461)</u>		
\$ 896,500	\$ 1,096,500	\$ 1,231,671	\$ (135,171)	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	103,461	103,461	27,539	75,922		
<u>\$ 896,500</u>	<u>\$ 1,096,500</u>	<u>\$ 1,231,671</u>	<u>\$ (135,171)</u>	<u>\$ 103,461</u>	<u>\$ 103,461</u>	<u>\$ 27,539</u>	<u>\$ 75,922</u>		
\$ -	\$ -	\$ 169,999	\$ 169,999	\$ -	\$ -	\$ (27,539)	\$ (27,539)		
\$ -	\$ -	\$ 169,999	\$ 169,999	\$ -	\$ -	\$ (27,539)	\$ (27,539)		
-	-	706,606	706,606	-	-	427,181	427,181		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 876,605</u>	<u>\$ 876,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,642</u>	<u>\$ 399,642</u>		

Combining Balance Sheet

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
As of June 30, 2022

	School Textbook Fund	Total
ASSETS		
Cash and cash equivalents	\$ 52,992	\$ 52,992
Total assets	<u>\$ 52,992</u>	<u>\$ 52,992</u>
FUND BALANCES		
Restricted	\$ 52,992	\$ 52,992
Total fund balances	<u>\$ 52,992</u>	<u>\$ 52,992</u>
Total liabilities and fund balances	<u>\$ 52,992</u>	<u>\$ 52,992</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, 2022

	School Textbook Fund	Total
REVENUES		
Revenue from the use of money and property	\$ 5	\$ 5
Total revenues	\$ 5	\$ 5
Excess (deficiency) of revenues over (under) expenditures		
	\$ 5	\$ 5
Net change in fund balances	\$ 5	\$ 5
Fund balances - beginning	52,987	52,987
Fund balances - ending	<u>52,992</u>	<u>52,992</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, 2022

	School Textbook Fund			Variance with Final Budget	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Revenue from the use of money and property	\$ -	\$ -	\$ 5	\$ 5	
Total revenues	\$ -	\$ -	\$ 5	\$ 5	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 5	\$ 5	
Net change in fund balances	\$ -	\$ -	\$ 5	\$ 5	
Fund balances - beginning			52,987	52,987	
Fund balances - ending	\$ -	\$ -	\$ 52,992	\$ 52,992	

Statement of Fiduciary Net Position - Fiduciary Fund
Discretely Presented Component Unit - School Board
At June 30, 2022

	Scholarship Private- Purpose Trust Fund
ASSETS	
Cash and cash equivalents	\$ 81,914
Total assets	<u>\$ 81,914</u>
NET POSITION	
Held in trust for scholarships	\$ 81,914
Total net position	<u>\$ 81,914</u>
Total liabilities and net position	<u>\$ 81,914</u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2022

	Scholarship Private- Purpose Trust Fund
Additions:	
Interest income	\$ (11,484)
Total additions	<u>\$ (11,484)</u>
Deductions:	
Scholarships awarded	\$ 4,137
Total deductions	<u>\$ 4,137</u>
Change in net position	\$ (15,621)
Net position - beginning of year	<u>97,535</u>
Net position - end of year	<u>\$ 81,914</u>

Discretely Presented Component Unit - Madison County Parks and Recreation Authority
 Statement of Net Position
 At June 30, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 149,925
Total current assets	\$ 149,925

Noncurrent assets:

Capital assets (net of depreciation):

Building improvements	\$ 263,600
Equipment	30,238
	<hr/>
Total capital assets	\$ 293,838
	<hr/>
Total assets	\$ 443,763
	<hr/>

Liabilities

Current liabilities:

Accrued expenses	\$ 2,125
Total liabilities	\$ 2,125

Net Position

Investment in capital assets	\$ 293,838
Unrestricted	147,800
	<hr/>
Total net position	\$ 441,638
	<hr/>

Discretely Presented Component Unit - Madison County Parks and Recreation Authority
 Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended June 30, 2022

Operating revenues	
Charges for services	\$ 216,006
Miscellaneous	63,009
Total operating revenues	\$ 279,015
Operating Expenses	
Personal services	\$ 54,613
Fringe benefits	4,188
Contractual services	138,507
Other charges	307,551
Depreciation	27,693
Total operating expenses	\$ 532,552
Operating income (loss)	\$ (253,537)
Nonoperating revenues	
Contribution from Madison County and Madison County School Board	\$ 277,102
Total nonoperating revenues	\$ 277,102
Change in net position	\$ 23,565
Net position, beginning of year	\$ 418,073
Net position, end of year	\$ 441,638

Discretely Presented Component Unit - Madison County Parks and Recreation Authority
 Statement of Cash Flows
 Year Ended June 30, 2022

Cash flows from operating activities	
Receipts from customers	\$ 285,015
Payments to employees	(59,295)
Payments to suppliers	(478,929)
 Net cash provided by (used for) by operating activities	 \$ (253,209)
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (10,975)
 Cash flows from noncapital financing activities	
Contribution from Madison County and Madison County School Board	\$ 277,102
 Net cash provided by (used for) by financing activities	 \$ 277,102
 Net increase (decrease) in cash and cash equivalents	 \$ 12,918
 Cash and cash equivalents, beginning of year	 137,007
 Cash and cash equivalents, end of year	 \$ 149,925
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (253,537)
Depreciation	27,693
Change in assets and liabilities:	
Accounts receivable	6,000
Due to Primary Government	(32,568)
Accounts payable	(303)
Accrued expenses	(494)
 Net cash provided by (used for) by operating activities	 \$ (253,209)

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- Other Supplementary Information -

