



COUNTY OF MADISON, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

COUNTY OF MADISON, VIRGINIA

Financial Report
Year Ended June 30, 2015

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COUNTY OF MADISON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2015

BOARD OF SUPERVISORS

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

Jonathon Weakley

Robert Campbell

Kevin McGhee

DEPARTMENT OF SOCIAL SERVICES BOARD

Norris John, Chairman
Joseph Goodall, Vice-Chair

Charlotte Hoffman

Tina Weaver

Valerie Ward

MADISON COUNTY SCHOOL BOARD

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

Tonya Taylor

Barry Penn Hollar

Joseph Parker

OTHER OFFICIALS

Daniel R. Bouton..... Judge of the Circuit Court
Leeta Louk..... Clerk of the Circuit Court
Dale Durrer Judge of the General District Court
Edward DeJ. Berry Judge of the Juvenile & Domestic Relations Court
Deborah Tinsley Judge of the Juvenile & Domestic Relations Court
James Reid Commonwealth's Attorney
Gale Harris Commissioner of the Revenue
Stephanie Murray Treasurer
Erik Weaver Sheriff
Matthew Eberhardt..... Superintendent of Schools
Elizabeth Patterson Clerk of the School Board
Valerie Ward Director of Social Services
Ernest C. Hoch (through 4/30/15)..... County Administrator
*** Vacant (effective 5/1/15)* County Administrator

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Madison, Virginia, as of and for the year ended Financial June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, Virginia, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 63 and 64-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Madison, Virginia's basic financial statements. The other supplementary information and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the County of Madison, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Madison, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 30, 2015

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2015

	Primary Government	Component Unit	Component Unit
	Governmental Activities	School Board	Madison County IDA
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 11,313,246	\$ 2,124,679	\$ -
Receivables (net of allowance for uncollectibles):			
Property taxes	6,613,652	-	-
Accounts receivable	206,701	140,530	-
Inventory	-	22,424	-
Prepaid expenses	1,417	14,641	-
Due from other governments	1,065,908	526,466	-
Due from Primary Government	421,566	851,075	-
Total Current Assets	<u>\$ 19,622,490</u>	<u>\$ 3,679,815</u>	<u>\$ -</u>
Noncurrent Assets:			
Net pension asset	\$ -	\$ 395,077	\$ -
Capital assets:			
Land and construction in progress	\$ 12,551,158	\$ 953,507	\$ -
Buildings and equipment, net of depreciation	14,890,259	5,734,102	-
Total Capital Assets	<u>\$ 27,441,417</u>	<u>\$ 6,687,609</u>	<u>\$ -</u>
Total Noncurrent Assets	<u>\$ 27,441,417</u>	<u>\$ 7,082,686</u>	<u>\$ -</u>
Total Assets	<u>\$ 47,063,907</u>	<u>\$ 10,762,501</u>	<u>\$ -</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 471,612	\$ 1,435,147	\$ -
Total Assets and Deferred Outflows of Resources	<u>\$ 47,535,519</u>	<u>\$ 12,197,648</u>	<u>\$ -</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 490,738	\$ 1,100,248	\$ -
Amounts held for others	91,496	-	-
Unearned revenue - performance bonds	106,618	-	-
Accrued liabilities	-	1,769,563	-
Due to Component Unit	851,075	421,566	-
Accrued interest payable	171,626	-	-
Current portion of long-term obligations	1,158,044	85,824	-
Total Current Liabilities	<u>\$ 2,869,597</u>	<u>\$ 3,377,201</u>	<u>\$ -</u>
Noncurrent Liabilities:			
Noncurrent portion of long-term obligations	13,977,859	16,532,678	-
Total Liabilities	<u>\$ 16,847,456</u>	<u>\$ 19,909,879</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues - taxes	\$ 5,638,814	\$ -	\$ -
Items related to measurement of net pension liability	874,855	2,910,046	-
Total deferred inflows of resources	<u>\$ 6,513,669</u>	<u>\$ 2,910,046</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 14,098,530	\$ 6,543,030	\$ -
Unrestricted	10,075,864	(17,165,307)	-
Total Net Position	<u>\$ 24,174,394</u>	<u>\$ (10,622,277)</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 47,535,519</u>	<u>\$ 12,197,648</u>	<u>\$ -</u>

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

Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit	Component Unit
					Governmental Activities	School Board	Madison County IDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government							
administration	\$ 1,385,253	\$ -	\$ 196,467	\$ -	\$ (1,188,786)	\$ -	\$ -
Judicial administration	1,133,013	266,300	407,365	-	(459,348)	-	-
Public safety	5,199,293	472,273	1,143,943	-	(3,583,077)	-	-
Public works	948,947	137,018	7,416	-	(804,513)	-	-
Health and welfare	4,932,052	-	3,160,976	-	(1,771,076)	-	-
Education	9,350,811	-	-	-	(9,350,811)	-	-
Parks, recreation, and cultural	450,261	139,475	-	-	(310,786)	-	-
Community development	588,519	-	100,000	-	(488,519)	-	-
Interest on long-term debt	292,905	-	-	-	(292,905)	-	-
Total governmental activities	\$ <u>24,281,054</u>	\$ <u>1,015,066</u>	\$ <u>5,016,167</u>	\$ <u>-</u>	\$ <u>(18,249,821)</u>	\$ <u>-</u>	\$ <u>-</u>
COMPONENT UNITS:							
School Board	\$ 19,607,173	\$ 299,365	\$ 10,364,002	\$ -	\$ -	\$ (8,943,806)	\$ -
Madison County IDA	100,000	-	-	-	-	-	(100,000)
Total component units	\$ <u>19,707,173</u>	\$ <u>299,365</u>	\$ <u>10,364,002</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(8,943,806)</u>	\$ <u>(100,000)</u>
General revenues:							
General property taxes				\$ 14,880,317	\$ -	\$ -	\$ -
Local sales and use tax				965,923	-	-	-
Consumers' utility taxes				334,364	-	-	-
Motor vehicle licenses				436,137	-	-	-
Restaurant food taxes				380,853	-	-	-
Other local taxes				421,898	-	-	-
Unrestricted revenues from use of money and property				106,236	22,377	-	-
Miscellaneous				290,340	407,626	-	-
Grants and contributions not restricted to specific programs				1,727,109	-	-	-
Contribution from County				-	9,301,311	100,000	-
Total general revenues				\$ <u>19,543,177</u>	\$ <u>9,731,314</u>	\$ <u>100,000</u>	\$ <u>-</u>
Change in net position				\$ 1,293,356	\$ 787,508	\$ -	\$ -
Net position - beginning, as restated				22,881,038	(11,409,785)	-	-
Net position - ending				\$ <u>24,174,394</u>	\$ <u>(10,622,277)</u>	\$ <u>-</u>	\$ <u>-</u>

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

Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2015

ASSETS	General Fund	Capital Improvement Fund	Total
Cash and cash equivalents	\$ 10,057,213	\$ 1,256,033	\$ 11,313,246
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	6,613,652	-	6,613,652
Accounts receivable	206,701	-	206,701
Due from component unit	421,566	-	421,566
Due from other governmental units	1,065,908	-	1,065,908
Prepaid expenditures	1,417	-	1,417
Total assets	<u>\$ 18,366,457</u>	<u>\$ 1,256,033</u>	<u>\$ 19,622,490</u>
LIABILITIES			
Accounts payable	\$ 490,738	\$ -	\$ 490,738
Amounts held for others	91,496	-	91,496
Unearned revenue - performance bonds	106,618	-	106,618
Due to component unit	-	851,075	851,075
Total liabilities	<u>\$ 688,852</u>	<u>\$ 851,075</u>	<u>\$ 1,539,927</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	<u>\$ 6,578,095</u>	<u>\$ -</u>	<u>\$ 6,578,095</u>
FUND BALANCES			
Nonspendable	\$ 1,417	\$ -	\$ 1,417
Restricted	59,663	-	59,663
Committed	32,748	404,958	437,706
Assigned	185,877	-	185,877
Unassigned	10,819,805	-	10,819,805
Total fund balances	<u>\$ 11,099,510</u>	<u>\$ 404,958</u>	<u>\$ 11,504,468</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,366,457</u>	<u>\$ 1,256,033</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.	27,441,417
Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(171,626)
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	939,281
Items related to measurement of net pension liability	(874,855)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	471,612
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.	(15,135,903)
Net position of general government activities	<u>\$ 24,174,394</u>

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, 2015

	General	Capital Improvement	Total
Revenues:			
General property taxes	\$ 14,916,195	\$ -	\$ 14,916,195
Other local taxes	2,539,175	-	2,539,175
Permits, privilege fees and regulatory licenses	176,783	-	176,783
Fines and forfeitures	218,303	-	218,303
Revenue from use of money and property	106,236	-	106,236
Charges for services	619,980	-	619,980
Miscellaneous	290,340	-	290,340
Intergovernmental:			
Contribution from Component Unit School Board	-	-	-
Commonwealth	5,831,229	-	5,831,229
Federal	912,047	-	912,047
Total revenues	\$ 25,610,288	\$ -	\$ 25,610,288
Expenditures:			
Current:			
General government administration	\$ 1,298,574	\$ -	\$ 1,298,574
Judicial administration	819,898	-	819,898
Public safety	5,465,454	-	5,465,454
Public works	1,025,561	-	1,025,561
Health and welfare	4,950,311	-	4,950,311
Education	8,435,774	667,037	9,102,811
Parks, recreation, and cultural	420,701	-	420,701
Community development	595,144	-	595,144
Nondepartmental	5,584	-	5,584
Capital projects	-	5,798,566	5,798,566
Debt service:			
Principal retirement	1,069,491	-	1,069,491
Interest and other fiscal charges	307,924	-	307,924
Total expenditures	\$ 24,394,416	\$ 6,465,603	\$ 30,860,019
Excess (deficiency) of revenues over (under) expenditures	\$ 1,215,872	\$ (6,465,603)	\$ (5,249,731)
Other Financing Sources (uses):			
Issuance of long-term debt	\$ -	\$ 1,000,000	\$ 1,000,000
Total other financing sources (uses)	\$ -	\$ 1,000,000	\$ 1,000,000
Net change in fund balances	\$ 1,215,872	\$ (5,465,603)	\$ (4,249,731)
Fund balances at beginning of year, as restated	9,883,638	5,870,561	15,754,199
Fund balances at end of year	\$ 11,099,510	\$ 404,958	\$ 11,504,468

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, 2015

		<u>Primary Government Governmental Funds</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	(4,249,731)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment:</p>		
Capital outlay	\$ 6,205,978	
Depreciation expense	<u>(765,271)</u>	5,440,707
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(9,240)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(201,500)
<p>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.</p>		
Unearned revenue - property taxes	\$ (35,878)	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>(874,855)</u>	(910,733)
<p>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:</p>		
Principal retired on lease revenue bonds	\$ 632,500	
Principal retired on capital lease	126,991	
Issuance of long-term debt	(1,000,000)	
Principal retired on state literary fund loan	<u>310,000</u>	69,491
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:</p>		
Change in compensated absences	\$ 25,584	
Change in net OPEB obligation	(9,000)	
Change in landfill closure liability	23,149	
Change in net pension liability	1,134,791	
Change in deferred outflows related to pension payments subsequent to the measurement date	(35,181)	
Change in accrued interest payable	<u>15,019</u>	<u>1,154,362</u>
Change in net position of governmental activities	\$	<u><u>1,293,356</u></u>

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

Statement of Fiduciary Net Position --
 Fiduciary Funds
 At June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>37,748</u>
Total assets	\$ <u><u>37,748</u></u>
LIABILITIES	
Amounts held for others	\$ <u>37,748</u>
Total liabilities	\$ <u><u>37,748</u></u>

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements At June 30, 2015

Note 1 - Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements:

Government-wide Financial Statements:

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

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

Statement of Net Position:

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

Statement of Activities:

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

Fund Financial Statements:

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

Budgetary Comparison Schedules:

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units: The County has no blended component units to be included for the fiscal year ended June 30, 2015.

