

**MADISON COUNTY, NORTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

**Prepared by:  
Kary Ledford, Finance Officer**

# MADISON COUNTY, NORTH CAROLINA

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

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**Members of the Board of Commissioners  
Madison County, North Carolina**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Madison County, North Carolina (the "County")**, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Housing Authority, which represents 62%, 60%, and 78% of assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Madison County Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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.

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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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, North Carolina as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, the County's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of the County's Contributions – LGERS, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds, and the Schedule of the County's Contributions – Register of Deeds, as listed in the table of contents, 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.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, budgetary schedules, the Schedule of Ad Valorem Taxes Receivable, and the Analysis of Current Tax Levy are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, the Schedule of Ad Valorem Taxes Receivable, and the Analysis of Current Tax Levy (the "supplementary information") 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, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 17, 2021

### Management's Discussion and Analysis

As management of Madison County, we offer readers of Madison County's financial statements this narrative overview and analysis of the financial activities of Madison County for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

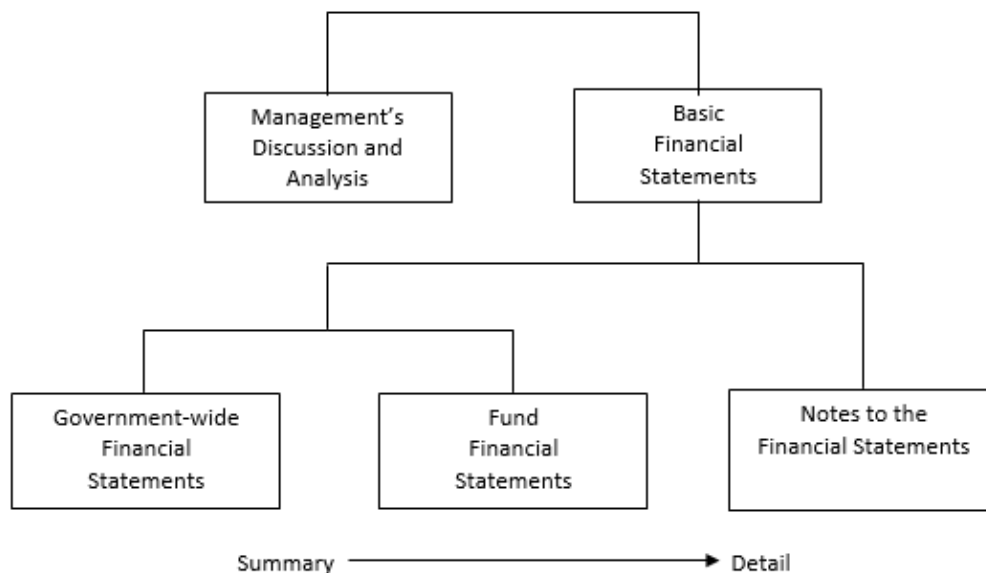
- The assets and deferred outflows of resources of Madison County, not including component units, exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,383,997 (**net position**). Because of its obligations to local schools, the County has undertaken debt for the construction of assets that belong to the school board. As a result, the County is showing negative or a deficit **unrestricted net position** in the current year of (\$5,209,705).
- The County's total net position increased by \$984,529 during the fiscal year versus a decrease of \$431,460 in the prior year.
- As of the close of the current fiscal year, Madison County's governmental funds reported combined ending fund balances of \$8,272,449, an increase of \$1,328,386 in comparison with the prior year. Approximately 69.8% of this total amount, or \$5,770,341, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,343,649, or 9.3% of total General Fund expenditures for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Madison County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. See Figure 1. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers' understanding of the fiscal condition of Madison County.

Required Components of Annual Financial Report

Figure 1



## **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the County and provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds. Budgetary information required by North Carolina General Statutes can also be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's law enforcement officers' pension plan, the Local Government Employees Retirement System, and the Register of Deeds Supplemental Pension Fund.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into the following three categories:

**Governmental activities** – The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes and state and federal grant funds finance most of these activities.

**Business-type activities** – The business-type activities are those that the County charges customers to provide. These consist of the landfill services offered by Madison County.

**Component units** – Madison County Housing Authority provides housing assistance to the residents of the County. The County appoints the Board of Directors for the Housing Authority and has the responsibility for its financial stewardship. Madison County Tourism Development Authority was established to promote tourism in the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Madison County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Madison County can be divided into three categories: governmental, proprietary and fiduciary funds.



**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County’s programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the notes to the financial statements. Madison County has one major governmental fund: the General Fund.

Madison County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Madison County has one kind of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Madison County uses an enterprise fund to account for its landfill operations. This fund is the same as the activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Madison County has three fiduciary funds: the Motor Vehicle Tax Fund, the Social Services Trust Fund, and the Inmate Trust Fund.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 22 through 61 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Madison County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 62 through 69 of this report.

#### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of Madison County exceeded liabilities and deferred inflows by \$9,383,977 as of June 30, 2020. The County’s net position increased by \$984,529 for the fiscal year ended June 30, 2020. One of the largest portions, \$8,704,990 (92.8%), reflects the County’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). Madison County uses these capital assets to provide

services to citizens; consequently, these assets are not available for future spending. Although Madison County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Madison County's net position, \$5,888,692 (62.8%), represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position is a deficit of (\$5,209,705). Madison County has installment obligation for school buildings of \$4,508,295 and does not own title to the related school properties. The related school building assets are not included in the governmental activities capital assets.

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 10,910,803	\$ 9,261,976	\$ 1,485,559	\$ 1,583,238	\$ 12,396,362	\$ 10,845,214
Capital assets	12,041,547	11,996,247	1,463,443	1,525,242	13,504,990	13,521,489
Total assets	<u>22,952,350</u>	<u>21,258,223</u>	<u>2,949,002</u>	<u>3,108,480</u>	<u>25,901,352</u>	<u>24,366,703</u>
Total deferred outflows of resources	1,603,426	2,226,851	292,998	165,942	1,896,424	2,392,793
Long-term liabilities	13,425,815	14,291,047	3,093,293	2,499,705	16,519,108	16,790,752
Other liabilities	1,623,375	1,339,552	89,239	96,512	1,712,614	1,436,064
Total liabilities	<u>15,049,190</u>	<u>15,630,599</u>	<u>3,182,532</u>	<u>2,596,217</u>	<u>18,231,722</u>	<u>18,226,816</u>
Total deferred inflows of resources	158,899	126,752	23,178	6,480	182,077	133,232
Net position:						
Net investment in capital assets	7,241,547	6,662,913	1,463,443	1,525,242	8,704,990	8,188,155
Restricted	5,888,692	4,237,074	-	-	5,888,692	4,237,074
Unrestricted (deficit)	<u>(3,782,552)</u>	<u>(3,172,264)</u>	<u>(1,427,153)</u>	<u>(853,517)</u>	<u>(5,209,705)</u>	<u>(4,025,781)</u>
Total net position	<u>\$ 9,347,687</u>	<u>\$ 7,727,723</u>	<u>\$ 36,290</u>	<u>\$ 671,725</u>	<u>\$ 9,383,977</u>	<u>\$ 8,399,448</u>

Several particular aspects of the County's financial operations influenced the unrestricted governmental net position (deficit):

- Through continued diligence in collection efforts, the County maintained its overall property tax collection rate at 95.50%.
- The County recognized pension expense of approximately \$1.46 million related to the LGERS pension plan. This is an increase of approximately \$600,000 between fiscal year 2019 and fiscal year 2020.
- The County incurred additional expenses due to the COVID pandemic. These expenses were mostly in salaries for overtime by our health department and Sheriff's Office employees.