Supporting Schedules

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended		Variance From Amended Budget Positive (Negative)		
		Actual				
Primary Government:						
General Fund:						
Revenue from local sources:						
General property taxes:						
Real property taxes	\$ 12,655,000	\$ 13,180,000	\$ 13,100,220	\$ (79,780)		
Real and personal public service corporation property taxes	360,000	360,000	369,028	9,028		
Personal property taxes	3,750,000	3,750,000	4,455,920	705,920		
Mobile home taxes	6,750	6,750	7,842	1,092		
Machinery and tools taxes	125,000	125,000	142,635	17,635		
Merchants capital taxes	232,500	232,500	178,126	(54,374)		
Penalties	143,000	143,000	147,879	4,879		
Interest	100,000	100,000	80,151	(19,849)		
Tax collection fee	62,000	62,000	42,186	(19,814)		
Total general property taxes	\$ 17,434,250	\$ 17,959,250	\$ 18,523,987	\$ 564,737		
Other local taxes:						
Local sales and use taxes	\$ 1,230,688	\$ 1,230,688	\$ 1,562,757	\$ 332,069		
Cigarette tax	-	47,373	103,157	55,784		
Consumers' utility taxes	345,000	345,000	365,160	20,160		
Local consumption tax	40,000	40,000	42,503	2,503		
Restaurant food taxes	500,000	500,000	671,726	171,726		
Transient occupancy taxes	175,000	175,000	289,380	114,380		
Gross receipts taxes	15,500	15,500	11,098	(4,402)		
Bank stock taxes	115,000	115,000	148,400	33,400		
Motor vehicle licenses	470,000	470,000	433,793	(36,207)		
Taxes on recordation and wills	165,000	165,000	277,314	112,314		
Total other local taxes	\$ 3,056,188	\$ 3,103,561	\$ 3,905,288	\$ 801,727		
Permits, privilege fees and regulatory licenses:						
Animal licenses	\$ 3,000	\$ 3,000	\$ 3,956	\$ 956		
Addressing fee	100	100	400	300		
Building and related permits	167,900	167,900	245,009	77,109		
Land transfer fees	500	500	612	112		
Land use application fees	25,000	25,000	24,150	(850)		
Total permits, privilege fees and regulatory licenses	\$ 196,500	\$ 196,500	\$ 274,127	\$ 77,627		
Fines and Forfeitures:						
Court fines and forfeitures	\$ 130,800	\$ 130,800	\$ 181,714	\$ 50,914		
Total fines and forfeitures	\$ 130,800	\$ 130,800	\$ 181,714	\$ 50,914		
Revenue from use of money and property:						
Revenue from use of money	\$ 75,000	\$ 75,000	\$ 35,074	\$ (39,926)		
Revenue from use of property	3,500	3,500	6,931	3,431		
Total revenue from use of money and property	\$ 78,500	\$ 78,500	\$ 42,005	\$ (36,495)		

Governmental Funds -
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2022 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget		Variance From Amended Budget Positive (Negative)		
		As Amended	Actual			
Primary Government: (Continued)						
General Fund: (Continued)						
Revenue from local sources: (continued)						
Charges for services:						
Sheriff's fees	\$ 344	\$ 344	\$ 344	\$ -		
Commonwealth attorney fees	1,200	1,200	1,032	(168)		
Courthouse maintenance fees	5,000	5,000	5,701	701		
Courtroom security fees	25,000	25,000	51,548	26,548		
Other charges for services	24,750	24,750	13,062	(11,688)		
Ambulance transportation fees	335,000	335,000	393,359	58,359		
Waste collection and disposal charges	175,000	175,000	241,791	66,791		
Total charges for services	\$ 566,294	\$ 566,294	\$ 706,837	\$ 140,543		
Miscellaneous:						
Expenditure refunds	\$ 50,000	\$ 53,612	\$ 811,998	\$ 758,386		
CSA	22,426	22,426	3,944	(18,482)		
Opioid settlement funds	-	-	6,628	6,628		
Miscellaneous	13,049	50,767	89,235	38,468		
Total miscellaneous	\$ 85,475	\$ 126,805	\$ 911,805	\$ 785,000		
Total revenue from local sources	\$ 21,548,007	\$ 22,161,710	\$ 24,545,763	\$ 2,384,053		
Intergovernmental:						
Revenue from the Commonwealth:						
Noncategorical aid:						
Motor vehicle carrier's tax	\$ 250	\$ 250	\$ 535	\$ 285		
Rental tax - DMV	750	750	234	(516)		
Peer-to-peer vehicle sharing tax	-	-	146	146		
Moped ATV sales tax	500	500	280	(220)		
Mobile home titling taxes	8,000	8,000	20,390	12,390		
PPTRA	1,029,053	1,029,053	1,029,053	-		
Communication taxes	485,000	485,000	415,061	(69,939)		
Game of skills tax	-	-	4,896	4,896		
Total noncategorical aid	\$ 1,523,553	\$ 1,523,553	\$ 1,470,595	\$ (52,958)		
Categorical aid:						
Shared expenses:						
Commonwealth's attorney	\$ 185,115	\$ 185,115	\$ 185,007	\$ (108)		
Sheriff	800,897	839,651	794,806	(44,845)		
Commissioner of the Revenue	114,889	114,889	114,065	(824)		
Treasurer	98,687	98,687	98,650	(37)		
Registrar/electoral board	38,542	59,942	63,611	3,669		
Clerk of the Circuit Court	239,787	239,787	230,865	(8,922)		
Total shared expenses	\$ 1,477,917	\$ 1,538,071	\$ 1,487,004	\$ (51,067)		

Governmental Funds -
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2022 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget		Variance From Amended Budget		
		As Amended	Actual	Positive (Negative)	Positive (Negative)	
Primary Government: (Continued)						
General Fund: (Continued)						
Intergovernmental: (continued)						
Revenue from the Commonwealth: (continued)						
Other categorical aid:						
Fire programs	\$ 49,844	\$ 102,781	\$ 52,937	\$ (49,844)		
Litter Control	6,000	6,000	9,310	3,310		
Four for life	15,000	15,000	15,065	65		
Domestic Violence	22,500	22,500	45,000	22,500		
Victim witness	15,876	15,876	18,130	2,254		
Department of Juvenile Justice	8,000	8,000	-	(8,000)		
E-911	46,000	46,000	63,111	17,111		
PSAP State 911 grant	-	-	64,377	64,377		
Comprehensive Services Act	1,390,986	1,390,986	684,978	(706,008)		
Sheriff - asset forfeiture	-	-	17	17		
Public assistance and welfare	903,359	903,359	811,304	(92,055)		
Other state grants	66,000	82,200	19,869	(62,331)		
Total other categorical aid	\$ 2,523,565	\$ 2,592,702	\$ 1,784,098	\$ (808,604)		
Total categorical aid	\$ 4,001,482	\$ 4,130,773	\$ 3,271,102	\$ (859,671)		
Total revenue from the Commonwealth	\$ 5,525,035	\$ 5,654,326	\$ 4,741,697	\$ (912,629)		
Revenue from the Federal Government:						
Payments in lieu of taxes	\$ 88,000	\$ 88,000	\$ 97,332	\$ 9,332		
Categorical aid:						
Public assistance and welfare	\$ 1,699,388	\$ 1,699,388	\$ 1,318,503	\$ (380,885)		
Justice assistance grant	-	-	937	937		
Victim Witness	48,040	48,040	40,522	(7,518)		
FEMA	-	-	7,500	7,500		
Coronavirus Relief Fund	-	-	10,659	10,659		
ARPA funds	-	2,107,419	38,216	(2,069,203)		
ARPA funds - sheriff	-	-	38,754	38,754		
ARPA funds - tourism grant	-	20,000	9,685	(10,315)		
Total categorical aid	\$ 1,747,428	\$ 3,874,847	\$ 1,464,776	\$ (2,410,071)		
Total revenue from the Federal Government	\$ 1,835,428	\$ 3,962,847	\$ 1,562,108	\$ (2,400,739)		
Total General Fund	\$ 28,908,470	\$ 31,778,883	\$ 30,849,568	\$ (929,315)		