Discretely Presented Component Unit: The School Board operates the County Public School System. Members are currently elected by popular vote. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

Discretely Presented Component Unit: - The Madison County Industrial Development Authority was created by the Board of Supervisors to administer the issuance of economic development revenue bonds. The County appoints all members of Authority's Board of Directors. The primary funding is from the General Fund of the County. The Industrial Development Authority does not issue a separate financial report. The financial statements of the Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

The Madison County School Board has the following funds:

Governmental Funds:

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

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

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

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

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

C. Other Related Organizations

Included in the County's Financial Statements:

Madison County Parks and Recreation Authority: 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 and the County provides fiscal services to the Authority. The Authority does not issue separate financial statements and is included as a department of the general fund in the County's financial statements.

D. 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.

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds:

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

a. General Fund

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

b. Capital Improvement Fund

The Capital Improvement Fund accounts for and reports all financial resources used for the acquisition or construction of major capital facilities. The Capital Improvement Fund is considered a major fund at June 30, 2015.

2. Fiduciary Funds (Trust and Agency Funds):

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

F. Budgets and Budgetary Accounting

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

1. The County Administrator submits to the Board of Supervisors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

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

F. Budgets and Budgetary Accounting (Continued)

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Capital Improvement Fund, School Fund and School Cafeteria Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.
9. Expenditures exceeded appropriations for CSA by \$491,663 and Contribution to Component Unit School Board by \$107,962, for the year ended June 30, 2015.

G. Cash and Cash Equivalents

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

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

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$329,213 at June 30, 2015 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.

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

K. Long-term Obligations

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

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

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

L. Use of Estimates

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

M. Fund Balances

Financial Policies

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

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

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

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

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

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

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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	\$ 1,417	\$ -	\$ 14,641
Inventory	-	-	22,424
Total Nonspendable	\$ 1,417	\$ -	\$ 37,065
Restricted:			
School Lottery Funds	\$ -	\$ -	\$ 1,893
Asset Forfeitures	59,663	-	-
School Textbook Funds	-	-	39,034
Total Restricted	\$ 59,663	\$ -	\$ 40,927
Committed:			
Capital Projects	\$ -	\$ 404,958	\$ 34,174
Micro Enterprise	32,748	-	-
School Operations	-	-	1,000
Cafeteria	-	-	289,913
Total Committed	\$ 32,748	\$ 404,958	\$ 325,087
Assigned:			
Tourism	\$ 123,142	\$ -	\$ -
Parks and Recreation Authority	45,130	-	-
Sheriff	17,605	-	-
Total Assigned	\$ 185,877	\$ -	\$ -
Unassigned	\$ 10,819,805	\$ -	\$ (14,641)
Total Fund Balance	\$ 11,099,510	\$ 404,958	\$ 388,438

N. Net Position

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

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

O. Net Position Flow Assumption

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or a reduction of the net pension asset liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of 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 amounts prepaid on the 2nd half installments and the 2nd half installment and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, amounts prepaid on the 2nd half installments and the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset or liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

Q. Pensions

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 2 - Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2015 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
	Fair Quality Ratings
Rated Debt Investments	AAAm
U.S. Government Securities	\$ 66,511
Local Government Investment Pool	1,009,132
Total	\$ <u>1,075,643</u>

External Investment Pool

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 2 - Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1 year	Greater than 10 years
U.S. Government Securities	\$ 66,511	\$ -	\$ 66,511
Local Government Investment Pool	1,009,132	1,009,132	-
Total	\$ 1,075,643	\$ 1,009,132	\$ 66,511

Note 3 - Due From Other Governmental Units:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 170,900	\$ -
Public assistance and welfare administration	37,979	-
State sales tax	-	373,319
Comprehensive services	347,682	-
Communications tax	95,069	-
Shared expenses	107,626	-
PSAP grant	150,000	-
Department of Justice	86,007	-
Other state funds	15,673	367
Federal Government:		
School funds	-	141,895
Public safety	1,671	-
School food	-	10,885
Public assistance and welfare administration	53,301	-
Totals	\$ 1,065,908	\$ 526,466

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 4 - Capital Assets:

The following is a summary of capital assets for the fiscal year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Primary Government:				
Capital assets not being depreciated:				
Land	\$ 1,419,418	\$ -	\$ -	\$ 1,419,418
Construction in progress-Jointly Owned	5,560,210	5,568,309	-	11,128,519
Construction in progress	143,455	373,076	513,310	3,221
Total capital assets not being depreciated	<u>\$ 7,123,083</u>	<u>\$ 5,941,385</u>	<u>\$ 513,310</u>	<u>\$ 12,551,158</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 16,802,342	\$ 432,059	\$ -	\$ 17,234,401
Equipment (including vehicles)	3,040,520	345,844	64,324	3,322,040
Jointly owned assets	2,170,000	-	310,000	1,860,000
Total capital assets being depreciated	<u>\$ 22,012,862</u>	<u>\$ 777,903</u>	<u>\$ 374,324</u>	<u>\$ 22,416,441</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (3,895,480)	\$ (492,443)	\$ -	\$ (4,387,923)
Equipment (including vehicles)	(2,269,516)	(226,328)	(55,084)	(2,440,760)
Jointly owned assets	(759,499)	(46,500)	(108,500)	(697,499)
Total accumulated depreciation	<u>\$ (6,924,495)</u>	<u>\$ (765,271)</u>	<u>\$ (163,584)</u>	<u>\$ (7,526,182)</u>
Net capital assets being depreciated	<u>\$ 15,088,367</u>	<u>\$ 12,632</u>	<u>\$ 210,740</u>	<u>\$ 14,890,259</u>
Net capital assets	<u>\$ 22,211,450</u>	<u>\$ 5,954,017</u>	<u>\$ 724,050</u>	<u>\$ 27,441,417</u>
	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Component Unit - School Board:				
Capital assets not being depreciated:				
Land	\$ 109,803	\$ -	\$ -	\$ 109,803
Construction in progress	211,817	631,887	-	843,704
Total capital assets not being depreciated	<u>\$ 321,620</u>	<u>\$ 631,887</u>	<u>\$ -</u>	<u>\$ 953,507</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,911,671	\$ -	\$ -	\$ 4,911,671
Equipment (including vehicles)	4,044,563	389,839	19,178	4,415,224
Jointly owned assets	6,370,889	310,000	-	6,680,889
Total capital assets being depreciated	<u>\$ 15,327,123</u>	<u>\$ 699,839</u>	<u>\$ 19,178</u>	<u>\$ 16,007,784</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (4,547,419)	\$ (255,827)	\$ -	\$ (4,803,246)
Jointly owned assets	(2,021,154)	(108,500)	-	(2,129,654)
Equipment (including vehicles)	(3,053,929)	(300,119)	(13,266)	(3,340,782)
Total accumulated depreciation	<u>\$ (9,622,502)</u>	<u>\$ (664,446)</u>	<u>\$ (13,266)</u>	<u>\$ (10,273,682)</u>
Net capital assets being depreciated	<u>\$ 5,704,621</u>	<u>\$ 35,393</u>	<u>\$ 5,912</u>	<u>\$ 5,734,102</u>
Net capital assets	<u>\$ 6,026,241</u>	<u>\$ 667,280</u>	<u>\$ 5,912</u>	<u>\$ 6,687,609</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 4 - Capital Assets: (Continued)

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

Primary Government:		
Governmental activities:		
General government administration	\$	45,436
Judicial administration		338,769
Public safety		206,828
Public works		35,668
Health and welfare		14,025
Education		46,500
Parks, recreation and cultural		78,045
Total	\$	<u>765,271</u>
Component Unit School Board	\$	<u>664,446</u>
Depreciation Expense	\$	555,946
Joint tenancy transfer of accumulated depreciation		<u>108,500</u>
Total additions to accumulated depreciation, previous page	\$	<u>664,446</u>

Note 5 - Compensated Absences:

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the County has accrued the liability arising from compensated absences.

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

Primary Government	\$	<u>416,849</u>
Component Unit School Board	\$	<u>388,163</u>

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

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General	\$ 421,566	\$ -
Capital Improvement	-	851,075
School Board	851,075	421,566
Total	<u>\$ 1,272,641</u>	<u>\$ 1,272,641</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 VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* School division employees Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	47	31
Inactive members:		
Vested inactive members	11	11
Non-vested inactive members	27	15
Inactive members active elsewhere in VRS	37	15
Total inactive members	75	41
Active members	91	51
Total covered employees	<u>213</u>	<u>123</u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2015 was 11.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$471,612 and \$506,793 for the years ended June 30, 2015 and June 30, 2014, respectively.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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, 2015 was 4.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$34,316 and \$41,634 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability/Asset

The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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, 2013, 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, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees: (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 14,248,481	\$ 12,290,513	\$ 1,957,968
Changes for the year:			
Service cost	\$ 541,330	\$ -	\$ 541,330
Interest	977,153	-	977,153
Differences between expected and actual experience	-	-	-
Contributions - employer	-	506,793	(506,793)
Contributions - employee	-	198,721	(198,721)
Net investment income	-	1,957,999	(1,957,999)
Benefit payments, including refunds of employee contributions	(578,303)	(578,303)	-
Administrative expenses	-	(10,342)	10,342
Other changes	-	103	(103)
Net changes	\$ 940,180	\$ 2,074,971	\$ (1,134,791)
Balances at June 30, 2014	\$ 15,188,661	\$ 14,365,484	\$ 823,177

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 3,185,382	\$ 3,282,575	\$ (97,193)
Changes for the year:			
Service cost	\$ 76,301	\$ -	\$ 76,301
Interest	218,017	-	218,017
Differences between expected and actual experience	-	-	-
Contributions - employer	-	41,634	(41,634)
Contributions - employee	-	38,268	(38,268)
Net investment income	-	515,077	(515,077)
Benefit payments, including refunds of employee contributions	(141,719)	(141,719)	-
Administrative expenses	-	(2,804)	2,804
Other changes	-	27	(27)
Net changes	<u>\$ 152,599</u>	<u>\$ 450,483</u>	<u>\$ (297,884)</u>
Balances at June 30, 2014	<u>\$ 3,337,981</u>	<u>\$ 3,733,058</u>	<u>\$ (395,077)</u>

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 2,789,285	\$ 823,177	\$ (805,214)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 8,856	\$ (395,077)	\$ (732,659)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$246,857 and (\$26,204), respectively. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 874,855	\$ -	\$ 230,046
Employer contributions subsequent to the measurement date	471,612	-	34,316	-
Total	\$ 471,612	\$ 874,855	\$ 34,316	\$ 230,046

\$471,612 and \$34,316 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (218,714)	\$ (57,512)
2017	(218,714)	(57,512)
2018	(218,714)	(57,512)
2019	(218,713)	(57,510)
Thereafter	-	-

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 options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,400,831 and \$1,121,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$15,882,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .13142% as compared to .13428% at June 30, 2013.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$1,185,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,357,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	323,000
Employer contributions subsequent to the measurement date	<u>1,400,831</u>	<u>-</u>
Total	<u>\$ 1,400,831</u>	<u>\$ 2,680,000</u>

\$1,400,831 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (660,000)
2017	(660,000)
2018	(660,000)
2019	(660,000)
Thereafter	(40,000)

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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, 2013, 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, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed 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.