**Madison County's Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 2,691,661	\$ 1,796,752	\$ 1,907,297	\$ 1,915,545	\$ 4,598,958	\$ 3,712,297
Operating grants and contributions	6,712,792	6,465,455	15,685	-	6,728,477	6,465,455
General revenues						
Property taxes	13,711,742	12,905,214	-	-	13,711,742	12,905,214
Sales and use taxes	4,605,715	3,989,755	-	-	4,605,715	3,989,755
Other taxes	617,149	586,264	-	-	617,149	586,264
Other items	453,222	109,318	-	-	453,222	109,318
Investment earnings	80,159	142,792	92	102	80,251	142,894
Total revenues	<u>28,872,440</u>	<u>25,995,550</u>	<u>1,923,074</u>	<u>1,915,647</u>	<u>30,795,514</u>	<u>27,911,197</u>
Expenses						
General government	3,202,724	2,997,958	-	-	3,202,724	2,997,958
Public safety	8,235,468	7,551,196	-	-	8,235,468	7,551,196
Economic and physical development	2,257,875	1,711,303	-	-	2,257,875	1,711,303
Human services	8,351,869	8,673,564	-	-	8,351,869	8,673,564
Culture and recreation	656,572	668,531	-	-	656,572	668,531
Education	4,168,508	4,352,871	-	-	4,168,508	4,352,871
Interest on long-term debt	379,460	410,568	-	-	379,460	410,568
Landfill	-	-	2,558,509	1,976,666	2,558,509	1,976,666
Total expenses	<u>27,252,476</u>	<u>26,365,991</u>	<u>2,558,509</u>	<u>1,976,666</u>	<u>29,810,985</u>	<u>28,342,657</u>
Change in net position	<u>1,619,964</u>	<u>(370,441)</u>	<u>(635,435)</u>	<u>(61,019)</u>	<u>984,529</u>	<u>(431,460)</u>
Net position, beginning	<u>7,727,723</u>	<u>8,098,164</u>	<u>671,725</u>	<u>732,744</u>	<u>8,399,448</u>	<u>8,830,908</u>
Net position, ending	<u>\$ 9,347,687</u>	<u>\$ 7,727,723</u>	<u>\$ 36,290</u>	<u>\$ 671,725</u>	<u>\$ 9,383,977</u>	<u>\$ 8,399,448</u>

**Governmental activities.** Governmental activities increased the County's net position by \$1,619,964. Key elements influencing the current year results are as follows:

- Charges for services increased approximately \$894,000 due to the housing of juvenile inmates and other County inmates, respectively.
- Property tax revenues increased approximately \$807,000 due to overall county-wide property tax increase of 3 cents from a .52 rate to .55.
- Local option sales taxes increased by approximately \$616,000 from the prior year, due to tourism increasing in the local economy during the year.
- Overall governmental expenses increased within public safety function due to approximate increase of \$366,000 in expenses with the sheriff and communications department. This increase is attributable to the increased level of housing juvenile inmates.
- The County's overall economic and physical development function increased approximately \$547,000 from the previous year due to number of factors. The occupancy tax fund expended approximately \$131,000 more than the previous fiscal year. In fiscal year 2020, the fund expended \$405,000 for distributions to the TDA and the 3% to the County. In addition, the County expended \$400,000 on the re-use grant from the NC Department of Commerce for Building Re-Use Grant for economic incentives to new local business.

**Business-type activities:** Business-type activities decreased Madison County's net position by \$635,435. The key elements of this decrease are as follows:

- The landfill fund decreased in net position by \$635,435 due to the increase in expenses between fiscal years 2020 and 2019. Salaries and benefits increased approximately \$94,000, general operating expenses increased approximately \$214,000, post-closure costs increased \$90,000, and net pension liability with the state increased approximately \$127,000.

## Financial Analysis of the County's Funds

As noted earlier, Madison County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Madison County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Madison County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Madison County. At the end of the current fiscal year, Madison County's unassigned fund balance in the General Fund was \$2,343,649, while total fund balance reached \$8,018,570. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.3% of total General Fund expenditures, while total fund balance represents 31.8% of that same amount.

At June 30, 2020, the governmental funds of Madison County reported a combined fund balance of \$8,272,449, which is an increase of \$1,328,386 from the prior year. The primary reasons for this decrease are expenditures for tax revaluation and school capital construction projects.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased expenditures and transfers out by \$2,394,668. These increases were offset by \$2,180,435 in increased budgeted revenue and an increase of \$214,233 in appropriated fund balance and transfers.

**Proprietary Funds.** Madison County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Landfill Fund at the end of the fiscal year amounted to a deficit of \$1,427,153. The total decrease in net position for the Landfill Fund for the year ended June 30, 2020 was \$635,435. Factors concerning the finances of this fund have already been addressed in the discussion of Madison County's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** Madison County's capital assets for its governmental and business-type activities as of June 30, 2020 totals \$13,504,990 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions was for 7 mobility vans at a cost of approximately \$502,000 for the County's Transportation Authority (MCTA). The County expended approximately \$236,000 on other miscellaneous equipment, vehicles and building improvements. Total government-wide depreciation expense was approximately \$756,000.

### Madison County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 577,854	\$ 577,854	\$ 859,832	\$ 859,832	\$ 1,437,686	\$ 1,437,686
Buildings and improvements	10,152,369	10,455,402	289,485	305,782	10,441,854	10,761,184
Equipment	470,965	515,216	143,454	147,819	614,419	663,035
Computer equipment	71,667	71,667	-	-	71,667	71,667
Vehicles	768,692	376,108	170,672	211,809	939,364	587,917
Total capital assets	<u>\$ 12,041,547</u>	<u>\$ 11,996,247</u>	<u>\$ 1,463,443</u>	<u>\$ 1,525,242</u>	<u>\$ 13,504,990</u>	<u>\$ 13,521,489</u>

Additional information on the County's capital assets can be found in Note 6 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2020, Madison County had total installment debt outstanding of \$9,308,295 secured by assets purchased or constructed with the proceeds. The debt consists of \$4,508,295 owed for the previous construction/renovation of schools and \$4,800,000 for the previous construction of a new jail.

### Madison County's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchases	\$ 9,308,295	\$ 10,271,295	\$ -	\$ -	\$ 9,308,295	\$ 10,271,295
Closure & post-closure costs	-	-	2,511,113	2,236,315	2,511,113	2,236,315
Compensated absences	1,078,351	917,592	68,414	48,423	1,146,765	966,015
Net pension liability (LGEERS)	2,737,225	2,815,460	513,766	214,967	3,250,991	3,030,427
Net pension liability (LEOSSA)	301,944	286,700	-	-	301,944	286,700
Total capital assets	<u>\$ 13,425,815</u>	<u>\$ 14,291,047</u>	<u>\$ 3,093,293</u>	<u>\$ 2,499,705</u>	<u>\$ 16,519,108</u>	<u>\$ 16,790,752</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Madison County was approximately \$166,000,000. Additional information regarding Madison County's long-term debt can be found in Note 7 of the Basic Financial Statements.

The decrease in outstanding installment debt from approximately \$10.3M in the prior year to \$9.3M in the current year is attributable to scheduled principal payments being made on outstanding debt issuances. There was no new installment debt issued during the year.

## **Economic Factors and Next Year's Budgets and Rates**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the County's financial condition and activities. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 during fiscal year 2020 and beyond.

As of June 30, 2020, the County received approximately \$600,000 in federal CARES Act funding to be used for public safety, health, and other costs of the pandemic. The County expended approximately \$176,000 during the year ended June 30, 2020. In addition, the County received an additional allotment of \$422,220 subsequent to June 30, 2020. All these funds must be used by December 31, 2021.

## **Budget Highlights for the Fiscal Year Ending June 30, 2021**

During the budget process for fiscal year 2021, the County estimated the revenue loss to be approximately \$738,000 and worked to trim the budgetary requests in light of the anticipated downturn in the economy. The fiscal year 2021 budget includes no new positions nor increases in pay to the existing positions.

However, there were changes in operational plans since the associated costs have increased substantially from one year to next. The cost of providing ambulance service in Madison County has gone up by approximately \$620,000 from one year to the next due to the buyout of the former Mission Hospital. The County's cost of retirement contributions overall will increase an anticipated \$109,000 due to the required matching contribution percentages.

**General Fund:** Total General Fund expenditures and transfers out are budgeted at \$25,977,340 for 2021, a \$665,000 (2.5%) increase from 2020 actuals. This includes an appropriation of fund balance of \$272,505. The County decreased the ad valorem tax rate from \$0.55 to \$0.50 per \$100 of assessed value due to 2020 was a revaluation tax year.

**Business-Type Activities:** Total revenues and expenses are projected for fiscal year 2021 is substantially the same as last fiscal year's actual amounts. The total budget for fiscal year 2021 is \$2,050,922.