COUNTY OF MADISON, VIRGINIA

Schedule 1
Page 4 of 5

Governmental Funds -
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2022 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget		Variance From Amended Budget Positive (Negative)		
		As Amended	Actual			
Discretely Presented Component Unit - School Board:						
School Operating Fund:						
Revenue from local sources:						
Revenue from use of money and property:						
Revenue from use of property	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)		
Charges for services:						
Charges for education	\$ -	\$ -	\$ 1,075	\$ 1,075		
Total charges for services	\$ -	\$ -	\$ 1,075	\$ 1,075		
Miscellaneous:						
Rebates and refunds	\$ 206,071	\$ 206,071	\$ 137,959	\$ (68,112)		
Miscellaneous	\$ 55,000	\$ 55,000	\$ 81,982	\$ 26,982		
Total miscellaneous	\$ 261,071	\$ 261,071	\$ 219,941	\$ (41,130)		
Total revenue from local sources	\$ 262,571	\$ 262,571	\$ 221,016	\$ (41,555)		
Intergovernmental:						
County contribution to School Board	\$ 9,692,040	\$ 9,905,712	\$ 9,715,484	\$ (190,228)		
Total County contribution	\$ 9,692,040	\$ 9,905,712	\$ 9,715,484	\$ (190,228)		
Revenue from the Commonwealth:						
Categorical aid:						
Share of state sales tax	\$ 2,282,159	\$ 2,442,159	\$ 2,839,000	\$ 396,841		
Basic school aid	\$ 4,437,492	\$ 4,437,492	\$ 4,163,119	\$ (274,373)		
Compensation supplement	\$ 283,064	\$ 283,064	\$ 280,671	\$ (2,393)		
Special ed SOQ	\$ 296,711	\$ 296,711	\$ 293,791	\$ (2,920)		
Vocational SOQ	\$ 137,667	\$ 137,667	\$ 136,312	\$ (1,355)		
At risk funds	\$ 217,530	\$ 217,530	\$ 215,595	\$ (1,935)		
Remedial education	\$ 144,508	\$ 144,508	\$ 143,086	\$ (1,422)		
Technology	\$ 154,000	\$ 154,000	\$ 154,000	\$ -		
Special education - Regional tuition	\$ 150,000	\$ 150,000	\$ 46,069	\$ (103,931)		
Textbook payments	\$ 91,895	\$ 91,895	\$ 90,991	\$ (904)		
Primary class size	\$ 146,975	\$ 146,975	\$ 148,883	\$ 1,908		
Fringe benefits	\$ 854,220	\$ 854,220	\$ 845,814	\$ (8,406)		
Lottery	\$ 342,951	\$ 342,951	\$ 344,086	\$ 1,135		
Other state funds	\$ 245,135	\$ 346,093	\$ 405,123	\$ 59,030		
Total categorical aid	\$ 9,784,307	\$ 10,045,265	\$ 10,106,540	\$ 61,275		
Total revenue from the Commonwealth	\$ 9,784,307	\$ 10,045,265	\$ 10,106,540	\$ 61,275		
Revenue from the federal government:						
Categorical aid:						
Title I	\$ 323,401	\$ 323,401	\$ 391,055	\$ 67,654		
Title III	\$ 986	\$ 986	\$ 2,322	\$ 1,336		
Title VI - B Special Education	\$ 460,577	\$ 460,577	\$ 587,306	\$ 126,729		
Diesel emissions reduction grant	\$ -	\$ -	\$ 60,000	\$ 60,000		
Emergency connectivity grant	\$ -	\$ 294,402	\$ 150,187	\$ (144,215)		
Vocational education	\$ 27,493	\$ 27,493	\$ 33,096	\$ 5,603		
Preschool	\$ -	\$ -	\$ 18,002	\$ 18,002		
ESSER	\$ 674,201	\$ 2,382,675	\$ 2,110,658	\$ (272,017)		
Governor's emergency education relief fund	\$ 167,339	\$ 167,339	\$ 47,484	\$ (119,855)		
Other funds	\$ 26,000	\$ 86,000	\$ 27,399	\$ (58,601)		
Title II	\$ 65,929	\$ 65,929	\$ 87,162	\$ 21,233		
Total categorical aid	\$ 1,745,926	\$ 3,808,802	\$ 3,514,671	\$ (294,131)		
Total revenue from the federal government	\$ 1,745,926	\$ 3,808,802	\$ 3,514,671	\$ (294,131)		
Total School Operating Fund	\$ 21,484,844	\$ 24,022,350	\$ 23,557,711	\$ (464,639)		

Governmental Funds -
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2022 (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	\$ 286,500	\$ 286,500	\$ 84,412	\$ (202,088)			
Total charges for services	\$ 286,500	\$ 286,500	\$ 84,412	\$ (202,088)			
Miscellaneous:							
Miscellaneous	\$ 75,000	\$ 75,000	\$ 472	\$ (74,528)			
Total revenue from local sources	\$ 361,500	\$ 361,500	\$ 84,884	\$ (276,616)			
Intergovernmental:							
Revenue from the Commonwealth:							
Categorical aid:							
School food grant	\$ 25,000	\$ 25,000	\$ 57,992	\$ 32,992			
Revenue from the federal government:							
Categorical aid:							
School food grant	\$ 510,000	\$ 710,000	\$ 1,258,794	\$ 548,794			
Total School Cafeteria Fund	\$ 896,500	\$ 1,096,500	\$ 1,401,670	\$ 305,170			
School Capital Fund:							
Intergovernmental:							
County contribution to School Board	\$ 103,461	\$ 103,461	\$ -	\$ (103,461)			
Total School Capital Fund	\$ 103,461	\$ 103,461	\$ -	\$ (103,461)			
School Textbook Fund:							
Revenue from local sources:							
Revenue from use of money and property:							
Revenue from use of money	\$ -	\$ -	\$ 5	\$ 5			
Total revenue from use of money and property	\$ -	\$ -	\$ 5	\$ 5			
Total revenue from local sources	\$ -	\$ -	\$ 5	\$ 5			
Total School Textbook Fund	\$ -	\$ -	\$ 5	\$ 5			