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 23,321,000	\$ 15,882,000	\$ 9,757,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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, 2015 (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, 2015:

	Balance at July 1, 2014 as Restated	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015 as Restated	Amounts Due Within One Year
Governmental Activities:					
Public Facility Lease Revenue Bond	\$ 10,211,500	-	632,500	\$ 9,579,000	\$ 646,000
Variable Rate Demand Revenue Bond	500,000	1,000,000	-	1,500,000	-
Landfill closure liability	477,899	7,168	30,317	454,750	30,317
State literary fund loan	2,170,000	-	310,000	1,860,000	310,000
Capital leases	530,878	-	126,991	403,887	130,042
Net OPEB obligation	89,240	39,000	30,000	98,240	-
Net pension liability	1,957,968	1,528,825	2,663,616	823,177	-
Compensated absences	442,433	18,659	44,243	416,849	41,685
Total governmental activities	<u>\$ 16,379,918</u>	<u>\$ 2,593,652</u>	<u>\$ 3,837,667</u>	<u>\$ 15,135,903</u>	<u>\$ 1,158,044</u>

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

Year Ending June 30,	State Literary Fund Loan		VACO/VML Public Facility Lease Revenue Bond		VACO/VML Variable Rate Demand Revenue Bond		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2016	\$ 310,000	\$ 55,800	\$ 646,000	\$ 205,949	-	\$ 54,833	\$ 130,042
2017	310,000	46,500	660,000	192,060	-	56,000	133,170	6,257
2018	310,000	37,200	674,500	177,870	190,000	51,567	107,278	3,050
2019	310,000	27,900	690,000	163,368	190,000	46,247	33,397	564
2020	310,000	18,600	703,500	148,533	190,000	40,927	-	-
2021	310,000	9,300	719,000	133,408	190,000	35,607	-	-
2022	-	-	734,500	117,949	190,000	30,287	-	-
2023	-	-	750,500	102,157	190,000	24,967	-	-
2024	-	-	766,500	86,022	190,000	19,646	-	-
2025	-	-	783,000	69,542	195,000	14,210	-	-
2026	-	-	800,000	52,707	195,000	8,750	-	-
2027	-	-	817,000	35,507	195,000	3,290	-	-
2028	-	-	834,500	17,942	85,000	397	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
Total	<u>\$ 1,860,000</u>	<u>\$ 195,300</u>	<u>\$ 9,579,000</u>	<u>\$ 1,503,014</u>	<u>\$ 2,000,000</u>	<u>\$ 386,728</u>	<u>\$ 403,887</u>	<u>\$ 19,256</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 8 - Long-Term Obligations: (Continued)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i>State Literary Fund Loan:</i>		
\$6,200,000, issued December 1, 2000 due in varying installments through December 1, 2020, interest at 3%	\$ 1,860,000	\$ 310,000
<i>VACO/VML Public Facility Lease Revenue Bond:</i>		
\$10,762,500 loan issued January 25, 2013 due in varying installments through November 2027. Interest is payable annually at 2.15%.	\$ 9,579,000	\$ 646,000
<i>VACO/VML Variable Rate Demand Revenue Bond:</i>		
\$2,500,000 loan issued April 3, 2014 due in varying installments through July 2029. Interest is payable annually at the Bank's Prime Rate plus 1.5%. The amount drawn on the loan at June 30, 2015 was \$1,500,000.	\$ 1,500,000	\$ -
<i>Capital Leases:</i>		
\$472,794 lease issued October 21, 2011 due in annual installments of principal and interest of \$81,232 through October 2018. Interest is payable at 2.185%. The assets acquired through the capital lease are \$472,794 for emergency operations equipment and had \$189,117 of accumulated depreciation as of June 30, 2015.	\$ 262,301	\$ 74,179
\$223,500 lease issued November 1, 2013 due in annual installments of principal and interest of \$29,098 through November 2017. Interest is payable at 1.83%. The assets acquired through the capital lease are \$223,500 for police vehicles and a public works vehicle and had \$88,095 of accumulated depreciation as of June 30, 2015.	\$ 141,586	\$ 55,863
Total Capital Leases	\$ 403,887	\$ 130,042
Landfill closure liability	\$ 454,750	\$ 30,317
Net OPEB obligation	\$ 98,240	\$ -
Net pension liability	\$ 823,177	\$ -
Compensated absences	\$ 416,849	\$ 41,685
Total	<u>\$ 15,135,903</u>	<u>\$ 1,158,044</u>

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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, 2015:

	Balance at July 1, 2014 as Restated	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015 as Restated	Amounts Due Within One Year
Compensated absences	\$ 381,708	\$ 44,626	\$ 38,171	\$ 388,163	\$ 38,816
Capital lease	49,951	194,999	100,371	144,579	47,008
Net pension liability	18,498,000	1,185,000	3,801,000	15,882,000	-
Net OPEB obligation	181,760	91,000	69,000	203,760	-
Total Component Unit	\$ 19,111,419	\$ 1,515,625	\$ 4,008,542	\$ 16,618,502	\$ 85,824

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

Year Ending June 30,	Capital Lease	
	Principal	Interest
2016	\$ 47,008	\$ 3,614
2017	48,183	2,439
2018	49,388	1,235
Total	\$ 144,579	\$ 7,288

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>
<u>Capital Lease:</u>	
\$194,999 capital lease for laptops payable in various annual principal installments through July 24, 2017, interest payable at 2.50%. The assets acquired through the capital lease are \$194,999 for laptops.	\$ 144,579
Compensated absences	\$ 388,163
Net pension liability	\$ 15,882,000
Net OPEB obligation	\$ 203,760
Total long-term obligations	\$ 16,618,502

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 9 - Deferred/Unavailable/Unearned Revenue:

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

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 5,485,516	\$ 6,424,797
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>153,298</u>	<u>153,298</u>
Total governmental activities	<u>\$ 5,638,814</u>	<u>\$ 6,578,095</u>

Note 10 - Contingent Liabilities:

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 11 - Surety Bonds:

	<u>Amount</u>
Virginia Department of Risk Management - Surety	
Stephanie Murray, Treasurer	\$ 400,000
Linda Parrish, Clerk of the Circuit Court	25,000
Gale L. Harris, Commissioner of the Revenue	3,000
Erik Weaver, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Madison County Department of Social Services employee blanket bond	100,000
Virginia Local Government Risk Management Plan	
Madison County School Board Public Officials Liability	1,000,000
Madison County Public Officials Liability	250,000

Note 12 - Risk Management:

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

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

Note 13 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste, which occurred in fiscal year 2005, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$454,750 reported as landfill closure and postclosure care liability at June 30, 2015, 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 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from any funds accumulated for this purpose in the General Fund.

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

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 14 - Other Postemployment Benefits - Health Insurance:

County:

A. Plan Description:

The County post-retirement health care plan is a single employer defined benefit healthcare plan that offers insurance benefits for employees who are eligible for retirement benefits. All full-time employees who retire with 30 years of service, or at age 62 with 5 years of service are eligible. Once the participant is Medicare eligible they are no longer eligible to remain in the plan. The County's post-retirement health care Plan does not issue a separate, audited GAAP basis report.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees, the retirees pay 100% of the published rates for individual and dependent coverage until age 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 39,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(4,000)
Annual OPEB cost (expense)	<u>\$ 39,000</u>
Contribution made	30,000
Increase in net OPEB obligation	<u>\$ 9,000</u>
Net OPEB obligation-beginning of year	<u>89,240</u>
Net OPEB obligation-end of year	<u><u>\$ 98,240</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding year is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 44,000	55%	\$ 75,240
June 30, 2014	45,000	69%	89,240
June 30, 2015	39,000	77%	98,240

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

County: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	468,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	468,000
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)	\$	3,845,864
UAAL as a percentage of covered payroll		12.17%

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

E. Actuarial Methods and Assumptions

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

Cost Method

The entry age normal cost method was used for this valuation. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

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

County: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Interest Assumptions

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014, was thirty years.

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

School Board:

A. Plan Description

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

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process. The school board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees the School Board pays an amount per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Coverage ceases after seven years and there is no benefit provided after age 65. Surviving spouses are not allowed access to the plan.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 91,000
Interest on net OPEB obligation	7,000
Adjustment to annual required contribution	(7,000)
Annual OPEB cost (expense)	<u>\$ 91,000</u>
Contribution made	69,000
Increase in net OPEB obligation	<u>\$ 22,000</u>
Net OPEB obligation-beginning of year	181,760
Net OPEB obligation-end of year	<u><u>\$ 203,760</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 102,000	59%	\$ 160,760
June 30, 2014	105,000	80%	181,760
June 30, 2015	91,000	76%	203,760

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 1,034,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 1,034,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	\$ 10,368,448
UAAL as a percentage of covered payroll	9.97%

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

School Board: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

E. Actuarial Methods and Assumptions

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

Cost Method

The entry age normal cost method was used for this valuation. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Interest Assumptions

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 5.00 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014, was thirty years.

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

A. Plan Description

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was .12% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2015, the County's contribution of \$4,881 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost (ARC)</u>	<u>Percentage of ARC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2013	\$ 1,328	100%	\$ -
June 30, 2014	1,328	100%	-
June 30, 2015	4,881	100%	-

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	45,830
Actuarial value of plan assets	\$	55,853
Unfunded actuarial accrued liability	\$	(10,023)
Funded ratio (actuarial value of plan assets / AAL)		121.87%
Covered payroll (active plan members)	\$	1,678,036
UAAL as a percentage of covered payroll		-0.60%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2014 was 30 years.

F. Professional Employees - Discretely Presented Component Unit School Board

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

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

F. Professional Employees - Discretely Presented Component Unit School Board: (Continued)

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$102,406, \$106,982, and \$106,321, respectively and equaled the required contributions for each year.