## **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Madison County, P.O. Box 579, Marshall, NC 28753.

## **BASIC FINANCIAL STATEMENTS**

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# MADISON COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component Units	
	Governmental	Business-type	Total	Madison County	Madison County
	Activities	Activities	Primary Government	Housing Authority	Tourism Development Authority
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 5,981,866	\$ 1,432,058	\$ 7,413,924	\$ 576,997	\$ 560,791
Investments	-	-	-	75,426	-
Receivables, net of allowance for uncollectable	519,384	44,432	563,816	3,811	-
Taxes receivable, net of allowance for uncollectable	1,027,356	-	1,027,356	-	-
Due from other governments	1,298,657	9,069	1,307,726	2,250	-
Due from primary government	-	-	-	-	54,575
Other assets	95,371	-	95,371	-	-
Prepaid items	38,685	-	38,685	3,813	-
Restricted assets:					
Cash and cash equivalents	1,850,320	-	1,850,320	37,914	-
Total noncurrent assets	<u>10,811,639</u>	<u>1,485,559</u>	<u>12,297,198</u>	<u>700,211</u>	<u>615,366</u>
<b>Noncurrent Assets:</b>					
Net pension asset (ROD)	99,164	-	99,164	-	-
Capital assets:					
Non-depreciable	577,854	859,832	1,437,686	69,980	-
Depreciable, net of accumulated depreciation	11,463,693	603,611	12,067,304	705,275	299,819
Total capital assets	<u>12,041,547</u>	<u>1,463,443</u>	<u>13,504,990</u>	<u>775,255</u>	<u>299,819</u>
Total noncurrent assets	<u>12,140,711</u>	<u>1,463,443</u>	<u>13,604,154</u>	<u>775,255</u>	<u>299,819</u>
Total assets	<u>22,952,350</u>	<u>2,949,002</u>	<u>25,901,352</u>	<u>1,475,466</u>	<u>915,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	1,603,426	292,998	1,896,424	35,529	-
Total deferred outflows of resources	<u>1,603,426</u>	<u>292,998</u>	<u>1,896,424</u>	<u>35,529</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	387,570	66,267	453,837	5,892	5,625
Accrued liabilities	1,002,649	22,972	1,025,621	-	-
Interest payable	178,581	-	178,581	-	-
Due to component unit	54,575	-	54,575	-	-
Tenant security deposits	-	-	-	9,650	-
Unearned revenue	-	-	-	24,829	-
Landfill postclosure liability, due within one year	-	35,036	35,036	-	-
Landfill postclosure liability, due in more than one year	-	2,476,077	2,476,077	-	-
Notes payable, due within one year	909,667	-	909,667	-	-
Notes payable, due in more than one year	8,398,628	-	8,398,628	-	-
Compensated absences, due within one year	862,680	54,731	917,411	2,000	-
Compensated absences, due in more than one year	215,671	13,683	229,354	13,751	-
Net pension liability, due in more than one year (LGERS)	2,737,225	513,766	3,250,991	68,718	-
Total pension liability, due in more than one year (LEOSSA)	301,944	-	301,944	-	-
Total liabilities	<u>15,049,190</u>	<u>3,182,532</u>	<u>18,231,722</u>	<u>124,840</u>	<u>5,625</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	158,899	23,178	182,077	3,100	-
Total deferred inflows of resources	<u>158,899</u>	<u>23,178</u>	<u>182,077</u>	<u>3,100</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	7,241,547	1,463,443	8,704,990	775,255	299,819
Restricted for:					
Stabilization by State Statute	3,639,911	-	3,639,911	-	57,575
Register of deeds	154,532	-	154,532	-	-
Human services	-	-	-	4,968	-
School capital	1,688,737	-	1,688,737	-	-
Public safety	289,767	-	289,767	-	-
Grant purposes	45,674	-	45,674	-	-
Economic and physical development	70,071	-	70,071	-	-
Unrestricted (deficit)	<u>(3,782,552)</u>	<u>(1,427,153)</u>	<u>(5,209,705)</u>	<u>602,832</u>	<u>552,166</u>
Total net position	<u>\$ 9,347,687</u>	<u>\$ 36,290</u>	<u>\$ 9,383,977</u>	<u>\$ 1,383,055</u>	<u>\$ 909,560</u>

The accompanying notes are an integral part of these financial statements.



**MADISON COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,202,724	\$ 534,583	\$ 101,101	\$ -
Public safety	8,235,468	1,370,322	341,326	-
Economic and physical development	2,257,875	432,749	791,809	-
Human services	8,351,869	336,539	4,696,977	-
Culture and recreation	656,572	17,468	109,976	-
Education	4,168,508	-	441,000	-
Interest on long-term debt	379,460	-	230,603	-
Total governmental activities	27,252,476	2,691,661	6,712,792	-
Business-type activities:				
Landfill	2,558,509	1,907,297	15,685	-
Total business-type activities	2,558,509	1,907,297	15,685	-
Total primary government	\$ 29,810,985	\$ 4,598,958	\$ 6,728,477	\$ -
Component Unit:				
Madison County Housing Authority	\$ 1,365,366	\$ 157,793	\$ -	\$ 1,224,530
Madison County Tourism Development Authority	287,995	-	-	-
Total component unit	\$ 1,653,361	\$ 157,793	\$ -	\$ 1,224,530
General revenues:				
Property taxes				
Sales and use taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes are an integral part of these financial statements.

<b>Net (Expenses) Revenues and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Unit</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Madison County Housing Authority</b>	<b>Madison County Tourism Development Authority</b>
\$ (2,567,040)	\$ -	\$ (2,567,040)	\$ -	\$ -
(6,523,820)	-	(6,523,820)	-	-
(1,033,317)	-	(1,033,317)	-	-
(3,318,353)	-	(3,318,353)	-	-
(529,128)	-	(529,128)	-	-
(3,727,508)	-	(3,727,508)	-	-
(148,857)	-	(148,857)	-	-
<u>(17,848,023)</u>	<u>-</u>	<u>(17,848,023)</u>	<u>-</u>	<u>-</u>
-	(635,527)	(635,527)	-	-
-	(635,527)	(635,527)	-	-
<u>\$ (17,848,023)</u>	<u>\$ (635,527)</u>	<u>\$ (18,483,550)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ 16,957	\$ -
			-	(287,995)
			<u>\$ 16,957</u>	<u>\$ (287,995)</u>
\$ 13,711,742	\$ -	\$ 13,711,742	\$ -	\$ -
4,605,715	-	4,605,715	-	-
617,149	-	617,149	-	393,360
80,159	92	80,251	355	-
453,222	-	453,222	4,497	-
<u>19,467,987</u>	<u>92</u>	<u>19,468,079</u>	<u>4,852</u>	<u>393,360</u>
1,619,964	(635,435)	984,529	21,809	105,365
7,727,723	671,725	8,399,448	1,361,246	804,195
<u>\$ 9,347,687</u>	<u>\$ 36,290</u>	<u>\$ 9,383,977</u>	<u>\$ 1,383,055</u>	<u>\$ 909,560</u>

# MADISON COUNTY, NORTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,577,827	\$ 404,039	\$ 5,981,866
Taxes receivable, net	898,752	128,604	1,027,356
Accounts receivable	385,828	56,263	442,091
Due from other governments	1,277,824	20,833	1,298,657
Due from other funds	105,899	-	105,899
Prepaid items	38,685	-	38,685
Other assets	95,371	-	95,371
Restricted cash and cash equivalents	1,850,320	-	1,850,320
Total assets	\$ 10,230,506	\$ 609,739	\$ 10,840,245
<b>LIABILITIES</b>			
Accounts payable	\$ 311,916	\$ 75,654	\$ 387,570
Accrued liabilities	1,001,268	1,381	1,002,649
Due to other funds	-	105,899	105,899
Due to component unit	-	54,575	54,575
Total liabilities	1,313,184	237,509	1,550,693
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	898,752	118,351	1,017,103
Total deferred inflows of resources	898,752	118,351	1,017,103
<b>FUND BALANCES</b>			
Non-spendable:			
Prepaid items	38,685	-	38,685
Other assets	95,371	-	95,371
Restricted for:			
Stabilization by State Statute	3,619,871	20,040	3,639,911
Register of deeds	154,532	-	154,532
School capital	1,688,737	-	1,688,737
Public safety	7,051	164,365	171,416
Economic and physical development	-	70,071	70,071
Grant purposes	45,674	-	45,674
Assigned for subsequent year's expenditures	25,000	-	25,000
Unassigned (deficit)	2,343,649	(597)	2,343,052
Total fund balances	8,018,570	253,879	8,272,449
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,230,506	\$ 609,739	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			12,041,547
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.			1,017,103
The net pension liability (asset), total pension liability, and related deferred inflows and outflows of resources are resources related to the County's defined benefit pension plans which are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.			(1,495,478)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			(10,487,934)
Net position of governmental activities			\$ 9,347,687

The accompanying notes are an integral part of these financial statements.