COUNTY OF MADISON, VIRGINIA

Schedule 2
Page 1 of 5

Governmental Funds -
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2022

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	\$ 65,819	\$ 65,819	\$ 57,897	\$ 7,922				
General and financial administration:								
County administrator	\$ 336,704	\$ 336,027	\$ 314,389	\$ 21,638				
Legal services	76,175	76,175	100,389	(24,214)				
Independent auditor	50,410	51,710	56,771	(5,061)				
Commissioner of the revenue	268,768	274,768	273,513	1,255				
Personal property	3,550	5,050	4,967	83				
Data processing	479,580	479,580	402,232	77,348				
Land use	1,800	1,800	963	837				
Assessor	10,750	12,350	12,240	110				
Finance department	186,456	360,554	356,499	4,055				
Treasurer	307,870	307,870	298,055	9,815				
Total general and financial administration	\$ 1,722,063	\$ 1,905,884	\$ 1,820,018	\$ 85,866				
Board of Elections:								
Electoral board and officials	\$ 57,960	\$ 57,960	\$ 52,242	\$ 5,718				
Registrar	119,851	148,460	132,395	16,065				
Total board of elections	\$ 177,811	\$ 206,420	\$ 184,637	\$ 21,783				
Total general government administration	\$ 1,965,693	\$ 2,178,123	\$ 2,062,552	\$ 115,571				
Judicial administration:								
Courts:								
Circuit court	\$ 49,072	\$ 49,072	\$ 43,745	\$ 5,327				
Combined court	10,550	10,550	7,332	3,218				
Clerk of the circuit court	385,326	425,426	405,796	19,630				
Sheriff - court security	163,819	163,819	150,663	13,156				
Magistrates	500	500	85	415				
Victim witness program	59,487	63,636	58,737	4,899				
Commissioner of accounts	720	720	720	-				
Total courts	\$ 669,474	\$ 713,723	\$ 667,078	\$ 46,645				
Commonwealth's attorney:								
Commonwealth's attorney	\$ 442,579	\$ 468,987	\$ 459,989	\$ 8,998				
Total judicial administration	\$ 1,112,053	\$ 1,182,710	\$ 1,127,067	\$ 55,643				

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2022 (continued)

Fund, Function, Activities and Elements	Budget			Variance From Amended Budget Favorable (Unfavor.)	
	Original Budget	As Amended	Actual		
Primary Government: (Continued)					
General Fund: (Continued)					
Public safety:					
Law enforcement and traffic control:					
Sheriff	\$ 1,166,108	\$ 2,490,762	\$ 2,426,426	\$ 64,336	
Public safety	89,368	89,368	48,828	40,540	
E-911 system	558,543	1,088,416	981,861	106,555	
Total law enforcement and traffic control	\$ 1,814,019	\$ 3,668,546	\$ 3,457,115	\$ 211,431	
Fire and rescue services:					
Volunteer fire department	\$ 131,844	\$ 184,781	\$ 134,937	\$ 49,844	
Ambulance and rescue service	115,000	115,000	100,000	15,000	
Emergency medical services	2,564,364	2,604,806	2,526,326	78,480	
EMS Council	7,743	7,743	7,743	-	
Total fire and rescue services	\$ 2,818,951	\$ 2,912,330	\$ 2,769,006	\$ 143,324	
Correction and detention:					
Confinement of prisoners	\$ 400	\$ 400	\$ -	\$ 400	
Regional jail	946,911	946,911	880,844	66,067	
Jefferson area community corrections	31,567	31,567	31,567	-	
Juvenile detention	94,030	347,808	347,449	359	
Probation office	21,539	21,539	7,249	14,290	
Total correction and detention	\$ 1,094,447	\$ 1,348,225	\$ 1,267,109	\$ 81,116	
Inspections:					
Building	\$ 197,220	\$ 293,420	\$ 294,001	\$ (581)	
Total inspections	\$ 197,220	\$ 293,420	\$ 294,001	\$ (581)	
Other protection:					
Animal control and shelter facility	\$ 318,799	\$ 354,838	\$ 322,159	\$ 32,679	
Line of Duty Act	53,853	53,853	39,272	14,581	
Services to abused families	1,000	1,000	1,000	-	
Foothills Child Advocacy Center	2,600	2,600	2,600	-	
Medical examiner (coroner)	500	500	2,653	(2,153)	
Total other protection	\$ 376,752	\$ 412,791	\$ 367,684	\$ 45,107	
Total public safety	\$ 6,301,389	\$ 8,635,312	\$ 8,154,915	\$ 480,397	
Public works:					
Sanitation and waste removal:					
County landfill	\$ 590,524	\$ 615,524	\$ 610,550	\$ 4,974	
Total sanitation and waste removal	\$ 590,524	\$ 615,524	\$ 610,550	\$ 4,974	
Maintenance of general buildings and grounds:					
General properties	\$ 525,562	\$ 628,124	\$ 624,439	\$ 3,685	
Total maintenance of general buildings and grounds	\$ 525,562	\$ 628,124	\$ 624,439	\$ 3,685	
Total public works	\$ 1,116,086	\$ 1,243,648	\$ 1,234,989	\$ 8,659	