Note 16 - Litigation:

At June 30, 2015 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 17 - Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	General Fund	Capitol Projects Fund	Governmental Activities	Component Unit School Board
Fund balance/Net Position, beginning of year, as previously reported	\$ 10,375,888	\$ 5,378,311	\$ 24,332,213	\$ 5,828,388
Report bond proceeds in Capital Projects fund	(492,250)	492,250	-	-
Implementation of GASB 68	-	-	(1,451,175)	(17,238,173)
Fund balance/Net Position, beginning of year, as restated	<u>\$ 9,883,638</u>	<u>\$ 5,870,561</u>	<u>\$ 22,881,038</u>	<u>\$ (11,409,785)</u>

Note 18 - Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

COUNTY OF MADISON, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

Note 18 - Upcoming Pronouncements: (Continued)

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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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, 2015

	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:				
General property taxes	\$ 14,935,846	\$ 14,935,846	\$ 14,916,195	\$ (19,651)
Other local taxes	2,398,574	2,411,074	2,539,175	128,101
Permits, privilege fees and regulatory licenses	221,096	221,096	176,783	(44,313)
Fines and forfeitures	164,840	164,840	218,303	53,463
Revenue from use of money and property	106,392	106,392	106,236	(156)
Charges for services	488,574	632,020	619,980	(12,040)
Miscellaneous	89,779	157,253	290,340	133,087
Intergovernmental:				
Commonwealth	5,261,603	5,393,888	5,831,229	437,341
Federal	782,267	790,879	912,047	121,168
Total revenues	<u>\$ 24,448,971</u>	<u>\$ 24,813,288</u>	<u>\$ 25,610,288</u>	<u>\$ 797,000</u>
Expenditures:				
Current:				
General government administration	\$ 1,306,471	\$ 1,360,578	\$ 1,298,574	\$ 62,004
Judicial administration	840,171	857,595	819,898	37,697
Public safety	5,379,543	5,787,473	5,465,454	322,019
Public works	1,039,038	1,115,409	1,025,561	89,848
Health and welfare	4,497,361	4,512,190	4,950,311	(438,121)
Education	8,129,424	8,327,812	8,435,774	(107,962)
Parks, recreation, and cultural	236,691	471,796	420,701	51,095
Community development	502,341	630,064	595,144	34,920
Nondepartmental	893,856	448,316	5,584	442,732
Debt service:				
Principal retirement	1,071,536	1,069,491	1,069,491	-
Interest and other fiscal charges	302,539	307,924	307,924	-
Total expenditures	<u>\$ 24,198,971</u>	<u>\$ 24,888,648</u>	<u>\$ 24,394,416</u>	<u>\$ 494,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 250,000</u>	<u>\$ (75,360)</u>	<u>\$ 1,215,872</u>	<u>\$ 1,291,232</u>
Other Financing Sources (uses):				
Transfers (out)	\$ (250,000)	\$ (250,000)	\$ -	\$ 250,000
Total other financing sources (uses)	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ 250,000</u>
Net change in fund balances	\$ -	\$ (325,360)	\$ 1,215,872	\$ 1,541,232
Fund balances at beginning of year, as restated	<u>-</u>	<u>325,360</u>	<u>9,883,638</u>	<u>9,558,278</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,099,510</u>	<u>\$ 11,099,510</u>

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 541,330
Interest	977,153
Benefit payments, including refunds of employee contributions	(578,303)
Net change in total pension liability	<u>\$ 940,180</u>
Total pension liability - beginning	<u>14,248,481</u>
Total pension liability - ending (a)	<u><u>\$ 15,188,661</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 506,793
Contributions - employee	198,721
Net investment income	1,957,999
Benefit payments, including refunds of employee contributions	(578,303)
Administrative expense	(10,342)
Other	103
Net change in plan fiduciary net position	<u>\$ 2,074,971</u>
Plan fiduciary net position - beginning	<u>12,290,513</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 14,365,484</u></u>
 County's net pension liability - ending (a) - (b)	 \$ 823,177
 Plan fiduciary net position as a percentage of the total pension liability	 94.58%
 Covered-employee payroll	 \$ 3,954,132
 County's net pension liability as a percentage of covered-employee payroll	 20.82%

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

Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 76,301
Interest	218,017
Benefit payments, including refunds of employee contributions	(141,719)
Net change in total pension liability	<u>\$ 152,599</u>
Total pension liability - beginning	<u>3,185,382</u>
Total pension liability - ending (a)	<u><u>\$ 3,337,981</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 41,634
Contributions - employee	38,268
Net investment income	515,077
Benefit payments, including refunds of employee contributions	(141,719)
Administrative expense	(2,804)
Other	27
Net change in plan fiduciary net position	<u>\$ 450,483</u>
Plan fiduciary net position - beginning	<u>3,282,575</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,733,058</u></u>
 School Division's net pension liability (asset) - ending (a) - (b)	 \$ (395,077)
 Plan fiduciary net position as a percentage of the total pension liability	 111.84%
 Covered-employee payroll	 \$ 765,973
 School Division's net pension liability (asset) as a percentage of covered-employee payroll	 -51.58%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.13142%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,882,000
Employer's Covered-Employee Payroll	9,603,425
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	165.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

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

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

Schedule of Employer Contributions
For the Year Ended June 30, 2015

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
Primary Government					
2015	\$ 471,612	\$ 471,612	\$ -	\$ 4,067,171	11.60%
Component Unit School Board (nonprofessional)					
2015	\$ 34,316	\$ 34,316	\$ -	\$ 707,545	4.85%
Component Unit School Board (professional)					
2015	\$ 1,400,831	\$ 1,400,831	\$ -	\$ 9,660,903	14.50%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Schedule of OPEB Funding Progress
Last Three Fiscal Years

County VRS Health Insurance Credit:						
Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio Assets at % of AAL (2) (3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/14	\$ 55,853	\$ 45,830	(10,023)	121.87%	\$ 1,678,036	-0.60%
6/30/13	50,206	47,475	(2,731)	105.75%	1,574,206	-0.17%
6/30/12	46,151	44,926	(1,225)	102.73%	1,439,270	-0.09%

Other Post Employment Benefits							
County	Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	7/1/14	\$ -	\$ 468,000	468,000	0.00%	\$ 3,845,864	12.17%
	7/1/12	-	501,000	501,000	0.00%	3,361,337	14.90%
	7/1/10	-	461,000	461,000	0.00%	3,836,000	12.02%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2014	\$ -	\$ 1,034,000	1,034,000	0.00%	\$ 10,368,448	9.97%
7/1/2012	-	1,172,000	1,172,000	0.00%	11,572,663	10.13%
7/1/2010	-	794,000	794,000	0.00%	7,176,000	11.06%

Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Capital Improvement Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Education	\$ -	\$ 731,691	\$ 667,037	\$ 64,654
Capital projects	4,500,000	5,818,309	5,798,566	19,743
Total expenditures	<u>\$ 4,500,000</u>	<u>\$ 6,550,000</u>	<u>\$ 6,465,603</u>	<u>\$ 84,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,500,000)</u>	<u>\$ (6,550,000)</u>	<u>\$ (6,465,603)</u>	<u>\$ 84,397</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	\$ -	\$ 1,800,000	\$ 1,000,000	\$ (800,000)
Transfers in	-	250,000	-	(250,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 2,050,000</u>	<u>\$ 1,000,000</u>	<u>\$ (1,050,000)</u>
Net change in fund balances	\$ (4,500,000)	\$ (4,500,000)	\$ (5,465,603)	\$ (965,603)
Fund balances at beginning of year, as restated	<u>4,500,000</u>	<u>4,500,000</u>	<u>5,870,561</u>	<u>1,370,561</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,958</u>	<u>\$ 404,958</u>

Agency Funds
 Schedule of Changes in Assets and Liabilities
 Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 34,850	\$ 38,054	\$ 35,156	\$ 37,748
Total assets	<u>\$ 34,850</u>	<u>\$ 38,054</u>	<u>\$ 35,156</u>	<u>\$ 37,748</u>
Liabilities:				
Amounts held for others	\$ 34,850	\$ 38,054	\$ 35,156	\$ 37,748
Total liabilities	<u>\$ 34,850</u>	<u>\$ 38,054</u>	<u>\$ 35,156</u>	<u>\$ 37,748</u>

Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2015

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,731,718	\$ 317,873	\$ 34,161	\$ 40,927	\$ 2,124,679
Accounts receivable	140,530	-	-	-	140,530
Due from other governmental units	515,581	10,885	-	-	526,466
Due from Primary Government	-	-	851,075	-	851,075
Prepaid expenditures	14,641	-	-	-	14,641
Inventory	-	22,424	-	-	22,424
Total assets	<u>\$ 2,402,470</u>	<u>\$ 351,182</u>	<u>\$ 885,236</u>	<u>\$ 40,927</u>	<u>\$ 3,679,815</u>
LIABILITIES					
Accounts payable	\$ 249,186	\$ -	\$ 851,062	\$ -	\$ 1,100,248
Accrued liabilities	1,730,718	38,845	-	-	1,769,563
Due to Primary Government	421,566	-	-	-	421,566
Total liabilities	<u>\$ 2,401,470</u>	<u>\$ 38,845</u>	<u>\$ 851,062</u>	<u>\$ -</u>	<u>\$ 3,291,377</u>
FUND BALANCES					
Nonspendable	\$ 14,641	\$ 22,424	\$ -	\$ -	\$ 37,065
Restricted	-	-	-	40,927	40,927
Committed	1,000	289,913	34,174	-	325,087
Unassigned	(14,641)	-	-	-	(14,641)
Total fund balances	<u>\$ 1,000</u>	<u>\$ 312,337</u>	<u>\$ 34,174</u>	<u>\$ 40,927</u>	<u>\$ 388,438</u>
Total liabilities and fund balances	<u>\$ 2,402,470</u>	<u>\$ 351,182</u>	<u>\$ 885,236</u>	<u>\$ 40,927</u>	

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

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

6,687,609

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

395,077

Items related to measurement of net pension liability/asset not available to pay for current-period expenditures

(2,910,046)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.

1,435,147

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.

(16,618,502)

Net position of General Government Activities

\$ (10,622,277)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

	School Operating Fund	School Cafeteria Fund	School Capital Fund	Nonmajor Funds	Total
Revenues:					
Revenue from use of money and property	\$ 22,350	\$ -	\$ 12	\$ 15	\$ 22,377
Charges for services	8,750	290,615	-	-	299,365
Miscellaneous	407,626	-	-	-	407,626
Intergovernmental:					
County contribution to School Board	8,324,386	-	775,425	-	9,099,811
Commonwealth	9,002,723	21,881	-	-	9,024,604
Federal	852,084	487,314	-	-	1,339,398
Total revenues	\$ 18,617,919	\$ 799,810	\$ 775,437	\$ 15	\$ 20,193,181
Expenditures:					
Current:					
Education	\$ 18,762,045	\$ 861,115	\$ -	\$ -	\$ 19,623,160
Capital projects	-	-	741,275	-	741,275
Debt service:					
Principal	50,420	-	-	-	50,420
Interest and other fiscal charges	453	-	-	-	453
Total expenditures	\$ 18,812,918	\$ 861,115	\$ 741,275	\$ -	\$ 20,415,308
Excess (deficiency) of revenues over (under) expenditures	\$ (194,999)	\$ (61,305)	\$ 34,162	\$ 15	\$ (222,127)
Other financing sources (uses):					
Issuance of capital lease	\$ 194,999	\$ -	\$ -	\$ -	\$ 194,999
Total other financing sources (uses)	\$ 194,999	\$ -	\$ -	\$ -	\$ 194,999
Changes in fund balances	\$ -	\$ (61,305)	\$ 34,162	\$ 15	\$ (27,128)
Fund balances at beginning of year	1,000	373,642	12	40,912	415,566
Fund balances at end of year	<u>\$ 1,000</u>	<u>\$ 312,337</u>	<u>\$ 34,174</u>	<u>\$ 40,927</u>	<u>\$ 388,438</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2015