**MADISON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 12,262,099	\$ 1,350,857	\$ 13,612,956
Sales tax	4,605,715	-	4,605,715
Other taxes	211,624	405,525	617,149
Intergovernmental revenues	6,563,613	226,546	6,790,159
Permits and fees	2,037,617	-	2,037,617
Charges for services	654,044	-	654,044
Investment earnings	80,035	124	80,159
Miscellaneous	453,222	-	453,222
Total revenues	<u>26,867,969</u>	<u>1,983,052</u>	<u>28,851,021</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,714,458	320,918	3,035,376
Public safety	6,153,459	1,548,665	7,702,124
Economic and physical development	2,213,348	459,353	2,672,701
Human services	8,028,837	-	8,028,837
Cultural and recreational	565,262	-	565,262
Education	4,168,508	-	4,168,508
Debt service:			
Principal repayments	963,000	-	963,000
Interest	386,827	-	386,827
Total expenditures	<u>25,193,699</u>	<u>2,328,936</u>	<u>27,522,635</u>
Excess (deficiency) of revenues over (under) expenditures	1,674,270	(345,884)	1,328,386
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	160,119	160,119
Transfers out	(160,119)	-	(160,119)
Total other financing sources (uses)	<u>(160,119)</u>	<u>160,119</u>	<u>-</u>
Net change in fund balance	1,514,151	(185,765)	1,328,386
<b>Fund balances, beginning of year</b>	6,504,419	439,644	6,944,063
<b>Fund balances, end of year</b>	<u>\$ 8,018,570</u>	<u>\$ 253,879</u>	<u>\$ 8,272,449</u>

The accompanying notes are an integral part of these financial statements.

**MADISON COUNTY, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds	\$	1,328,386
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		45,300
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		28,786
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the repayment of those long-term debt obligations.		963,000
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.		(745,508)
		<hr/>
Change in net position - governmental activities	\$	<u>1,619,964</u>

**The accompanying notes are an integral part of these financial statements.**

**MADISON COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual Amounts	Variance with Final
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 12,202,031	\$ 12,234,892	\$ 12,262,099	\$ 27,207
Sales tax	3,898,710	4,289,018	4,605,715	316,697
Other taxes	172,000	208,780	211,624	2,844
Intergovernmental revenues	6,666,828	7,778,525	6,563,613	(1,214,912)
Permits and fees	1,930,569	2,057,821	2,037,617	(20,204)
Charges for services	615,330	738,786	654,044	(84,742)
Investment earnings	85,000	85,000	80,035	(4,965)
Miscellaneous	76,000	434,081	453,222	19,141
Total revenues	<u>25,646,468</u>	<u>27,826,903</u>	<u>26,867,969</u>	<u>(958,934)</u>
<b>EXPENDITURES</b>				
General government	2,553,655	3,138,475	2,714,458	424,017
Public safety	6,084,447	6,314,940	6,153,459	161,481
Economic and physical development	1,977,621	2,432,165	2,213,348	218,817
Human services	9,631,045	10,391,498	8,028,837	2,362,661
Cultural and recreational	642,021	630,733	565,262	65,471
Education	3,835,959	4,168,508	4,168,508	-
Debt service:				
Principal retirements	963,000	963,000	963,000	-
Interest and other charges	156,225	156,225	386,827	(230,602)
Total expenditures	<u>25,843,973</u>	<u>28,195,544</u>	<u>25,193,699</u>	<u>3,001,845</u>
Excess (deficiency) of revenues over (under) expenditures	(197,505)	(368,641)	1,674,270	2,042,911
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	272,505	486,738	-	(486,738)
Transfers out	(75,000)	(118,097)	(160,119)	(42,022)
Total other financing sources (uses)	<u>197,505</u>	<u>368,641</u>	<u>(160,119)</u>	<u>(528,760)</u>
Net change in fund balances	-	-	1,514,151	1,514,151
<b>Fund balances, beginning of year</b>	<u>6,504,419</u>	<u>6,504,419</u>	<u>6,504,419</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 6,504,419</u>	<u>\$ 6,504,419</u>	<u>\$ 8,018,570</u>	<u>\$ 1,514,151</u>

The accompanying notes are an integral part of these financial statements.

**MADISON COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2020**

	<b>Enterprise Fund</b>
	<b>Landfill Fund</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 1,432,058
Accounts receivable	44,432
Due from other governments	9,069
Total current assets	1,485,559
<b>Noncurrent assets:</b>	
Capital assets:	
Non-depreciable	859,832
Plant, property and equipment	2,710,817
Less accumulated depreciation	(2,107,206)
Total capital assets, net	1,463,443
Total assets	2,949,002
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	292,998
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	66,267
Payroll related liabilities	22,972
Accrued landfill closure and postclosure care costs	35,036
Compensated absences	54,731
Total current liabilities	179,006
<b>Noncurrent liabilities:</b>	
Accrued landfill closure and postclosure care costs	2,476,077
Compensated absences	13,683
Net pension liability	513,766
Total noncurrent liabilities	3,003,526
Total liabilities	3,182,532
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	23,178
<b>NET POSITION</b>	
Investment in capital assets	1,463,443
Unrestricted (deficit)	(1,427,153)
Total net position	\$ 36,290

The accompanying notes are an integral part of these financial statements.

**MADISON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Enterprise Fund</b>
	<b>Landfill</b>
	<b>Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,866,367
Recycling	40,930
Total operating revenues	1,907,297
<b>OPERATING EXPENSES</b>	
Salaries and employee benefits	1,126,340
Other operating expenses	1,275,961
Maintenance and repairs	76,683
Depreciation	79,525
Total operating expenses	2,558,509
Operating loss	(651,212)
<b>NON-OPERATING REVENUES</b>	
Intergovernmental	15,685
Investment earnings	92
Total non-operating revenues	15,777
Change in net position	(635,435)
<b>Net position, beginning of year</b>	671,725
<b>Net position, end of year</b>	\$ 36,290

The accompanying notes are an integral part of these financial statements.



**MADISON COUNTY, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Enterprise Fund Landfill Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,898,930
Cash paid for goods and services	(1,091,027)
Cash paid to employees for services	(912,000)
Net cash used in operating activities	(104,097)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases and acquisition of capital assets	(17,726)
Net cash used in capital and related financing activities	(17,726)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Operating grants	15,685
Net cash provided by capital and related financing activities	15,685
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	92
Net cash provided by investing activities	92
Net decrease in cash and cash equivalents	(106,046)
Cash and cash equivalents, beginning of year	1,538,104
Cash and cash equivalents, end of year	\$ 1,432,058
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (651,212)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	79,525
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(18,661)
Decrease in due from other governments	10,294
Decrease in accounts payable	(13,181)
Increase in accrued payroll	5,908
Increase in postclosure liability	274,798
Increase in compensated absences payable	19,991
Increase in pension related items	188,441
Net cash used in operating activities	\$ (104,097)

**The accompanying notes are an integral part of these financial statements.**

**MADISON COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and cash equivalents	\$ 141,666
	<u>\$ 141,666</u>
 <b>LIABILITIES</b>	
Due to others	\$ 141,666
	<u>\$ 141,666</u>

The accompanying notes are an integral part of these financial statements.

# MADISON COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Madison County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

#### **A. Reporting Entity**

Madison County, North Carolina (the "County"), was founded in 1851 and is located in the Appalachian Mountains of western North Carolina. The County has a commissioner/manager form of government with a five-member elected Board of Commissioners comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component unit. The two discretely presented component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that it is legally separate from the government.

#### **Discretely Presented Component Unit – Madison County Housing Authority**

The members of the Madison County Housing Authority ("Housing Authority")'s governing board are appointed by the County Commissioners. The County can remove any commissioner of the Housing Authority with or without cause. The Housing Authority is financially dependent on the County to provide sufficient funds for operation. The Housing Authority, which has a June 30 year-end, is discretely presented in separate columns in the government-wide Statement of Net Position and Statement of Activities.

Complete financial statements for the Housing Authority may be obtained from their administrative offices at Madison County Housing Authority, 160 Ivy Ridge Apartments Drive, Mars Hill, NC 28754.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. Reporting Entity (Continued)

##### Discretely Presented Component Unit – Madison County Tourism Development Authority

The members of the governing board of the Madison County Tourism Development Authority (“Authority”) are appointed by the County Commissioners. In addition, the County collects an occupancy tax, remitting 97% of such taxes collected to the Authority. The Authority, which has a June 30 year-end, is discretely presented in separate columns in the government-wide Statement of Net Position and Statement of Activities.

Complete financial statements of the Authority may be obtained from their administrative office at 107 Elizabeth Lane, P.O. Box 579, Marshall, NC 28753.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. 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 the legally separate *component units* for which the primary government is financially accountable. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County’s capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 County considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major enterprise funds:

The **Landfill Fund** accounts for the operation, maintenance, and development of various landfills and disposal sites.