Governmental Funds -
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2022 (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	\$ 170,532	\$ 170,932	\$ 170,880	\$ 52			
Total health	\$ 170,532	\$ 170,932	\$ 170,880	\$ 52			
Mental health and mental retardation:							
Chapter X board	\$ 177,629	\$ 177,629	\$ 177,629	\$ -			
Total mental health and mental retardation	\$ 177,629	\$ 177,629	\$ 177,629	\$ -			
Welfare:							
Administration	\$ 3,103,843	\$ 3,103,843	\$ 2,550,340	\$ 553,503			
Tax relief for the elderly	-	-	83,138	(83,138)			
CSA - at risk youth	2,219,593	2,219,593	1,206,940	1,012,653			
Total welfare	\$ 5,323,436	\$ 5,323,436	\$ 3,840,418	\$ 1,483,018			
Total health and welfare	\$ 5,671,597	\$ 5,671,997	\$ 4,188,927	\$ 1,483,070			
Education:							
Contributions to community colleges	\$ 5,000	\$ 5,000	\$ 5,000	\$ -			
Contributions to component unit school board	9,795,501	10,009,173	9,715,484	293,689			
Total education	\$ 9,800,501	\$ 10,014,173	\$ 9,720,484	\$ 293,689			
Parks, recreation and cultural:							
Parks and recreation:							
Parks and recreation	\$ 138,214	\$ 139,714	\$ 139,617	\$ 97			
Recreation authority	133,888	133,888	133,888	\$ -			
Total parks and recreation	\$ 272,102	\$ 273,602	\$ 273,505	\$ 97			
Cultural enrichment:							
Boys and girls club	\$ 2,000	\$ 2,000	\$ 2,000	\$ -			
Senior center	500	500	500	\$ -			
Madison county fair	500	500	500	\$ -			
Total cultural enrichment	\$ 3,000	\$ 3,000	\$ 3,000	\$ -			
Library:							
County library	\$ 152,100	\$ 152,100	\$ 152,100	\$ -			
Total parks, recreation and cultural	\$ 427,202	\$ 428,702	\$ 428,605	\$ 97			

COUNTY OF MADISON, VIRGINIA

Schedule 2
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Governmental Funds -
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2022 (continued)

Fund, Function, Activities and Elements	Budget			Variance From Amended Budget Favorable (Unfavor.)	
	Original Budget	As Amended	Actual		
Primary Government: (Continued)					
General Fund: (Continued)					
Community development:					
Planning and community development:					
Planning commission	\$ 14,140	\$ 14,140	\$ 9,480	\$ 4,660	
Zoning and planning	188,580	188,580	187,674	906	
Economic development	112,281	159,956	155,085	4,871	
Foothills housing	7,000	7,000	7,000	-	
Aging together	3,000	3,000	3,000	-	
Board of zoning appeals	3,920	3,920	3,044	876	
Board of building code appeals	400	400	-	400	
Tourism	50,000	50,000	51,203	(1,203)	
Tourism - Virginia Tourism grant	-	20,000	9,685	10,315	
Planning district commission	16,382	16,382	16,382	-	
Virginia regional transit	5,000	5,000	5,000	-	
Geographic information system	16,682	16,682	11,959	4,723	
Piedmont workforce network	500	500	500	-	
Central Virginia Economic development	10,000	10,000	10,000	-	
Skyline CAP	47,585	47,585	47,585	-	
Total planning and community development	\$ 475,470	\$ 543,145	\$ 517,597	\$ 25,548	
Environmental management:					
Soil and water conservation district	\$ 31,333	\$ 31,333	\$ 31,333	\$ -	
Forestry service	5,942	5,942	5,942	-	
Water quality management	1,000	1,000	1,000	-	
Total environmental management	\$ 38,275	\$ 38,275	\$ 38,275	\$ -	
Cooperative extension program:					
VPI extension	\$ 112,950	\$ 115,450	\$ 105,645	\$ 9,805	
Northern VA 4-H center	750	750	750	-	
Total cooperative extension program	\$ 113,700	\$ 116,200	\$ 106,395	\$ 9,805	
Total community development	\$ 627,445	\$ 697,620	\$ 662,267	\$ 35,353	
Nondepartmental:					
Miscellaneous	\$ 6,500	\$ 6,500	\$ 925	\$ 5,575	
ARPA	2,010,673	2,010,673	-	2,010,673	
Contingency	206,865	132,913	-	132,913	
Total nondepartmental	\$ 2,224,038	\$ 2,150,086	\$ 925	\$ 2,149,161	
Debt service:					
Principal retirement	\$ 1,033,581	\$ 1,033,581	\$ 1,033,580	\$ 1	
Interest and fiscal charges	693,918	693,918	693,918	-	
Total debt service	\$ 1,727,499	\$ 1,727,499	\$ 1,727,498	\$ 1	
Total General Fund	\$ 30,973,503	\$ 33,929,870	\$ 29,308,229	\$ 4,621,641	

Governmental Funds -
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2022 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget			
				Favorable (Unfavor.)			
Primary Government: (Continued)							
Capital Improvement Fund:							
Capital Projects:							
Office consolidation	\$ 162,064	\$ 250,064	\$ 140,597	\$ 109,467			
Renovations of existing facilities	128,343	128,343	25,438	102,905			
Public safety radio system	214,737	327,747	80,436	247,311			
ERP system upgrades	299,993	299,993	283,886	16,107			
IT network upgrades	149,720	149,720	90,489	59,231			
Motor vehicles	135,000	365,046	173,578	191,468			
Miscellaneous	602,427	602,427	86,149	516,278			
School capital projects - debt funded	1,168,999	1,168,999	222,270	946,729			
Total capital projects	\$ 2,861,283	\$ 3,292,339	\$ 1,102,843	\$ 2,189,496			
Total Capital Improvement Fund	\$ 2,861,283	\$ 3,292,339	\$ 1,102,843	\$ 2,189,496			
Total Expenditures--Primary Government	\$ 33,834,786	\$ 37,222,209	\$ 30,411,072	\$ 6,811,137			
Discretely Presented Component Unit -- School Board:							
School Operating Fund:							
Education:							
Instruction	\$ 15,668,100	\$ 17,125,150	\$ 16,882,658	\$ 242,492			
Administration, attendance and health	1,280,810	1,305,810	1,294,143	11,667			
Pupil transportation services	1,482,303	1,977,399	1,882,665	94,734			
Operation and maintenance services	2,296,608	2,532,566	2,486,167	46,399			
Technology	757,023	1,081,425	976,078	105,347			
Total education	\$ 21,484,844	\$ 24,022,350	\$ 23,521,711	\$ 500,639			
Total School Operating Fund	\$ 21,484,844	\$ 24,022,350	\$ 23,521,711	\$ 500,639			
Special Revenue Funds:							
School Cafeteria Fund:							
Education:							
School food program	\$ 896,500	\$ 1,096,500	\$ 1,231,671	\$ (135,171)			
School Capital Fund:							
Capital Projects:							
School projects	\$ 103,461	\$ 103,461	\$ 27,539	\$ 75,922			
Total capital projects	\$ 103,461	\$ 103,461	\$ 27,539	\$ 75,922			
Total School Capital Fund	\$ 103,461	\$ 103,461	\$ 27,539	\$ 75,922			