		<u>Component Unit School Board</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	(27,128)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period computed as follows:</p>		
Capital additions	\$ 1,021,726	
Depreciation expense	<u>(555,946)</u>	465,780
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(5,912)
Change in deferred inflows related to the measurement of the net pension liability/asset		(2,910,046)
<p>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:</p>		
Issuance of capital lease	\$ (194,999)	
Principal retired on capital lease	<u>100,371</u>	(94,628)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:</p>		
Change in compensated absences	(6,455)	
Change in net pension liability/asset	2,913,884	
Change in deferred outflows related to pension payments subsequent to the measurement date	272,513	
Change in net OPEB obligation	<u>(22,000)</u>	3,157,942
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>201,500</u>
Change in net position of governmental activities	\$	<u><u>787,508</u></u>

COUNTY OF MADISON, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 33,670	\$ 33,670	\$ 22,350	\$ (11,320)
Charges for services	2,100	2,100	8,750	6,650
Miscellaneous	261,000	261,000	407,626	146,626
Intergovernmental:				
County contribution to School Board	8,426,424	8,516,424	8,324,386	(192,038)
Commonwealth	9,269,665	9,269,665	9,002,723	(266,942)
Federal	902,822	902,822	852,084	(50,738)
Total revenues	<u>\$ 18,895,681</u>	<u>\$ 18,985,681</u>	<u>\$ 18,617,919</u>	<u>\$ (367,762)</u>
Expenditures:				
Current:				
Education	\$ 18,895,681	\$ 18,985,681	\$ 18,762,045	\$ 223,636
Capital projects	-	-	-	-
Debt service:				
Principal	-	-	50,420	(50,420)
Interest and other fiscal charges	-	-	453	(453)
Total expenditures	<u>\$ 18,895,681</u>	<u>\$ 18,985,681</u>	<u>\$ 18,812,918</u>	<u>\$ 172,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (194,999)</u>	<u>\$ (194,999)</u>
Other Financing Sources (Uses)				
Issuance of capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,999</u>	<u>\$ 194,999</u>
Changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 1,000</u></u>

School Cafeteria Fund				School Capital Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 12
361,904	361,904	290,615	(71,289)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	840,079	775,425	(64,654)
48,969	48,969	21,881	(27,088)	-	-	-	-
435,628	435,628	487,314	51,686	-	-	-	-
<u>\$ 846,501</u>	<u>\$ 846,501</u>	<u>\$ 799,810</u>	<u>\$ (46,691)</u>	<u>\$ -</u>	<u>\$ 840,079</u>	<u>\$ 775,437</u>	<u>\$ (64,642)</u>
\$ 846,501	\$ 846,501	\$ 861,115	\$ (14,614)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	840,079	741,275	98,804
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 846,501</u>	<u>\$ 846,501</u>	<u>\$ 861,115</u>	<u>\$ (14,614)</u>	<u>\$ -</u>	<u>\$ 840,079</u>	<u>\$ 741,275</u>	<u>\$ 98,804</u>
\$ -	\$ -	\$ (61,305)	\$ (61,305)	\$ -	\$ -	\$ 34,162	\$ 34,162
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (61,305)	\$ (61,305)	\$ -	\$ -	\$ 34,162	\$ 34,162
-	-	373,642	373,642	-	-	12	12
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,337</u>	<u>\$ 312,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,174</u>	<u>\$ 34,174</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 As of June 30, 2015

	<u>School Lottery Fund</u>	<u>School Textbook Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,893	\$ 39,034	\$ 40,927
Total assets	<u>\$ 1,893</u>	<u>\$ 39,034</u>	<u>\$ 40,927</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ 1,893	\$ 39,034	\$ 40,927
Total fund balances	<u>\$ 1,893</u>	<u>\$ 39,034</u>	<u>\$ 40,927</u>
Total liabilities and fund balances	<u>\$ 1,893</u>	<u>\$ 39,034</u>	<u>\$ 40,927</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, 2015

	<u>School Lottery Fund</u>	<u>School Textbook Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 1	\$ 14	\$ 15
Total revenues	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 15</u>
EXPENDITURES			
Current:			
Education	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 15</u>
Net change in fund balances	\$ 1	\$ 14	\$ 15
Fund balances - beginning	1,892	39,020	40,912
Fund balances - ending	<u><u>\$ 1,893</u></u>	<u><u>\$ 39,034</u></u>	<u><u>\$ 40,927</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2015

	School Lottery Fund				School Textbook Fund			
	Budgeted		Actual	Variance with Final Budget Positive (Negative)	Budgeted		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 14	\$ 14
Total revenues	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 14	\$ 14
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 14	\$ 14
Net change in fund balances	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 14	\$ 14
Fund balances - beginning	-	-	1,892	1,892	-	-	39,020	39,020
Fund balances - ending	\$ -	\$ -	\$ 1,893	\$ 1,893	\$ -	\$ -	\$ 39,034	\$ 39,034

Statement of Fiduciary Net Position - Fiduciary Fund
 Discretely Presented Component Unit - School Board
 At June 30, 2015

	Scholarship Private- Purpose Trust Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u>93,388</u>
Total assets	\$ <u><u>93,388</u></u>
NET POSITION	
Held in trust for scholarships	\$ <u>93,388</u>
Total net position	\$ <u>93,388</u>
Total liabilities and net position	\$ <u><u>93,388</u></u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

	Scholarship Private- Purpose Trust Fund
	<u> </u>
Additions:	
Interest income	\$ <u> 2,885</u>
Total additions	\$ <u> 2,885</u>
Deductions:	
Scholarships awarded	\$ <u> 3,854</u>
Total deductions	\$ <u> 3,854</u>
Change in net position	\$ (969)
Net position - beginning of year	<u> 94,357</u>
Net position - end of year	\$ <u><u> 93,388</u></u>

Discretely Presented Component Unit - Madison County IDA
 Statement of Net Position
 At June 30, 2015

Assets

Current assets:

Cash and cash equivalents	\$ <u> -</u>
---------------------------	-----------------------

Total assets	\$ <u><u> -</u></u>
--------------	------------------------------

Net Position

Unrestricted	\$ <u> -</u>
--------------	-----------------------

Total net position	\$ <u><u> -</u></u>
--------------------	------------------------------

Discretely Presented Component Unit - Madison County IDA
 Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended June 30, 2015

Operating Expenses	
Economic development grants	\$ <u>100,000</u>
Operating income (loss)	\$ <u>(100,000)</u>
Nonoperating revenues	
Contribution from Madison County	\$ <u>100,000</u>
Total nonoperating revenues	\$ <u>100,000</u>
Change in net position	\$ -
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>-</u></u>

Discretely Presented Component Unit - Madison County IDA
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from operating activities	
Payments to suppliers	\$ <u>(100,000)</u>
Net cash provided by (used for) by operating activities	\$ <u>(100,000)</u>
Cash flows from noncapital financing activities	
Contribution from Madison County	\$ <u>100,000</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>-</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (100,000)
Change in assets and liabilities:	<u>-</u>
Net cash provided by (used for) by operating activities	<u><u>(100,000)</u></u>

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Supporting Schedules

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Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,115,849	\$ 11,115,849	\$ 10,993,804	\$ (122,045)
Real and personal public service corporation property taxes	244,516	244,516	332,031	87,515
Personal property taxes	2,954,587	2,954,587	2,952,524	(2,063)
Mobile home taxes	6,935	6,935	7,584	649
Machinery and tools taxes	63,000	63,000	66,711	3,711
Merchants capital taxes	198,172	198,172	201,586	3,414
Penalties	196,264	196,264	200,232	3,968
Interest	103,350	103,350	101,484	(1,866)
Tax collection fee	53,173	53,173	60,239	7,066
Total general property taxes	\$ 14,935,846	\$ 14,935,846	\$ 14,916,195	\$ (19,651)
Other local taxes:				
Local sales and use taxes	\$ 875,000	\$ 875,000	\$ 965,923	\$ 90,923
Consumers' utility taxes	321,273	321,273	334,364	13,091
Local consumption tax	40,532	40,532	38,732	(1,800)
Restaurant food taxes	341,365	341,365	380,853	39,488
Transient occupancy taxes	140,000	152,500	143,486	(9,014)
Gross receipts taxes	19,186	19,186	18,720	(466)
Bank stock taxes	79,480	79,480	88,315	8,835
Motor vehicle licenses	423,225	423,225	436,137	12,912
Taxes on recordation and wills	158,513	158,513	132,645	(25,868)
Total other local taxes	\$ 2,398,574	\$ 2,411,074	\$ 2,539,175	\$ 128,101
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 12,004	\$ 12,004	\$ 10,424	\$ (1,580)
Building and related permits	185,323	185,323	142,561	(42,762)
Land transfer fees	419	419	448	29
Land use application fees	23,350	23,350	23,350	-
Total permits, privilege fees and regulatory licenses	\$ 221,096	\$ 221,096	\$ 176,783	\$ (44,313)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 164,840	\$ 164,840	\$ 218,303	\$ 53,463
Total fines and forfeitures	\$ 164,840	\$ 164,840	\$ 218,303	\$ 53,463
Revenue from use of money and property:				
Revenue from use of money	\$ 39,400	\$ 39,400	\$ 27,544	\$ (11,856)
Revenue from use of property	66,992	66,992	78,692	11,700
Total revenue from use of money and property	\$ 106,392	\$ 106,392	\$ 106,236	\$ (156)

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 344	\$ 344	\$ 344	\$ -
Commonwealth attorney fees	1,257	1,257	1,265	8
Courthouse maintenance fees	8,437	8,437	7,992	(445)
Courtroom security fees	39,678	39,678	38,396	(1,282)
Other charges for services	12,858	16,663	13,804	(2,859)
Ambulance transportation fees	300,000	300,000	281,686	(18,314)
Waste collection and disposal charges	110,000	110,000	137,018	27,018
Recreation fees	16,000	155,641	139,475	(16,166)
Total charges for services	\$ 488,574	\$ 632,020	\$ 619,980	\$ (12,040)
Miscellaneous revenue:				
Expenditure refunds	\$ 50,000	\$ 76,754	\$ 138,749	\$ 61,995
CSA	-	-	49,415	49,415
Miscellaneous	39,779	80,499	102,176	21,677
Total miscellaneous revenue	\$ 89,779	\$ 157,253	\$ 290,340	\$ 133,087
Total revenue from local sources	\$ 18,405,101	\$ 18,628,521	\$ 18,867,012	\$ 238,491
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rental tax - DMV	\$ 500	\$ 500	\$ 1,402	\$ 902
Mobile home titling taxes	885	885	2,489	1,604
PPTRA	1,029,053	1,029,053	1,029,053	-
Communication taxes	594,384	594,384	579,169	(15,215)
Recordation tax	37,650	37,650	37,267	(383)
Total noncategorical aid	\$ 1,662,472	\$ 1,662,472	\$ 1,649,380	\$ (13,092)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 164,006	\$ 164,006	\$ 162,994	\$ (1,012)
Sheriff	693,571	693,571	697,255	3,684
Commissioner of the Revenue	74,162	74,162	74,491	329
Treasurer	80,188	80,188	85,320	5,132
Registrar/electoral board	34,235	34,235	36,656	2,421
Clerk of the Circuit Court	192,110	192,110	202,715	10,605
Total shared expenses	\$ 1,238,272	\$ 1,238,272	\$ 1,259,431	\$ 21,159