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for specific revenues, such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **agency funds** are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; and the Inmate Trust Fund, which accounts for moneys deposited with the Sheriff's Department for the benefit of inmates.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which did not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Budgets

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund; the Fire District, Revaluation, Soil and Water Conservation District, and Emergency Telephone special revenue funds; and the Landfill Fund. In accordance with State law, the budget adopted for the enterprise fund is adopted on the modified accrual basis of accounting, and a reconciliation is provided along with the budget schedule to reconcile from the modified accrual basis to the accrual basis. Additionally, the County did not adopt a budget for the Occupancy Tax Fund. All annual appropriations lapse at the fiscal year-end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the capital project fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than ten percent of the function whose allocation is reduced. The governing board must approve all amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

All budget appropriations lapse at the end of each year.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Deposits and Investments

All deposits of the County, Madison County Housing Authority, and Madison County Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Housing Authority and the Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the Housing Authority, and the Tourism Development Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, the Housing Authority, and the Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County, the Housing Authority, and the Tourism Development Authority's investments are carried at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

#### F. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Madison County Housing Authority and the Tourism Development Authority consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents include monies, the use of which is restricted by contractual or legal requirements. Money in the General Fund restricted for school capital is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. The unexpended forfeiture funds (public safety) and register of deeds funds are restricted by purpose. A summary of restricted cash is presented below:

Governmental activities:	
General Fund	\$ 1,850,320
Component Units:	
Madison County Housing Authority	37,914
Total Restricted cash and cash equivalents:	<u><u>\$ 1,888,234</u></u>

**H. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

**I. Allowances**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing any currently doubtful accounts as well as the percentage of receivables that were written off in prior years.

**J. Interfund Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method in the governmental funds.

#### **L. Other Assets**

Foreclosed property owned by the County is recorded at the amount of the past due property tax receivable. The County has evaluated the outstanding parcels and while the County carries \$286,113 of property, an allowance of \$190,742 is reported at June 30, 2020.

#### **M. Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County and the Tourism Development Authority are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	40 years
Improvements	15-30 years
Furniture and equipment	5-10 years
Vehicles	3-5 years
Computer equipment	5 years

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of financial statements 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports one (1) item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes, foreclosed property sales, and intergovernmental revenues, which are earned by the County but are not considered available for the liquidation of current expenditures.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability (asset) – ROD, and total pension liability - LEOSA. Certain changes in the net pension liability (asset) are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability (asset) for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability (asset) are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County does not have any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

#### P. Long-Term Obligations

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute (*G.S. 159-8(a)*) which requires total fund balance less the fund balance available for appropriation equals the total amount that must be restricted.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the County’s Board of Commissioners. Approval of a resolution after a formal vote of the County’s Board is required to establish a commitment of fund balance. Similarly, the County’s Board may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The County’s Board of Commissioners, through County Ordinance, has expressly delegated to the County Manager the authority to assign funds for particular purposes.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Fund Equity (Continued)

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

**Net Position** – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### R. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS’ and RODSPF’s fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. 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.

#### S. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$10,487,934 difference are as follows:

Notes payable	\$ (9,308,295)
Accrued interest payable	(178,581)
Accrued interest receivable	77,293
Compensated absences (i.e. vacation)	<u>(1,078,351)</u>
Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (10,487,934)</u></u>

Another element of that reconciliation explains that “the net pension liability (asset), total pension liability and related deferred inflows and outflows of resources related to the County’s defined benefit pension plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$1,495,478 difference are as follows:

Total pension liability - Law Enforcement Officers' Special Separation Allowance (LEOSSA) - pension plan	\$ (301,944)
Deferred outflows of resources - LEOSSA	26,397
Deferred inflows of resources - LEOSSA	(29,699)
Net pension liability - LGERS	(2,737,225)
Deferred outflows of resources - LGERS	1,564,684
Deferred inflows of resources - LGERS	(123,490)
Net pension asset - Register of Deeds Retirement Plan	99,164
Deferred outflows of resources - Register of Deeds	12,345
Deferred inflows of resources - Register of Deeds	<u>(5,710)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (1,495,478)</u></u>



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$45,300 difference are as follows:

Capital outlay	\$	721,937
Depreciation expense		<u>(676,637)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>		<u>\$ 45,300</u>

Another element of the reconciliation states that “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 details of this \$745,508 difference are as follows:

Compensated absences (i.e., vacation)	\$	160,759
Change in accrued interest		7,367
Change in accrued interest receivable		(7,367)
Net pension liability and related deferred outflows and inflows - LGERS		573,360
Total pension liability and related deferred outflows and inflows - LEOSSA		9,933
Net pension asset and related deferred outflows and inflows- ROD		<u>1,456</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>		<u>\$ 745,508</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Expenditures in Excess of Appropriations.** The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the County will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level, within the fund. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the County Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The following is a list of the funds and departments which reported expenditures in excess of approved budgets:

General Fund:	
General government:	
Legal	\$ 14,231
Board of elections	10,842
Public safety:	
Sheriff and communications	17,660
Debt service:	
Interest	230,602
Soil and Water Conservation District Fund:	
Library cistern project	18,526
Emergency Telephone System Fund:	
Phone and furniture	4,216
Hardware maintenance	8,425
Revaluation Fund:	
Reserve for revaluation	277,821
Fire Districts Fund:	
Mars Hill fire department	2,156
Ebbs Chapel fire department	5,213
Jupiter fire department	3,433
Landfill:	
Salaries and benefits	3,048

The over expended departments were funded through savings noted in other departments within the funds, revenues collected in excess of appropriations, or use of fund balance. The over expended debt service department is offset by intergovernmental revenues, resulting in zero interest expense recognized by the County on the school construction note.

**Deficit Fund Balance.** The Fire Districts Fund is reporting a deficit fund balance as of June 30, 2020 of \$597. This deficit will be recovered as property tax collections are received.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2020 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$	7,413,924
Restricted cash and cash equivalents		1,850,320
Fiduciary - agency funds		141,666
	\$	<u>9,405,910</u>
Cash deposited with financial institutions	\$	1,046,906
Cash deposited with NCCMT		8,359,004
	\$	<u>9,405,910</u>

**Credit risk.** State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The County does not have a credit rating policy which provides restrictions or limitations on credit ratings for the County's investments.

As of June 30, 2020, the County had \$8,359,004 invested in the NCCMT's Government Portfolio, which carried a cash credit rating of AAAM by Standard and Poor's. The NCCMT's Government portfolio is reported at fair value, and measured using level 1 inputs from the fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets. The County has no policy regarding credit risk.

**Interest Rate Risk:** The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates.

**Custodial credit risk – deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2020, the County's deposits are insured or collateralized as required by GASB and state statutes.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. RECEIVABLES**

Receivables at June 30, 2020, for the County’s individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<b>General</b>	<b>Other Governmental</b>	<b>Solid Waste Landfill</b>
Receivables:			
Taxes	\$ 1,594,880	\$ 218,598	\$ -
Accounts	385,828	56,263	44,432
Due from other governments	1,277,824	20,833	9,069
Less allowance for uncollectibles	<u>(696,128)</u>	<u>(89,994)</u>	<u>-</u>
Net total receivables	<u>\$ 2,562,404</u>	<u>\$ 205,700</u>	<u>\$ 53,501</u>

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the County for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Nondepreciable capital assets:				
Land	\$ 577,854	\$ -	\$ -	\$ 577,854
Total	<u>577,854</u>	<u>-</u>	<u>-</u>	<u>577,854</u>
Capital assets, being depreciated:				
Buildings and improvements	16,048,437	63,476	-	16,111,913
Equipment	3,045,826	77,021	-	3,122,847
Vehicles and motor equipment	2,213,317	581,440	-	2,794,757
Computer equipment	80,000	-	-	80,000
Total being depreciated	<u>21,387,580</u>	<u>721,937</u>	<u>-</u>	<u>22,109,517</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,593,035)	(366,509)	-	(5,959,544)
Equipment	(2,530,610)	(121,272)	-	(2,651,882)
Vehicles and motor equipment	(1,837,209)	(188,856)	-	(2,026,065)
Computer equipment	(8,333)	-	-	(8,333)
Total	<u>(9,969,187)</u>	<u>(676,637)</u>	<u>-</u>	<u>(10,645,824)</u>
Total capital assets, being depreciated, net	<u>11,418,393</u>	<u>45,300</u>	<u>-</u>	<u>11,463,693</u>
Governmental activities capital assets, net	<u>\$ 11,996,247</u>	<u>\$ 45,300</u>	<u>\$ -</u>	<u>\$ 12,041,547</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Nondepreciable capital assets				
Land	\$ 859,832	\$ -	\$ -	\$ 859,832
Total	859,832	-	-	859,832
Capital assets, being depreciated				
Plant and distribution systems	821,428	-	-	821,428
Machinery and equipment	1,088,021	17,726	-	1,105,747
Vehicles	783,642	-	-	783,642
Total	2,693,091	17,726	-	2,710,817
Less accumulated depreciation for:				
Plant and distribution systems	(515,646)	(16,297)	-	(531,943)
Machinery and equipment	(940,202)	(22,091)	-	(962,293)
Vehicles	(571,833)	(41,137)	-	(612,970)
Total	(2,027,681)	(79,525)	-	(2,107,206)
Total capital assets being depreciated, net	665,410	(61,799)	-	603,611
Business-type activities capital assets, net	\$ 1,525,242	\$ (61,799)	\$ -	\$ 1,463,443