- Statistical Information -

COUNTY OF MADISON, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

Table 1

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks Recreation and Cultural	Community Development	Interest on Debt	Total
2012-13	\$ 1,444,310	\$ 1,259,543	\$ 5,044,642	\$ 1,134,355	\$ 4,639,198	\$ 7,736,750	\$ 430,365	\$ 483,237	\$ 226,396	\$ 22,398,796
2013-14	1,191,034	1,207,655	5,486,234	958,957	4,752,444	13,029,097	422,822	511,140	315,760	27,875,143
2014-15	1,385,253	1,133,013	5,199,293	948,947	4,932,052	9,350,811	450,261	588,519	292,905	24,281,054
2015-16	1,361,313	1,153,156	5,300,042	956,205	5,537,755	10,374,212	477,023	524,074	282,647	25,966,427
2016-17	1,266,735	1,257,440	5,551,564	925,800	5,865,685	9,248,253	571,513	541,843	268,648	25,497,481
2017-18	1,380,936	1,249,955	5,857,718	936,466	4,684,211	10,024,701	434,972	633,599	275,811	25,478,369
2018-19	1,556,893	1,193,398	6,474,917	1,108,676	4,838,295	10,078,642	527,645	550,440	229,642	26,558,548
2019-20	1,647,235	1,292,747	7,131,266	1,113,930	5,051,572	9,555,127	600,917	572,111	459,142	27,424,047
2020-21	1,999,663	1,418,930	8,241,198	1,149,357	4,794,982	9,976,023	745,580	773,315	704,675	29,803,723
2021-22	2,228,404	1,367,865	8,452,990	1,238,100	4,163,500	10,249,899	500,030	653,808	682,318	29,536,914

COUNTY OF MADISON, VIRGINIA

Government-Wide Revenues
Last Ten Fiscal Years

Table 2

Fiscal Year	Program Revenues						General Revenues						Grants and Revenues from the Use of Money & Property		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Local Sales and Use Tax	Consumers' Utility Tax	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Not Restricted to Specific Programs (1)	Restricted to Specific Programs (1)	Miscellaneous	Total		
2012-13	\$ 948,345	\$ 4,302,181	\$ -	\$ 856,431	\$ 321,273	\$ 423,225	\$ 341,365	\$ 418,580	\$ 1,749,093	\$ 112,492	\$ 613,492	\$ 24,245,421			
2013-14	1,062,962	4,650,409	4,601,477	14,730,276	865,583	322,800	425,198	351,835	408,787	1,749,820	120,246	290,046	29,579,439		
2014-15	1,015,066	5,016,167	-	14,880,317	965,923	334,364	436,137	380,853	421,898	1,727,109	106,236	290,340	25,574,410		
2015-16	1,030,798	5,301,202	-	14,881,805	982,248	334,021	447,600	401,303	432,878	1,736,350	115,497	386,279	26,049,981		
2016-17	883,213	5,510,808	-	15,244,661	1,021,382	339,369	446,360	445,670	472,885	1,716,160	131,991	308,067	26,520,566		
2017-18	908,233	4,843,204	-	15,727,481	1,040,502	345,329	456,558	463,480	448,124	1,709,968	163,658	350,384	26,456,921		
2018-19	988,321	4,995,475	-	16,437,813	1,074,001	354,993	468,604	502,163	508,854	1,667,646	239,955	724,702	27,962,527		
2019-20	929,018	5,311,740	254,935	17,245,381	1,223,259	356,731	472,768	479,074	453,308	1,646,300	176,786	271,285	28,820,585		
2020-21	866,797	7,210,089	200,689	18,026,546	1,486,571	361,341	465,000	558,670	742,448	1,594,100	70,109	261,175	31,843,535		
2021-22	1,162,678	4,735,878	-	19,133,165	1,562,757	365,160	433,793	671,726	871,852	1,567,927	42,005	1,095,995	31,642,936		

COUNTY OF MADISON, VIRGINIA

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

Table 3

Fiscal Year	General Property Taxes (3)	Permits, Privilege Fees & Licenses				Revenues from the Use of Money & Property				Revenues for Services				Miscellaneous				Recovered Costs				Inter-governmental (2)				Total			
		Other Local Taxes	Regulatory Licenses	Fines & Forfeitures	Charges for Services	987,866	\$ 909,130	\$ 987,866	\$ 146,549	161,826	\$ 164,756	\$ 146,549	152,516	968,135	968,135	519,461	697,966	1,063,394	17,568,139	1,106,690	827,494	1,552,193	407,068	1,646,439	828,719	17,755,080	18,154,186	16,559,976	\$ 35,541,333
2012-13	\$ 14,250,356	\$ 2,360,874	\$ 161,826	\$ 164,756	\$ 146,549	\$ 987,866	\$ 909,130	\$ 987,866	\$ 146,549	\$ 161,826	\$ 164,756	\$ 146,549	\$ 152,516	\$ 968,135	\$ 968,135	\$ 519,461	\$ 697,966	\$ 1,063,394	\$ 17,568,139	\$ 1,106,690	\$ 827,494	\$ 1,552,193	\$ 407,068	\$ 1,646,439	\$ 828,719	\$ 17,755,080	\$ 18,154,186	\$ 16,559,976	\$ 35,541,333
2013-14	14,491,657	2,374,203	242,529	189,681	152,516	968,135	519,461	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,733,183	
2014-15	14,916,195	2,539,175	176,783	218,303	128,613	919,345	697,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,703,658	
2015-16	14,939,437	2,598,050	212,473	170,894	123,980	968,408	1,063,394	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,644,775	
2016-17	15,282,378	2,725,666	222,790	170,298	132,017	827,494	1,106,690	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,621,519	
2017-18	15,552,344	2,753,993	188,292	182,666	165,346	1,552,193	407,068	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,690,659	
2018-19	16,816,639	2,908,615	262,981	159,000	241,999	828,719	1,646,439	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,619,472	
2019-20	17,137,442	2,985,140	214,208	135,608	178,819	840,731	999,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,250,277	
2020-21	18,284,154	3,614,030	242,448	49,818	70,114	614,713	655,547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,103,956	
2021-22	18,523,987	3,905,288	274,127	181,714	42,010	792,324	1,514,611	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,475,863	