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Other categorical aid:				
Fire programs	\$ 35,000	\$ 41,436	\$ 41,436	\$ -
Litter Control	8,419	8,419	7,416	(1,003)
Four for life	15,000	15,000	13,660	(1,340)
Domestic Violence	39,991	39,991	99,832	59,841
Victim witness	20,040	20,040	41,656	21,616
Department of Juvenile Justice	4,940	4,940	6,385	1,445
E-911	35,000	35,000	42,763	7,763
Governor's opportunity fund	-	100,000	100,000	-
PSAP State 911 grant	-	-	189,736	189,736
Comprehensive Services Act	1,561,906	1,561,906	1,772,855	210,949
Sheriff -asset forfeiture	-	-	4,763	4,763
Public assistance and welfare	615,804	615,804	565,037	(50,767)
Other state grants	24,759	50,608	36,879	(13,729)
Total other categorical aid	<u>\$ 2,360,859</u>	<u>\$ 2,493,144</u>	<u>\$ 2,922,418</u>	<u>\$ 429,274</u>
Total categorical aid	<u>\$ 3,599,131</u>	<u>\$ 3,731,416</u>	<u>\$ 4,181,849</u>	<u>\$ 450,433</u>
Total revenue from the Commonwealth	<u>\$ 5,261,603</u>	<u>\$ 5,393,888</u>	<u>\$ 5,831,229</u>	<u>\$ 437,341</u>
Revenue from the Federal Government:				
Payments in lieu of taxes	<u>\$ 79,731</u>	<u>\$ 79,731</u>	<u>\$ 77,729</u>	<u>\$ (2,002)</u>
Categorical aid:				
Public assistance and welfare	\$ 702,536	\$ 702,536	\$ 823,084	\$ 120,548
Justice assistance grant	-	1,209	1,209	-
Homeland security grant	-	-	951	951
Ground Safety Transportation	-	7,403	9,074	1,671
Total categorical aid	<u>\$ 702,536</u>	<u>\$ 711,148</u>	<u>\$ 834,318</u>	<u>\$ 123,170</u>
Total revenue from the Federal Government	<u>\$ 782,267</u>	<u>\$ 790,879</u>	<u>\$ 912,047</u>	<u>\$ 121,168</u>
Total General Fund	<u><u>\$ 24,448,971</u></u>	<u><u>\$ 24,813,288</u></u>	<u><u>\$ 25,610,288</u></u>	<u><u>\$ 797,000</u></u>

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 33,670	\$ 33,670	\$ 22,350	\$ (11,320)
Charges for services:				
Charges for education	\$ 2,100	\$ 2,100	\$ 8,750	\$ 6,650
Total charges for services	\$ 2,100	\$ 2,100	\$ 8,750	\$ 6,650
Miscellaneous revenue:				
Rebates and refunds	\$ 225,000	\$ 225,000	\$ 319,562	\$ 94,562
Miscellaneous	36,000	36,000	88,064	52,064
Total miscellaneous revenue	261,000	261,000	407,626	146,626
Total revenue from local sources	\$ 296,770	\$ 296,770	\$ 438,726	\$ 141,956
Intergovernmental:				
County contribution to School Board	\$ 8,426,424	\$ 8,516,424	\$ 8,324,386	\$ (192,038)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,111,211	\$ 2,111,211	\$ 2,127,225	\$ 16,014
Basic school aid	4,608,595	4,608,595	4,425,880	(182,715)
Special ed SOQ	594,295	594,295	576,251	(18,044)
Vocational SOQ	128,496	128,496	124,595	(3,901)
Remedial education	128,496	128,496	124,595	(3,901)
Technology	154,000	154,000	154,000	-
Primary class size	168,358	168,358	169,128	770
Fringe benefits	860,322	860,322	828,361	(31,961)
Other state funds	515,892	515,892	472,688	(43,204)
Total categorical aid	\$ 9,269,665	\$ 9,269,665	\$ 9,002,723	\$ (266,942)
Total revenue from the Commonwealth	\$ 9,269,665	\$ 9,269,665	\$ 9,002,723	\$ (266,942)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 328,326	\$ 328,326	\$ 296,518	\$ (31,808)
Title III	1,001	1,001	463	(538)
Title VI - B Special Education	467,591	467,591	461,947	(5,644)
Education technology	-	-	481	481
Vocational education	27,912	27,912	34,266	6,354
Preschool	-	-	9,965	9,965
Title II	77,992	77,992	48,444	(29,548)
Total categorical aid	\$ 902,822	\$ 902,822	\$ 852,084	\$ (50,738)
Total revenue from the federal government	\$ 902,822	\$ 902,822	\$ 852,084	\$ (50,738)
Total School Operating Fund	\$ 18,895,681	\$ 18,985,681	\$ 18,617,919	\$ (367,762)

Governmental Funds -
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2015 (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	\$ 361,904	\$ 361,904	\$ 290,615	\$ (71,289)
Total charges for services	\$ 361,904	\$ 361,904	\$ 290,615	\$ (71,289)
Total revenue from local sources	\$ 361,904	\$ 361,904	\$ 290,615	\$ (71,289)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food grant	\$ 48,969	\$ 48,969	\$ 21,881	\$ (27,088)
Revenue from the federal government:				
Categorical aid:				
School food grant	\$ 435,628	\$ 435,628	\$ 487,314	\$ 51,686
Total School Cafeteria Fund	\$ 846,501	\$ 846,501	\$ 799,810	\$ (46,691)
School Lottery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1	\$ 1
Total revenue from use of money and property	\$ -	\$ -	\$ 1	\$ 1
Total School Lottery Fund	\$ -	\$ -	\$ 1	\$ 1
School Capital Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 12	\$ 12
Total revenue from use of money and property	\$ -	\$ -	\$ 12	\$ 12
Intergovernmental:				
County contribution to School Board	\$ -	\$ 840,079	\$ 775,425	\$ (64,654)
Total School Capital Fund	\$ -	\$ 840,079	\$ 775,437	\$ (64,642)
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 14	\$ 14
Total revenue from use of money and property	\$ -	\$ -	\$ 14	\$ 14
Total School Textbook Fund	\$ -	\$ -	\$ 14	\$ 14
Total Revenues --Discretely Presented Component Unit -- School Board	\$ 19,742,182	\$ 20,672,261	\$ 20,193,181	\$ (479,080)

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015

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	\$ 60,019	\$ 65,509	\$ 64,845	\$ 664
General and financial administration:				
County administrator	\$ 245,831	\$ 245,831	\$ 235,197	\$ 10,634
Legal services	64,250	64,250	61,730	2,520
Independent Auditor	54,000	54,000	52,327	1,673
Commissioner of the revenue	201,589	201,589	195,642	5,947
Personal property	9,085	9,085	8,796	289
Data Processing	127,899	176,517	164,144	12,373
Land use	1,475	1,475	1,360	115
Assessor	4,425	4,425	4,325	100
Finance Department	171,008	171,008	166,762	4,246
Treasurer	250,286	250,286	241,906	8,380
Total general and financial administration	\$ 1,129,848	\$ 1,178,466	\$ 1,132,189	\$ 46,277
Board of Elections:				
Electoral board and officials	\$ 34,200	\$ 34,259	\$ 29,847	\$ 4,412
Registrar	82,404	82,344	71,693	10,651
Total board of elections	\$ 116,604	\$ 116,603	\$ 101,540	\$ 15,063
Total general government administration	\$ 1,306,471	\$ 1,360,578	\$ 1,298,574	\$ 62,004
Judicial administration:				
Courts:				
Circuit court	\$ 28,520	\$ 28,520	\$ 24,458	\$ 4,062
Combined court	12,050	12,050	9,355	2,695
Clerk of the circuit court	285,714	298,930	280,261	18,669
Sheriff - court security	158,626	162,834	161,586	1,248
Magistrates	500	500	-	500
Rappahannock legal services	2,000	2,000	2,000	-
Victim witness program	23,294	23,294	22,210	1,084
Commissioner of accounts	920	920	720	200
Total courts	\$ 511,624	\$ 529,048	\$ 500,590	\$ 28,458
Commonwealth's attorney:				
Commonwealth's attorney	\$ 328,547	\$ 328,547	\$ 319,308	\$ 9,239
Total judicial administration	\$ 840,171	\$ 857,595	\$ 819,898	\$ 37,697

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,678,557	\$ 1,819,259	\$ 1,723,178	\$ 96,081
Public safety	69,324	69,324	42,986	26,338
E-911 system	819,835	1,062,934	1,012,592	50,342
Total law enforcement and traffic control	<u>\$ 2,567,716</u>	<u>\$ 2,951,517</u>	<u>\$ 2,778,756</u>	<u>\$ 172,761</u>
Fire and rescue services:				
Volunteer fire department	\$ 122,000	\$ 128,436	\$ 128,436	-
Ambulance and rescue service	265,000	265,000	263,660	1,340
Emergency medical services	1,155,974	1,156,213	1,080,268	75,945
EMS Council	7,743	7,743	7,743	-
Total fire and rescue services	<u>\$ 1,550,717</u>	<u>\$ 1,557,392</u>	<u>\$ 1,480,107</u>	<u>\$ 77,285</u>
Correction and detention:				
Confinement of prisoners	\$ 2,300	\$ 2,300	\$ 148	\$ 2,152
Regional jail	642,683	642,683	613,172	29,511
Jefferson area community corrections	4,000	4,000	4,000	-
Juvenile detention	64,793	64,793	51,092	13,701
Probation office	20,679	20,679	13,236	7,443
Total correction and detention	<u>\$ 734,455</u>	<u>\$ 734,455</u>	<u>\$ 681,648</u>	<u>\$ 52,807</u>
Inspections:				
Building	\$ 247,718	\$ 251,265	\$ 246,230	\$ 5,035
Total inspections	<u>\$ 247,718</u>	<u>\$ 251,265</u>	<u>\$ 246,230</u>	<u>\$ 5,035</u>
Other protection:				
Animal control and shelter facility	\$ 221,904	\$ 231,934	\$ 220,962	\$ 10,972
Line of Duty Act	55,433	59,310	56,591	2,719
Services to abused families	1,000	1,000	1,000	-
Medical examiner (coroner)	600	600	160	440
Total other protection	<u>\$ 278,937</u>	<u>\$ 292,844</u>	<u>\$ 278,713</u>	<u>\$ 14,131</u>
Total public safety	<u>\$ 5,379,543</u>	<u>\$ 5,787,473</u>	<u>\$ 5,465,454</u>	<u>\$ 322,019</u>
Public works:				
Sanitation and waste removal:				
County landfill	\$ 527,525	\$ 508,019	\$ 454,356	\$ 53,663
Total sanitation and waste removal	<u>\$ 527,525</u>	<u>\$ 508,019</u>	<u>\$ 454,356</u>	<u>\$ 53,663</u>
Maintenance of general buildings and grounds:				
General properties	\$ 511,513	\$ 607,390	\$ 571,205	\$ 36,185
Total maintenance of general buildings and grounds	<u>\$ 511,513</u>	<u>\$ 607,390</u>	<u>\$ 571,205</u>	<u>\$ 36,185</u>
Total public works	<u>\$ 1,039,038</u>	<u>\$ 1,115,409</u>	<u>\$ 1,025,561</u>	<u>\$ 89,848</u>