Depreciation expense was charged to functions/programs of the County as follows:

<b>Governmental activities:</b>	
General government	\$ 87,643
Public safety	382,019
Economic and physical development	80,683
Human services	55,431
Culture and recreation	70,861
Total depreciation expense - governmental activities	\$ 676,637
 <b>Business-type activities:</b>	
Solid Waste Landfill	\$ 79,525
Total depreciation expense - business-type activities	\$ 79,525

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Direct borrowing -					
Installment notes payable	\$ 10,271,295	\$ -	\$ (963,000)	\$ 9,308,295	\$ 909,667
Net pension liability - LGERS	2,815,460	1,028,432	(1,106,667)	2,737,225	-
Total pension liability - LEOSSA	286,700	36,949	(21,705)	301,944	-
Compensated absences	917,592	999,079	(838,320)	1,078,351	862,680
Long-term liabilities	<u>\$ 14,291,047</u>	<u>\$ 2,064,460</u>	<u>\$ (2,929,692)</u>	<u>\$ 13,425,815</u>	<u>\$ 1,772,347</u>
<b>Business-type activities:</b>					
Closure & Post-closure liability	\$ 2,236,315	\$ 309,834	\$ (35,036)	\$ 2,511,113	\$ 35,036
Net pension liability - LGERS	214,967	505,176	(206,377)	513,766	-
Compensated absences	48,423	71,588	(51,597)	68,414	54,731
Long-term liabilities	<u>\$ 2,499,705</u>	<u>\$ 886,598</u>	<u>\$ (293,010)</u>	<u>\$ 3,093,293</u>	<u>\$ 89,767</u>

For governmental funds, compensated absences are liquidated by the General Fund. The net pension liability – LGERS, total pension liability - LEOSSA, and compensated absences are liquidated primarily by the General Fund.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Direct Borrowings - Installment Obligations**

Installment notes serviced by the County governmental funds are as follows:

<i><b>Governmental activities</b></i>	<u><b>Balance as of June 30, 2020</b></u>
\$6,445,000 for construction or renovation of various school buildings, due annually in the principal amount of \$429,667, plus interest of 4.67% per annum through February 2031.	\$ 4,508,295
\$9,600,000 for construction of new jail, due annually in the principal amount of \$480,000 plus interest of 2.94% per annum through February 2030.	4,800,000
Total	<u><u>\$ 9,308,295</u></u>

The facilities are pledged as collateral for the County’s direct borrowing installment notes. If a default occurs, the mortgaged properties can be foreclosed, and the proceeds used to pay off the debt.

Note the interest incurred on the school construction note is reimbursed annually by the financial institution in exchange for a tax credit. The overall interest expense to the County on the notes is annually zero.

The debt service to maturity on the installment obligations is as follows:

	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
Year Ending June 30,			
2021	\$ 909,667	\$ 155,232	\$ 1,064,899
2022	909,667	141,120	1,050,787
2023	909,667	127,008	1,036,675
2024	909,667	112,896	1,022,563
2025	909,667	98,784	1,008,451
2026-2030	4,548,335	282,240	4,830,575
2031	211,625	-	211,625
Total	<u><u>\$ 9,308,295</u></u>	<u><u>\$ 917,280</u></u>	<u><u>\$ 10,225,575</u></u>



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Landfill Closure and Postclosure**

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability for closure and postclosure care of its two landfills in the Solid Waste Fund of \$2,511,113. The County’s construction and demolition landfill continues to accept waste. As of June 30, 2020, the construction and demolition landfill has used approximately 69.1% of the permitted 131,600 cubic yards of capacity. The remaining costs, not yet accrued for the construction and demolition landfill of \$867,370 will be recognized over the future life of the landfills as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, or changes in regulations.

**NOTE 8. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2020 is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor governmental funds	\$ 105,899
		\$ 105,899
Component Unit - Madison County Tourism Development Authority	Primary Government	\$ 54,575
		\$ 54,575

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made.

Interfund transfers:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
Nonmajor governmental funds	General fund	\$ 160,119
		\$ 160,119

Transfers are used to move funds from the General Fund to the Revaluation Fund to pay for professional service fees associated with the County’s tax revaluation process and cover fund deficits.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS

Madison County participates in three defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Officers Special Separation Allowance (LEOSSA), and the Register of Deeds' Supplemental Pension Fund (RODSPF). The Madison County Housing Authority is a participant in the County's Local Government Employees' Retirement System (LGERS) plan. The Housing Authority and the County's disclosures have been aggregated for disclosure purposes. Only the LGERS and RODSPF are funded with qualifying trusts and accounted for by the County under GASB Statement No. 68. The LEOSSA is reported in accordance with GASB Statement No. 73. The net pension liability (asset), total pension liability, and related deferred outflows of resources and deferred inflows of resources for the LGERS, LEOSSA, and RODSPF are summarized as follows:

	LGERS	LEOSSA	RODSPF	Total
Net pension asset	\$ -	\$ -	\$ 99,164	\$ 99,164
Net pension liability	3,319,709	-	-	3,319,709
Total pension liability	-	301,944	-	301,944
Deferred outflows of resources related to pensions	1,893,211	26,397	12,345	1,931,953
Deferred inflows of resources related to pensions	149,768	29,699	5,710	185,177

#### A. Local Governmental Employees' Retirement System

**Plan Description.** Madison County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Madison County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$638,564 for the year ended June 30, 2020.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the County reported a liability of \$3,319,709 for its proportionate share of the net pension liability, of which \$68,718 was reported by Madison County Housing Authority, a discretely presented component unit. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was 0.12156%, which was a decrease of 0.00888% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,460,827. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 568,418	\$ -
Net difference between projected and actual earnings on pension plan investments	80,973	-
Changes in proportion and differences between County contributions and proportionate share of contributions	19,199	149,768
Changes in plan assumptions	541,057	-
County contributions subsequent to the measurement date	683,564	-
Total	\$ 1,893,211	\$ 149,768

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of \$683,564 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ending June 30:**

2021	\$	562,220
2022		149,084
2023		279,552
2024		69,023
Total	\$	<u>1,059,879</u>

**Actuarial Assumptions.** The total pension liability as of June 30, 2019 was determined by the December 31, 2018 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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 allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**A. Local Governmental Employees' Retirement System (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 contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.** The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	\$ 7,592,781	\$ 3,319,709	\$ (232,080)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the state of North Carolina.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### B. Law Enforcement Officers Special Separation Allowance

**Plan Description.** Madison County administers a public employee retirement system (the “Separation Allowance”), a single employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is not issued for the Plan.

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2018, the date of the most recent actuarial valuation the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>21</u>
Total	<u><u>22</u></u>

**Basis of Accounting.** The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

**Actuarial Assumptions.** The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

The discount rate used to measure the total pension liability is the Standard & Poor’s 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.64% to 3.26% due to a change in the Municipal Bond Rate.