(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

Table 4

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
2012-13	\$ 1,265,783	\$ 763,682	\$ 4,869,780	\$ 1,146,436	\$ 4,454,921	\$ 18,972,672	\$ 360,431	\$ 481,924	\$ 130,309	\$ 1,038,856	\$ 2,581,873	\$ 36,066,667
2013-14	1,219,249	865,373	5,634,475	999,430	4,731,099	19,094,380	435,199	508,977	36,702	4,663,682	1,232,766	39,421,332
2014-15	1,298,574	819,898	5,465,454	1,025,561	4,950,311	19,626,160	420,701	595,144	5,584	6,539,841	1,428,288	42,175,516
2015-16	1,328,466	848,738	5,506,166	950,854	5,582,522	19,804,268	476,491	535,745	1,116	400,226	1,447,093	36,881,685
2016-17	1,352,710	918,656	5,609,963	946,045	5,900,655	20,194,751	356,465	544,945	64,096	38,000	1,453,435	37,379,721
2017-18	1,489,090	918,471	6,167,216	921,347	4,692,827	21,052,695	361,640	631,453	702	180,048	3,517,411	39,932,900
2018-19	1,574,914	899,824	6,443,324	1,132,134	4,881,655	20,821,906	454,131	569,985	5,911	416,203	1,488,661	38,688,648
2019-20	1,694,717	944,204	7,321,576	1,168,473	5,001,895	21,379,062	521,812	826,062	4,795	2,673,011	9,571,001	51,106,608
2020-21	1,777,515	1,039,955	8,706,521	1,143,992	4,738,790	21,666,022	661,889	759,866	5,002	10,642,501	1,073,942	52,215,995
2021-22	2,062,552	1,127,067	8,154,915	1,234,989	4,188,927	25,062,494	428,605	662,267	925	1,130,382	1,727,498	45,780,621

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

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

COUNTY OF MADISON, VIRGINIA

Property Tax Levies and Collections
Last Ten Fiscal Years

Table 5

Fiscal Year	Total (1) Tax Levy	Current Tax (1) (3) Collections	Percent of Levy Collected		Delinquent (1) Tax (2) Collections		Percent of Total Tax Collections to Tax Levy		Outstanding (1) Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy
			Percent of Levy Collected	Current Tax (1) (3) Collections	Total Tax Collections	Delinquent (1) Tax (2) Collections	Total Tax Collections	Delinquent Taxes	Total Tax Collections	Delinquent Taxes	
2012-13	\$ 14,099,257	\$ 13,045,127	\$ 92.52%	\$ 902,588	\$ 13,947,715	\$ 98.93%	\$ 1,163,158	\$ 8.25%	\$ 1,163,158	\$ 8.25%	
2013-14	14,346,454	13,203,008	92.03%	931,044	14,134,052	98.52%	1,359,533	9.48%			
2014-15	14,599,617	13,851,493	94.88%	702,747	14,554,240	99.69%	1,457,348	9.98%			
2015-16	14,705,489	13,404,674	91.15%	1,175,209	14,579,883	99.15%	1,457,348	9.91%			
2016-17	14,974,584	13,894,171	92.79%	1,013,226	14,907,397	99.55%	1,454,428	9.71%			
2017-18	15,436,200	14,218,972	92.11%	962,988	15,181,960	98.35%	1,455,940	9.43%			
2018-19	16,035,565	15,090,736	94.11%	1,260,211	16,350,947	101.97%	1,295,330	8.08%			
2019-20	16,916,735	15,555,982	91.96%	1,274,956	16,830,938	99.49%	1,282,875	7.58%			
2020-21	17,510,314	16,700,999	95.38%	1,241,098	17,942,097	102.47%	1,143,439	6.53%			
2021-22	25,092,686	17,307,710	68.98%	946,061	18,253,771	72.75%	1,528,705	6.09%			

(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

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

Table 6

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total
2012-13	\$ 1,785,742,800	\$ 116,902,835	\$ 1,367,700	\$ 3,801,840	\$ 22,921,593	\$ 46,116,154	\$ 1,976,852,922
2013-14	1,591,460,450	117,824,549	1,104,500	3,844,827	20,776,576	44,805,961	1,779,816,863
2014-15	1,605,038,450	118,207,845	1,142,200	4,144,481	24,428,195	48,828,075	1,801,789,246
2015-16	1,620,377,400	114,334,699	1,160,600	4,071,363	24,036,071	47,366,304	1,811,346,437
2016-17	1,635,149,750	118,763,510	1,192,500	4,469,521	26,384,953	45,692,315	1,831,652,549
2017-18	1,677,006,075	125,966,256	1,224,400	4,997,202	28,532,503	47,090,233	1,884,816,669
2018-19	1,703,493,550	131,516,620	1,287,500	4,738,091	25,940,260	47,201,812	1,914,177,833
2019-20	1,759,341,250	138,003,080	1,077,500	7,984,750	27,559,017	50,521,011	1,984,486,608
2020-21	1,775,753,150	142,521,415	1,001,000	8,153,340	27,539,360	52,655,352	2,007,623,617
2021-22	1,796,013,900	160,914,954	1,114,300	8,756,231	21,002,128	49,868,588	2,037,670,101

(1) 100% fair market value.

COUNTY OF MADDISON, 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)
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
2014-15	0.68	3.45	0.68	1.67	0.86
2015-16	0.68	3.45	0.68	1.67	0.86
2016-17	0.68	3.45	0.68	1.67	0.86
2017-18	0.68	3.45	0.68	1.67	0.86
2018-19	0.70/0.68	3.45	0.68	1.67	0.86
2019-20	0.70/0.71	3.45	0.70	1.67	0.86
2020-21	0.71/0.74	3.45	0.71	1.67	0.86
2021-22	0.74	3.45	0.71	1.67	0.86

(1) Per \$100 of assessed value.

(2) Levied at 100% of fair market value

COUNTY OF MADISON, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of Net		
				Net Bonded Debt	General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
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
2014-15	13,200	1,801,789,246	12,939,000	12,939,000	0.0072	980
2015-16	13,200	1,811,346,437	12,483,000	12,483,000	0.0069	946
2016-17	13,200	1,831,652,549	11,513,000	11,513,000	0.0063	872
2017-18	13,200	1,884,816,669	10,466,510	10,466,510	0.0056	793
2018-19	13,295	1,914,177,833	9,282,490	9,282,490	0.0048	698
2019-20	13,295	1,984,486,608	24,951,000	24,951,000	0.0126	1,877
2020-21	13,837	2,007,623,617	24,347,000	24,347,000	0.0121	1,760
2021-22	13,837	2,037,670,101	23,351,000	23,351,000	0.0115	1,688

(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	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
			Service		
2012-13	\$ 2,448,163	\$ 133,710	\$ 2,581,873	\$ 36,066,667	7.16%
2013-14	1,008,153	274,563	1,282,716	\$ 39,421,332	3.25%
2014-15	1,119,911	308,377	1,428,288	42,175,516	3.39%
2015-16	1,147,420	299,673	1,447,093	36,881,685	3.92%
2016-17	1,165,198	288,237	1,453,435	37,379,721	3.89%
2017-18	3,245,829	271,582	3,517,411	39,932,900	8.81%
2018-19	1,241,178	247,483	1,488,661	38,688,648	3.85%
2019-20	8,996,962 (2)	428,425 (2)	9,425,387	51,106,608	18.44%
2020-21	640,316	433,626	1,073,942	52,215,995	2.06%
2021-22	1,033,580	693,918	1,727,498	45,780,621	3.77%

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

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

- Compliance -

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

**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, 2022, and the related notes to the financial statements, which collectively comprise the County of Madison, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Holman, Farnell, Cox Associates

Charlottesville, Virginia

December 15, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Madison, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Madison, Virginia's major federal programs for the year ended June 30, 2022. 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.