Governmental Funds -
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2015 (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	\$ 140,412	\$ 140,412	\$ 140,412	\$ -
Total health	\$ 140,412	\$ 140,412	\$ 140,412	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 76,656	\$ 76,656	\$ 76,656	\$ -
Total mental health and mental retardation	\$ 76,656	\$ 76,656	\$ 76,656	\$ -
Welfare:				
Administration	\$ 1,771,793	\$ 1,771,793	\$ 1,718,251	\$ 53,542
Hospice of the Rapidan	3,000	3,000	3,000	-
Madison free clinic	2,000	2,000	2,000	-
Rapp-Rapidan medical reserve corporation	500	500	500	-
Piedmont regional dental clinic	3,000	3,000	3,000	-
CSA - at risk youth	2,500,000	2,514,829	3,006,492	(491,663)
Total welfare	\$ 4,280,293	\$ 4,295,122	\$ 4,733,243	\$ (438,121)
Total health and welfare	\$ 4,497,361	\$ 4,512,190	\$ 4,950,311	\$ (438,121)
Education:				
Contributions to community colleges	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Contributions to component unit school board	8,126,424	8,324,812	8,432,774	(107,962)
Total education	\$ 8,129,424	\$ 8,327,812	\$ 8,435,774	\$ (107,962)
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 110,438	\$ 111,681	\$ 111,637	\$ 44
Recreation authority	16,000	249,862	198,811	51,051
Total parks and recreation	\$ 126,438	\$ 361,543	\$ 310,448	\$ 51,095
Cultural enrichment:				
Boys and girls club	\$ 500	\$ 500	\$ 500	-
Senior center	525	525	525	-
Madison county fair	1,000	1,000	1,000	-
Total cultural enrichment	\$ 2,025	\$ 2,025	\$ 2,025	-
Library:				
County library	\$ 108,228	\$ 108,228	\$ 108,228	-
Total parks, recreation and cultural	\$ 236,691	\$ 471,796	\$ 420,701	\$ 51,095

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 17,645	\$ 17,645	\$ 7,684	\$ 9,961
Zoning and planning	136,724	136,724	130,753	5,971
Economic development	-	54,425	54,425	-
Rapidan Better Housing Corp.	5,000	5,000	5,000	-
Aging together	3,000	3,000	3,000	-
Board of zoning appeals	5,590	5,590	2,089	3,501
Board of building code appeals	700	633	150	483
Economic development	-	100,000	100,000	-
Tourism	75,000	62,748	62,618	130
Planning district commission	10,464	10,464	10,464	-
Chamber of commerce	63,909	36,672	31,955	4,717
Geographic information system	19,977	19,977	16,770	3,207
Piedmont workforce network	500	500	500	-
Madison habitat for humanity	500	500	500	-
Skyline CAP	28,000	28,000	28,000	-
Total planning and community development	<u>\$ 367,009</u>	<u>\$ 481,878</u>	<u>\$ 453,908</u>	<u>\$ 27,970</u>
Environmental management:				
Soil and water conservation district	\$ 34,397	\$ 34,397	\$ 34,397	-
Forestry service	6,000	6,000	5,984	16
Water quality management	1,000	1,000	-	1,000
Total environmental management	<u>\$ 41,397</u>	<u>\$ 41,397</u>	<u>\$ 40,381</u>	<u>\$ 1,016</u>
Cooperative extension program:				
VPI extension	\$ 93,185	\$ 106,039	\$ 100,105	\$ 5,934
Northern VA 4-H center	750	750	750	-
Total cooperative extension program	<u>\$ 93,935</u>	<u>\$ 106,789</u>	<u>\$ 100,855</u>	<u>\$ 5,934</u>
Total community development	<u>\$ 502,341</u>	<u>\$ 630,064</u>	<u>\$ 595,144</u>	<u>\$ 34,920</u>
Nondepartmental:				
Miscellaneous	\$ 893,856	\$ 448,316	\$ 5,584	\$ 442,732
Total nondepartmental	<u>\$ 893,856</u>	<u>\$ 448,316</u>	<u>\$ 5,584</u>	<u>\$ 442,732</u>
Debt service:				
Principal retirement	\$ 1,071,536	\$ 1,069,491	\$ 1,069,491	-
Interest and fiscal charges	302,539	307,924	307,924	-
Total debt service	<u>\$ 1,374,075</u>	<u>\$ 1,377,415</u>	<u>\$ 1,377,415</u>	<u>\$ -</u>
Total General Fund	<u>\$ 24,198,971</u>	<u>\$ 24,888,648</u>	<u>\$ 24,394,416</u>	<u>\$ 494,232</u>

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
Capital Improvement Fund:				
Education:				
Contributions to component unit school board	\$ -	\$ 731,691	\$ 667,037	\$ 64,654
Capital Projects:				
Miscellaneous projects	\$ 4,500,000	\$ 250,000	\$ 230,257	\$ 19,743
School capital projects	-	5,568,309	5,568,309	-
Total capital projects	\$ 4,500,000	\$ 5,818,309	\$ 5,798,566	\$ 19,743
Total Capital Improvements Fund	\$ 4,500,000	\$ 6,550,000	\$ 6,465,603	\$ 84,397
Total Expenditures--Primary Government	\$ 28,698,971	\$ 31,438,648	\$ 30,860,019	\$ 578,629
Discretely Presented Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 13,646,269	\$ 13,646,269	\$ 13,672,185	\$ (25,916)
Administration, attendance and health	924,501	924,501	928,082	(3,581)
Pupil transportation services	1,662,232	1,662,232	1,459,053	203,179
Operation and maintenance services	2,041,865	2,041,865	1,862,042	179,823
Facilities	-	90,000	90,000	-
Technology	620,814	620,814	750,683	(129,869)
Total education	\$ 18,895,681	\$ 18,985,681	\$ 18,762,045	\$ 223,636
Debt service:				
Principal retirement	\$ -	\$ -	\$ 50,420	\$ (50,420)
Interest and fiscal charges	-	-	453	(453)
Total debt service	\$ -	\$ -	\$ 50,873	\$ (50,873)
Total School Operating Fund	\$ 18,895,681	\$ 18,985,681	\$ 18,812,918	\$ 172,763
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food program	\$ 846,501	\$ 846,501	\$ 861,115	\$ (14,614)
School Capital Fund:				
Capital Projects:				
School projects	\$ -	\$ 108,388	\$ 113,936	\$ (5,548)
Madison County High School projects	-	731,691	627,339	104,352
Total capital projects	\$ -	\$ 840,079	\$ 741,275	\$ 98,804
Total School Capital Fund	\$ -	\$ 840,079	\$ 741,275	\$ 98,804
Total Expenditures--Discretely Presented Component Unit-- School Board	\$ 19,742,182	\$ 20,672,261	\$ 20,415,308	\$ 256,953

Statistical Information

Table 1

COUNTY OF MADISON, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General				Public Safety	Public Works	Health and Welfare	Education	Parks and Cultural	Community Development	Interest on Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works								
2005-06	\$ 949,045	\$ 543,889	\$ 3,628,091	\$ 1,183,355	\$ 1,680,276	\$ 6,908,934	\$ 425,737	\$ 410,815	\$ 258,137	\$ 15,988,279		
2006-07	1,167,738	581,515	4,014,589	1,382,984	2,290,794	7,206,592	307,191	1,172,189	234,594	18,358,186		
2007-08	1,159,581	611,026	4,311,119	1,553,922	2,513,784	7,656,901	283,031	732,319	205,686	19,027,369		
2008-09	1,274,260	816,078	4,279,844	1,432,619	2,652,806	7,455,744	354,226	435,164	206,551	18,907,292		
2009-10	1,236,352	784,033	4,266,320	1,235,080	2,580,466	8,259,183	371,752	411,120	199,776	19,344,082		
2010-11	1,208,692	772,906	4,487,980	1,275,161	2,880,632	8,285,417	364,838	654,796	179,355	20,109,777		
2011-12	1,227,155	1,060,673	4,744,000	932,928	3,804,200	7,967,091	382,268	484,057	132,026	20,734,398		
2012-13	1,444,310	1,259,543	5,044,642	1,134,355	4,639,198	7,736,750	430,365	483,237	226,396	22,398,796		
2013-14	1,191,034	1,207,655	5,486,234	958,957	4,752,444	13,029,097	422,822	511,140	315,760	27,875,143		
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		

COUNTY OF MADISON, VIRGINIA

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues										General Revenues					Grants and Contributions		Revenues from the Use of		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Local Sales and Use Tax	Comm-unication Tax (1)	Consumers' Utility Tax	Motor Vehicle Licenses	Restaurant Food Taxes	Other Local Taxes	Not Restricted to Specific Programs (1)	Not Restricted to Specific Programs (1)	Property	Miscellaneous	Money & Property	Miscellaneous				
2005-06	\$ 814,418	\$ 2,581,085	\$ -	\$ 10,108,547	\$ 898,085	\$ -	\$ 658,496	\$ 359,950	\$ 318,422	\$ 639,408	\$ 1,091,326	\$ 300,719	\$ 265,542	\$ 18,035,998						
2006-07	844,410	2,970,282	775,166	10,575,070	945,452	285,814	533,146	352,763	329,270	440,733	1,160,745	434,989	277,296	19,925,136						
2007-08	802,944	3,000,591	30,000	10,796,759	885,111	666,524	321,026	346,983	337,062	298,080	1,132,739	299,916	151,095	19,068,830						
2008-09	700,279	3,471,398	95,724	16,597,542	871,669	605,598	323,111	11,395	328,782	274,476	1,089,378	150,953	249,562	24,769,867						
2009-10	683,771	3,192,291	-	11,966,643	776,952	608,119	304,321	1,410	320,479	265,345	1,082,024	174,695	133,961	19,510,011						
2010-11	914,025	3,433,918	-	12,513,243	763,844	-	347,299	418,414	318,251	282,431	1,763,040	125,474	185,893	21,065,832						
2011-12	1,237,560	4,168,508	6,250	13,623,003	839,405	-	317,594	420,975	335,143	401,744	1,756,719	99,377	268,350	23,474,628						
2012-13	948,345	4,302,181	-	14,158,939	856,431	-	321,273	423,225	341,365	418,580	1,749,093	112,497	613,492	24,245,421						
2013-14	1,062,962	4,650,409	4,601,477	14,730,276	865,583	-	322,800	425,198	351,835	408,787	1,749,820	120,246	290,046	29,579,439						
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						