The plan currently uses RP-2014 Health Annuitant mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid benefits of \$18,303 during the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$301,944. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$9,933. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Intflows of Resources</b>
Change in assumptions	\$ 18,471	\$ 10,542
Differences between expected and actual experience	7,926	19,157
Total	\$ 26,397	\$ 29,699

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

The County reported no deferred outflows of resources related to pensions, resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized as reductions of pension expense as follows:

<b>Year ending June 30</b>	
2021	\$ (20)
2022	(20)
2023	49
2024	(2,534)
2025	(777)
Total	<u>\$ (3,302)</u>

**Changes in the Total Pension Liability.** The changes in the total pension liability of the County for the fiscal year ended June 30, 2020 were as follows:

	<u><b>Total Pension Liability</b></u>	
Balance at June 30, 2019	\$	286,700
Service cost		18,153
Interest		10,103
Assumption changes		8,693
Difference between expected and actual experience		(3,402)
Benefit payments		<u>(18,303)</u>
Balance at June 30, 2020	\$	<u>301,944</u>

The required schedule of changes in the County’s total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

**Sensitivity of the County’s total pension liability to changes in the discount rate.** The following presents the County’s total pension liability calculated using the discount rate of 3.26 percent, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	<u><b>1% Decrease</b></u> <u><b>(2.26%)</b></u>	<u><b>Discount Rate</b></u> <u><b>(3.26%)</b></u>	<u><b>1% Increase</b></u> <u><b>(4.26%)</b></u>
Total pension liability	\$ 326,401	\$ 301,944	\$ 279,752

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund

**Plan Description.** The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory cost-sharing multiple-employer, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,194 for the year ended June 30, 2020.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**C. Register of Deeds' Supplemental Pension Fund (Continued)**

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

At June 30, 2020, the County reported an asset of \$99,164 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was 0.50230%, which was a decrease of .04912% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$5,650. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 4,782
Net difference between projected and actual earnings on pension plan investments	1,015	-
Changes in proportion and differences between County contributions and proportionate share of contributions	7,136	928
County contributions subsequent to the measurement date	4,194	-
Total	\$ 12,345	\$ 5,710

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund (Continued)

County contributions made subsequent to the measurement date of \$4,194 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ending June 30:**

2021	\$	(478)
2022		3,359
2023		1,519
2024		(1,959)
Total	<u>\$</u>	<u>2,441</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections 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 adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.40%, including inflation.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount rate.** The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**C. Register of Deeds’ Supplemental Pension Fund (Continued)**

**Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate.**

The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	\$ 6,681	\$ (99,164)	\$ (978)

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the state of North Carolina.

**D. Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$45,008.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 9. PENSION PLANS (CONTINUED)**

#### **E. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement offices. The County considers these contributions to be immaterial.

At retirement, qualifying former employees have the option to purchase COBRA insurance benefits as required by Federal law at the cost of the former employee. The County offers no other postemployment benefits and bears no cost of providing the required COBRA insurance to retired individuals.

### **NOTE 10. RISK MANAGEMENT**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial coverage for general liability, property, and casualty insurance. Through this coverage, the County obtains property coverage equal to replacement cost values of owned property with the exception of contractor's equipment, which is insured for actual value, and vehicles that are insured for actual cash value or the cost of repair. Commercial automobile liability has a limit of \$1,000,000 for each occurrence and a \$2,000,000 aggregate limit. The County also has law enforcement liability coverage of \$2,000,000.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. RISK MANAGEMENT (CONTINUED)**

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through NFIP.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three years.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The director of finance, assistant director of finance, tax collector, register of deeds, and sheriff are individually bonded for \$200,000, \$200,000, \$100,000, \$100,000, and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

#### **Litigation:**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

#### **Grant Contingencies:**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. JOINT VENTURES

**Mental Health.** Vaya Health (formerly Smoky Mountain Center) is the local Medicaid health plan administrator for mental health, substance abuse, and intellectual/development disability Medicaid services. Vaya Health serves residents of Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Swain, Transylvania, Watauga, Wilkes, and Yancey counties.

The twenty-two counties participating within Vaya Health are represented through a County Commissioner Advisory Board or positions on board membership. Within available resources, the County has an ongoing financial responsibility for the Vaya Health because it is legally obligated to provide mental health services either directly or jointly with other counties. None of the participating counties has any equity interest in Vaya Health, so no equity interest has been reflected in the financial statements at June 30, 2020. The County contributed \$30,000 to fund operations during fiscal year June 30, 2020. Complete financial statements for Vaya Health may be obtained from the offices at 200 Ridgefield Court, Asheville, NC 28806.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**MADISON COUNTY, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**LAST SEVEN FISCAL YEARS\***

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.12156%	0.13044%	0.13747%	0.12910%	0.12437%	0.12654%	0.12390%
County's proportion of the net pension liability (asset) (\$)	\$ 3,319,709	\$ 3,094,483	\$ 2,100,161	\$ 2,739,934	\$ 558,165	\$ (146,265)	\$ 1,493,471
County's covered payroll	\$ 7,817,059	\$ 8,337,936	\$ 8,282,859	\$ 7,766,905	\$ 7,847,083	\$ 7,505,059	\$ 7,129,806
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.47%	37.11%	25.36%	35.28%	7.11%	( 1.95%)	20.95%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**MADISON COUNTY, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
LAST SEVEN FISCAL YEARS**

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 683,564	\$ 631,039	\$ 611,505	\$ 615,070	\$ 528,400	\$ 536,040	\$ 520,202
Contributions in relation to the contractually required contribution	683,564	631,039	611,505	615,070	528,400	536,040	520,202
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 7,571,033	\$ 7,817,059	\$ 8,337,936	\$ 8,282,859	\$ 7,766,905	\$ 7,847,083	\$ 7,505,059
Contributions as a percentage of covered payroll	9.03%	8.07%	7.33%	7.43%	6.80%	6.83%	6.93%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# MADISON COUNTY, NORTH CAROLINA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

**MADISON COUNTY, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAST FOUR FISCAL YEARS**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 286,700	\$ 299,936	\$ 234,227	\$ 213,202
Service Cost	18,153	21,229	25,330	19,484
Interest on the total pension liability	10,103	9,336	9,041	7,611
Difference between expected and actual experience in the measurement of the total pension liability	(3,402)	(22,480)	18,748	-
Change of assumptions or other inputs	8,693	(12,278)	12,590	(6,070)
Benefit payments	(18,303)	(7,250)	-	-
Other changes	-	(1,793)	-	-
Ending balance of the total pension liability	<u>\$ 301,944</u>	<u>\$ 286,700</u>	<u>\$ 299,936</u>	<u>\$ 234,227</u>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**MADISON COUNTY, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**  
**LAST FOUR FISCAL YEARS**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

	2020	2019	2018	2017
Total pension liability	\$ 301,944	\$ 286,700	\$ 299,936	\$ 234,227
County's covered payroll	\$ 906,513	\$ 962,949	\$ 973,157	\$ 904,876
Total pension liability as a percentage of covered payroll	33.31%	29.77%	30.82%	25.88%

Madison County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



**MADISON COUNTY, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**LAST SEVEN FISCAL YEARS\***

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
County's proportion of the net pension asset (%)	0.50230%		0.55142%		0.53856%		0.51720%		0.48856%		0.47362%		0.38040%
County's proportion of the net pension liability (asset) (\$)	\$ (99,164)	\$	(91,332)	\$	(91,927)	\$	(96,697)	\$	(113,225)	\$	(107,357)	\$	(81,251)
Plan fiduciary net position as a percentage of the total pension liability	164.11%		153.31%		153.77%		160.17%		197.29%		193.88%		190.50%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**MADISON COUNTY, NORTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 LAST SEVEN FISCAL YEARS**

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,194	\$ 4,719	\$ 4,679	\$ 4,679	\$ 4,225	\$ 3,867	\$ 4,147
Contributions in relation to the contractually required contribution	4,194	4,719	4,679	4,679	4,225	3,867	4,147
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MADISON COUNTY, NORTH CAROLINA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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***Method and assumptions used in calculations of actuarially determined contributions*** : The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

**SUPPLEMENTARY INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

**Fire Districts Fund** – accounts for the collection of special fire district taxes that are returned quarterly to the fire districts on a budgeted basis.

**Occupancy Tax Fund** – accounts for the collection of occupancy taxes

**Revaluation Fund** – accounts for the accumulation of funds to be used for tax revaluation.

**Soil and Water Conservation District Fund** – accounts for the activity conducted in the Soil and Water Conservation District.

**Emergency Telephone System Fund** – accounts for revenues from E-911 subscriber fees and wireless 911 fees and expenditures associated with the purchase and maintenance of emergency communications equipment for the enhanced 911 computer aided dispatch system.