In our opinion, County of Madison, Virginia's 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Madison, Virginia's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Madison, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Madison, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Madison, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Madison, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Madison, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Madison, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Madison, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Holman, Farnsworth, Cox & Associates

Charlottesville, Virginia

December 15, 2022

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Primary Government:				
Department of Justice				
Pass Through Payments:				
Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	\$ -	\$ 937
Crime Victim Assistance	16.575	CJS5601701	-	40,522
Total Department of Justice			\$ -	<u>\$ 41,459</u>
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Guardianship Assistance	93.090	1110121/1110122	\$ -	\$ 158
Title IV-E Prevention Program	93.472	1140122	-	1,937
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	-	12,537
COVID-19 - MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	-	2,013
Total 93.556			\$ -	<u>\$ 14,550</u>
Temporary Assistance for Needy Families	93.558	0400109/0400110	-	109,520
Refugee and Entrant Assistance - State/Replacement				
Designee Administered Programs	93.566	0500109/0500110	-	551
Low-Income Home Energy Assistance	93.568	0600409/0600410	-	20,011
Child Care Mandatory and Matching Funds of the Child				
Care and Development Fund(CCDF Cluster)	93.596	0760109/0760110	-	24,389
Chafee Education and Training Vouchers Program	93.599	9160110	-	5,325
COVID-19 - Chafee Education and Training Vouchers Program	93.599	9160110	-	11,811
Total 93.599			\$ -	<u>\$ 17,136</u>
Adoption and Legal Guardianship Incentive Payments	93.603	1130116/1130117	-	1,166
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	-	261
Foster Care - Title IV-E	93.658	1100109/1100110	-	134,903
Adoption Assistance	93.659	1120109/1120110	-	406,947
Social Services Block Grant	93.667	1000109/1000110	-	113,015
John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	915120/9150121	-	6,075
COVID-19 - John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	915120/9150121	-	28,684
Total 93.674			\$ -	<u>\$ 34,759</u>
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	8000221/8000321	-	6,224
Children's Health Insurance Program	93.767	0540109/0540110	-	1,431
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	150,254
Total Department of Health and Human Services			\$ -	<u>\$ 1,037,212</u>
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not available	\$ -	\$ 7,500
Total Department of Homeland Security			\$ -	<u>\$ 7,500</u>
Department of Agriculture:				
Pass Through Payments:				
Department of Social Services:				
State Administrative Matching Grants for the Supplemental				
nutrition assistance program (SNAP Cluster)	10.561	0010111/0010112/0040111/0040112	\$ -	\$ 281,291
Total Department of Agriculture			\$ -	<u>\$ 281,291</u>

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022 (continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Primary Government: (continued)				
Department of Treasury:				
Direct Payments:				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ -	\$ 86,655
Pass Through Payments:				
Virginia Department of Accounts:				
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	\$ -	\$ 10,659
Total Department of Treasury			\$ -	\$ 97,314
Total Expenditures of Federal Awards-Primary Government			\$ -	\$ 1,464,776
Component Unit School Board:				
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ -	\$ 68,273
Department of Education:				
COVID-19-National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ -	\$ 907
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ -	\$ 800,766
Total 10.555			\$ -	\$ 869,946
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	\$ -	\$ 250,734
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.559	2013IN109941/2014IN109941	\$ -	\$ 2,004
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	2013IN109941/2014IN109941	\$ -	\$ 135,497
Total 10.559			\$ -	\$ 137,501
Total Child Nutrition Cluster			\$ -	\$ 1,258,181
Department of Education:				
COVID-19-Pandemic EBT Administrative Costs	10.649	202121S900941	\$ -	\$ 614
Total Department of Agriculture			\$ -	\$ 1,258,795
U.S. Environmental Protection Agency:				
Direct Payments:				
Diesel Emission Reduction Act National Grant	66.039	N/A	\$ -	\$ 60,000
Total Environmental Protection Agency			\$ -	\$ 60,000
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010130046	\$ -	\$ 391,054
Supporting Effective Instruction State Grants	84.367	S367A120044/S367A13044	\$ -	\$ 87,162
English Language Acquisition State Grants	84.365	Not Available	\$ -	\$ 2,322
Special Education - Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	\$ -	\$ 587,306
Special Education - Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	\$ -	\$ 18,002
Special Education Cluster Total			\$ -	\$ 605,308
Student Support and Academic Enrichment Program	84.424	S424A170048	\$ -	\$ 27,399
COVID-19 Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	S425C200042	\$ -	\$ 47,484
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	\$ -	\$ 2,110,658
Total COVID-19 Education Stabilization Fund			\$ -	\$ 2,158,142
Career and Technical Education - Basic Grants to States	84.048	V048A120046/V048A130046	\$ -	\$ 33,096
Total Department of Education			\$ -	\$ 3,304,483
Federal Communications Commission:				
Pass Through Payments:				
Virginia Department of Education:				
Emergency Connectivity Fund Program	32.009	Not available	\$ -	\$ 150,187
Total Expenditures of Federal Awards-Component Unit School Board			\$ -	\$ 4,773,465
Total Expenditures of Federal Awards-Reporting Entity			\$ -	\$ 6,238,241

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, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Madison, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Madison, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Madison, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Loan Balances

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

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,562,108
Total primary government	\$ 1,562,108

Component Unit School Board:

School Operating Fund	\$ 3,514,671
School Cafeteria Fund	1,258,794

Total component unit school board	\$ 4,773,465
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Total federal expenditures per basic financial statements	\$ 6,335,573
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Payments in lieu of taxes

\$ (97,332)

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,238,241
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COUNTY OF MADISON, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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