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

COUNTY OF MADISON, VIRGINIA

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes (3)	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2005-06	\$ 10,121,086	\$ 2,874,361	\$ 177,143	\$ 304,777	\$ 301,718	\$ 781,335	\$ 330,417	\$ -	\$ 13,477,950	\$ 28,368,787
2006-07	10,479,228	2,887,178	243,660	159,163	436,563	938,793	340,875	-	15,448,144	30,933,604
2007-08	10,641,562	2,854,786	285,298	68,780	300,560	962,013	226,991	-	14,733,412	30,073,402
2008-09	16,255,821	2,415,031	213,156	127,581	180,985	844,561	416,134	-	14,926,950	35,380,219
2009-10	11,881,329	2,276,626	193,601	160,201	213,718	818,527	214,365	-	14,020,795	29,779,162
2010-11	12,527,310	2,130,239	228,572	162,755	168,030	957,404	336,102	-	14,368,576	30,878,988
2011-12	13,638,769	2,314,861	164,269	152,815	129,874	1,304,487	741,178	-	15,606,531	34,052,784
2012-13	14,250,356	2,360,874	161,826	164,756	146,549	987,866	909,130	-	16,559,976	35,541,333
2013-14	14,491,657	2,374,203	242,529	189,681	152,516	968,135	519,461	-	16,795,001	35,733,183
2014-15	14,916,195	2,539,175	176,783	218,303	128,613	919,345	697,966	-	17,107,278	36,703,658

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

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

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

COUNTY OF MADISON, VIRGINIA

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education(2)	Recreation and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
2005-06	\$ 842,860	\$ 501,572	\$ 3,321,342	\$ 1,100,196	\$ 1,629,216	\$ 16,627,783	\$ 400,619	\$ 410,965	\$ 2,444	\$ 1,095,866	\$ 831,109	\$ 26,763,972
2006-07	1,076,421	547,999	4,001,064	1,366,803	2,266,613	17,735,628	300,210	1,156,839	6,886	519,851	811,873	29,790,187
2007-08	1,069,986	580,475	4,103,144	1,503,808	2,492,297	18,274,023	278,166	727,606	2,969	2,487,444	791,972	32,311,890
2008-09	1,066,321	779,987	4,095,111	1,384,744	2,637,754	17,766,916	283,468	434,648	141,418	3,580,242	800,187	32,970,796
2009-10	1,032,617	751,801	4,285,339	1,213,242	2,549,199	17,619,776	302,702	382,894	84,874	4,634,042	1,648,163	34,504,649
2010-11	1,079,799	752,503	4,423,250	1,203,558	2,899,404	17,506,718	304,055	653,101	111,112	239,673	1,585,967	30,759,140
2011-12	1,063,875	730,518	4,915,378	1,184,056	3,795,114	18,111,745	314,751	481,807	90,040	52,249	1,892,410	32,631,943
2012-13	1,265,783	763,682	4,869,780	1,146,436	4,454,921	18,972,672	360,431	481,924	130,309	1,038,856	2,581,873	36,066,667
2013-14	1,219,249	865,373	5,634,475	999,430	4,731,099	19,094,380	435,199	508,977	36,702	4,663,682	1,232,766	39,421,332
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

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

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

COUNTY OF MADISON, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) (3) Collections	Percent of Levy Collected	Delinquent		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
				(1) Tax (2) Collections	(2) Tax (2) Collections				
2005-06	\$ 11,045,017	\$ 10,867,441	98.39%	\$ 141,373	\$ 11,008,814	99.67%	\$ 402,371	3.64%	
2006-07	11,500,532	11,177,781	97.19%	184,236	11,362,017	98.80%	449,996	3.91%	
2007-08	11,652,043	11,254,150	96.59%	212,406	11,466,556	98.41%	626,000	5.37%	
2008-09	17,587,904	16,116,635	91.63%	977,283	17,093,918	97.19%	1,067,952	6.07%	
2009-10	12,769,838	11,763,290	92.12%	863,163	12,626,453	98.88%	1,103,966	8.65%	
2010-11	13,253,517	12,332,708	93.05%	993,265	13,325,973	100.55%	1,226,886	9.26%	
2011-12	13,415,513	12,322,112	91.85%	949,858	13,271,970	98.93%	1,137,175	8.48%	
2012-13	14,099,257	13,045,127	92.52%	902,588	13,947,715	98.93%	1,163,158	8.25%	
2013-14	14,346,454	13,203,008	92.03%	931,044	14,134,052	98.52%	1,359,533	9.48%	
2014-15	14,599,617	13,851,493	94.88%	702,747	14,554,240	99.69%	1,457,348	9.98%	

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

COUNTY OF MADISON, VIRGINIA

Table 6

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

Fiscal Year	Real Estate (2)	Personal Property	Mobile Homes	Machinery and Tools			Public Service	Total
				Merchants' Capital	Public Service	Total		
2005-06	\$ 1,226,556,700	\$ 153,743,395	\$ 1,367,200	\$ 5,706,345	\$ 26,010,545	\$ 37,909,513	\$ 1,451,293,698	
2006-07	1,264,715,300	163,607,309	1,417,940	6,190,939	23,301,149	33,151,419	1,492,384,056	
2007-08	1,298,909,100	162,442,134	1,509,889	5,871,140	26,275,770	24,477,476	1,519,485,509	
2008-09	2,931,263,050	147,441,726	1,323,762	6,014,590	27,220,872	37,295,445	3,150,559,445	
2009-10	1,962,094,200	122,898,091	1,331,600	4,930,033	26,865,146	41,188,982	2,159,308,052	
2010-11	1,968,205,900	119,915,146	1,356,400	4,490,180	20,612,489	42,548,911	2,157,129,026	
2011-12	1,978,255,150	115,602,303	1,351,300	4,386,450	24,618,756	47,248,097	2,171,462,056	
2012-13	1,785,742,800	116,902,835	1,367,700	3,801,840	22,921,593	46,116,154	1,976,852,922	
2013-14	1,591,460,450	117,824,549	1,104,500	3,844,827	20,776,576	44,805,961	1,779,816,863	
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	

(1) 100% fair market value.

(2) FY 09 includes 2008 and 1st half of 2009 assessment. FY 09 was the first year the County collected Real Estate Taxes in semiannual installments.

COUNTY OF MADISON, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)		Merchants' Capital (2)
2005-06	\$ 0.59	\$ 2.14	\$ 0.59	\$ 1.10	\$ 0.86	0.86
2006-07	0.59	2.14	0.59	1.10	0.86	0.86
2007-08	0.59	2.14	0.59	1.10	0.86	0.86
2008-09	0.44	2.14	0.44	1.47	0.86	0.86
2009-10	0.44	2.95/2.80	0.44	1.47	0.86	0.86
2010-11	0.44/0.50	2.95/2.80	0.44	1.47	0.86	0.86
2011-12	0.50/0.53	2.95/2.80	0.50	1.62	0.86	0.86
2012-13	0.53/0.67	3.45/2.80	0.53	1.67	0.86	0.86
2013-14	0.67/0.68	3.45	0.67	1.67	0.86	0.86
2014-15	0.68	3.45	0.68	1.67	0.86	0.86

(1) Per \$100 of assessed value.

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

COUNTY OF MADISON, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net	
					General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2005-06	12,520	\$ 1,451,293,698	\$ 6,320,857	6,320,857	0.0044	505
2006-07	12,520	1,492,384,056	5,750,840	5,750,840	0.0039	459
2007-08	12,520	1,519,485,509	5,174,039	5,174,039	0.0034	413
2008-09	12,520	3,150,559,445	7,599,998	7,599,998	0.0024	607
2009-10	12,520	2,159,308,052	7,743,068	7,743,068	0.0036	618
2010-11	13,308	2,157,129,026	6,428,248	6,428,248	0.0030	483
2011-12	13,308	2,171,462,056	4,810,000	4,810,000	0.0022	361
2012-13	13,308	1,976,852,922	13,242,500	13,242,500	0.0067	995
2013-14	13,200	1,779,816,863	12,881,500	12,881,500	0.0072	976
2014-15	13,200	1,801,789,246	12,939,000	12,939,000	0.0072	980

(1) Bureau of the Census.

(2) From Table 6.

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

COUNTY OF MADISON, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2005-06	\$ 563,662	\$ 267,447	\$ 831,109	\$ 26,763,972	3.11%
2006-07	570,017	241,856	811,873	29,790,187	2.73%
2007-08	576,801	215,171	791,972	32,311,890	2.45%
2008-09	584,041	216,146	800,187	32,970,796	2.43%
2009-10	1,451,006	197,157	1,648,163	34,504,649	4.78%
2010-11	1,390,719	195,248	1,585,967	30,759,140	5.16%
2011-12	1,698,131	144,328	1,842,459	32,631,943	5.65%
2012-13	2,448,163	133,710	2,581,873	36,066,667	7.16%
2013-14	1,008,153	274,563	1,282,716	39,421,332	3.25%
2014-15	1,119,911	308,377	1,428,288	42,175,516	3.39%

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

Compliance

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**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, 2015, 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 30, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 30, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Madison, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Madison, Virginia's major federal programs for the year ended June 30, 2015. County of Madison, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Madison, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Madison, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Madison, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Madison, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of County of Madison, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Madison, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Madison, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 30, 2015

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government:			
Department of Justice			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ <u>1,209</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC1454256	\$ <u>9,074</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 12,376
Temporary Assistance for Needy Families	93.558	0400109/0400110	90,959
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	189
Low-Income Home Energy Assistance	93.568	0600409/0600410	9,938
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	13,640
Chafee Education and Training Vouchers Program	93.599	9160110	1,979
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	649
Foster Care - Title IV-E	93.658	1100109/1100110	196,650
Adoption Assistance	93.659	1120109/1120110	63,814
Social Services Block Grant	93.667	1000109/1000110	133,610
Chafee Foster Care Independence Program	93.674	9150108/9150109/91501110	1,866
Children's Health Insurance Program	93.767	0540109/0540110	4,377
Medical Assistance Program	93.778	1200109/1200110	<u>154,712</u>
Total Department of Health and Human Services			\$ <u>684,759</u>
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ <u>951</u>

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2015 (continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government: (continued)			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010111/0010112/0040111/0040112	\$ 138,325
Total Expenditures of Federal Awards-Primary Government			<u>\$ 834,318</u>
Component Unit School Board:			
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	\$ 52,302
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2013IN109941/2014IN109941	333,263
			<u>385,565</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	2013IN109941/2014IN109941	100,576
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.559	2013IN109941/2014IN109941	1,173
Total Department of Agriculture			<u>\$ 487,314</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	S010A120046/S010130046	\$ 296,518
Improving Teacher Quality - State Grants	84.367	S367A120044/S367A13044	48,444
English Language Acquisition State Grants	84.365	N/A	463
Special Education - Grants to States (Special Education Cluster)	84.027	H027A120107/H027A130107	461,947
Special Education - Preschool Grants (Special Education Cluster)	84.173	H173A120112/H173A130112	9,965
Advanced Placement Program	84.330	S330B130008	481
Career and Technical Education -- Basic Grants to States	84.048	V048A120046/V048A130046	34,266
Total Department of Education			<u>\$ 852,084</u>
Total Expenditures of Federal Awards-Component Unit School Board			<u>\$ 1,339,398</u>
Total Expenditures of Federal Awards-Reporting Entity			<u>\$ 2,173,716</u>

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

COUNTY OF MADISON, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Madison, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Madison, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Madison, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 912,047
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Total primary government	\$ 912,047
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Component Unit School Board:

School Operating Fund	\$ 852,084
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School Cafeteria Fund	487,314
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Total component unit school board	\$ 1,339,398
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Total federal expenditures per basic financial statements	\$ 2,251,445
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Payments in lieu of taxes	\$ (77,729)
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 2,173,716
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COUNTY OF MADISON, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
93.778	Medical Assistance Program

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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