# MADISON COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

Special Revenue Funds						
	Fire Districts Fund	Occupancy Tax Fund	Revaluation Fund	Soil and Water Conservation District Fund	Emergency Telephone System Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 15	\$ 64,778	\$ 69,263	\$ 269,983	\$ 404,039
Accounts receivable	-	56,263	-	-	-	56,263
Due from other governments	-	-	-	793	20,040	20,833
Taxes receivable, net	128,604	-	-	-	-	128,604
<b>Total assets</b>	<b>\$ 128,604</b>	<b>\$ 56,278</b>	<b>\$ 64,778</b>	<b>\$ 70,056</b>	<b>\$ 290,023</b>	<b>\$ 609,739</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 10,253	\$ -	\$ 64,778	\$ -	\$ 623	\$ 75,654
Accrued expenses	-	-	-	-	1,381	1,381
Due to other funds	597	1,688	-	-	103,614	105,899
Due to component unit	-	54,575	-	-	-	54,575
<b>Total liabilities</b>	<b>10,850</b>	<b>56,263</b>	<b>64,778</b>	<b>-</b>	<b>105,618</b>	<b>237,509</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	118,351	-	-	-	-	118,351
<b>FUND BALANCES</b>						
Restricted:						
Stabilization by State Statute	-	-	-	-	20,040	20,040
Public safety	-	-	-	-	164,365	164,365
Economic and physical development	-	15	-	70,056	-	70,071
Unassigned (deficit)	(597)	-	-	-	-	(597)
<b>Total fund balances (deficit)</b>	<b>(597)</b>	<b>15</b>	<b>-</b>	<b>70,056</b>	<b>184,405</b>	<b>253,879</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 128,604</b>	<b>\$ 56,278</b>	<b>\$ 64,778</b>	<b>\$ 70,056</b>	<b>\$ 290,023</b>	<b>\$ 609,739</b>

**MADISON COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Fire Districts Fund	Occupancy Tax Fund	Revaluation Fund	Soil and Water Conservation District Fund	Emergency Telephone System Fund	
<b>REVENUES</b>						
Ad valorem taxes	\$ 1,350,857	\$ -	\$ -	\$ -	\$ -	\$ 1,350,857
Other taxes and licenses	-	405,525	-	-	-	405,525
Restricted intergovernmental	-	-	-	33,311	193,235	226,546
Investment earnings	-	9	115	-	-	124
Total revenues	<u>1,350,857</u>	<u>405,534</u>	<u>115</u>	<u>33,311</u>	<u>193,235</u>	<u>1,983,052</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	320,918	-	-	320,918
Public safety	1,350,857	-	-	-	197,808	1,548,665
Economic and physical development	-	405,530	-	53,823	-	459,353
Education	-	-	-	-	-	-
Total expenditures	<u>1,350,857</u>	<u>405,530</u>	<u>320,918</u>	<u>53,823</u>	<u>197,808</u>	<u>2,328,936</u>
Excess (deficiency) of revenues over (under) expenditures	-	4	(320,803)	(20,512)	(4,573)	(345,884)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	160,119	-	-	160,119
Total other financing sources	-	-	160,119	-	-	160,119
Net change in fund balances	-	4	(160,684)	(20,512)	(4,573)	(185,765)
<b>FUND BALANCES (DEFICIT), beginning of year</b>	<u>(597)</u>	<u>11</u>	<u>160,684</u>	<u>90,568</u>	<u>188,978</u>	<u>439,644</u>
<b>FUND BALANCES (DEFICIT), end of year</b>	<u>\$ (597)</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 70,056</u>	<u>\$ 184,405</u>	<u>\$ 253,879</u>

**MADISON COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
<b>Property taxes:</b>				
Taxes	\$ 12,036,531	\$ 12,046,009	\$ 12,067,883	\$ 21,874
Penalties and interest	165,500	188,883	194,216	5,333
Total property taxes	<u>12,202,031</u>	<u>12,234,892</u>	<u>12,262,099</u>	<u>27,207</u>
<b>Sales tax:</b>				
Local option sales tax	3,898,710	4,088,710	4,405,407	316,697
Medical hold harmless	-	200,308	200,308	-
Total sales tax	<u>3,898,710</u>	<u>4,289,018</u>	<u>4,605,715</u>	<u>316,697</u>
<b>Other taxes:</b>				
Video programming tax	16,000	16,000	18,566	2,566
Tax reimbursement	24,000	24,000	24,277	277
Payments in lieu of taxes	132,000	168,780	168,781	1
Total other taxes	<u>172,000</u>	<u>208,780</u>	<u>211,624</u>	<u>2,844</u>
<b>Intergovernmental revenues:</b>				
Emergency management	38,525	38,904	38,904	-
Senior citizen programs	28,512	28,512	28,192	(320)
Transportation	723,327	747,630	724,783	(22,847)
Soil and water	26,500.00	26,500	27,235	735
Other federal and state grants	253,663	716,636	789,769	73,133
Health department	1,675,574	1,676,968	1,763,692	86,724
Social services	3,622,227	3,643,133	2,703,579	(939,554)
In-home aids	87,500	90,960	85,555	(5,405)
Nutrition	130,000	123,537	144,151	20,614
Library	81,000	81,784	81,784	-
CARES	-	603,961	175,969	(427,992)
Total intergovernmental revenues	<u>6,666,828</u>	<u>7,778,525</u>	<u>6,563,613</u>	<u>(1,214,912)</u>
<b>Permits and fees:</b>				
Register of deeds	313,000	346,159	345,987	(172)
Building permits and inspections	164,500	231,200	238,628	7,428
Court facilities fees	78,300	68,300	69,219	919
Board of elections	20,029	20,017	13,461	(6,556)
Sheriff	1,308,270	1,315,525	1,333,951	18,426
Animal control	46,470	76,620	36,371	(40,249)
Total permits and fees	<u>1,930,569</u>	<u>2,057,821</u>	<u>2,037,617</u>	<u>(20,204)</u>
<b>Charges for services:</b>				
Transportation fees	242,945	203,199	194,121	(9,078)
Health department fees	298,400	356,413	300,992	(55,421)
Library	14,900	17,650	7,868	(9,782)
Nutrition income	15,450	40,194	35,547	(4,647)
Parks and recreation fees	14,310	15,410	9,600	(5,810)
Other sales and services	29,325	105,920	105,916	(4)
Total charges for services	<u>615,330</u>	<u>738,786</u>	<u>654,044</u>	<u>(84,742)</u>
<b>Investment earnings</b>				
	<u>85,000</u>	<u>85,000</u>	<u>80,035</u>	<u>(4,965)</u>
<b>Miscellaneous revenues:</b>				
Local grants	10,400	418,511	414,862	(3,649)
Other	65,600	15,570	38,360	22,790
Total miscellaneous revenues	<u>76,000</u>	<u>434,081</u>	<u>453,222</u>	<u>19,141</u>
Total revenues	<u>25,646,468</u>	<u>27,826,903</u>	<u>26,867,969</u>	<u>(958,934)</u>

*continued*



**MADISON COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures:</b>				
<b>General government:</b>				
Governing body	\$ 351,815	\$ 832,965	\$ 537,115	\$ 295,850
Finance	606,961	594,273	544,396	49,877
Tax collector	284,472	288,026	272,339	15,687
Tax supervisor	243,158	203,556	178,693	24,863
Land records	-	164	97	67
Legal	40,000	65,000	79,231	(14,231)
Court facilities	13,900	20,650	16,509	4,141
Board of elections	277,197	332,971	343,813	(10,842)
Register of deeds	288,777	300,361	287,283	13,078
Physical facilities	447,375	500,509	454,982	45,527
Total general government	2,553,655	3,138,475	2,714,458	424,017
<b>Public Safety:</b>				
Sheriff and communications	3,507,340	3,686,520	3,704,180	(17,660)
Emergency management	95,811	108,172	100,040	8,132
911 dispatchers	626,742	633,220	594,326	38,894
NC Forest Services	93,931	93,931	34,026	59,905
Inspections and zoning	301,682	308,414	260,175	48,239
Medical examiner	12,500	12,500	7,450	5,050
Ambulance/rescue squad	1,126,670	1,126,670	1,126,668	2
Animal control	319,771	345,513	326,594	18,919
Total public safety	6,084,447	6,314,940	6,153,459	161,481
<b>Economic and physical development:</b>				
Transportation	1,055,408	1,040,999	950,906	90,093
Economic development	137,508	536,678	493,440	43,238
Planning and development	181,610	241,610	183,545	58,065
Information technology center	201,436	209,433	199,630	9,803
Cooperative extension services	266,251	269,433	253,016	16,417
Soil and water conservation	135,408	134,012	132,810	1,202
Total economic and physical development	1,977,621	2,432,165	2,213,348	218,818
<b>Human Services:</b>				
Medical transportation	125,335	125,519	121,833	3,686
Department of public health	3,171,943	3,134,793	2,961,404	173,389
Management administration	359,084	592,217	229,744	362,473
Department of social services	5,251,150	5,210,846	3,857,813	1,353,033
Child support enforcement	127,086	111,337	98,481	12,856
In-home aides	202,094	194,329	188,958	5,371
Nutrition-congregate meals	394,353	418,496	394,124	24,372
CARES Act	-	603,961	176,481	427,480
Total human services	9,631,045	10,391,498	8,028,837	2,362,660
<b>Culture and recreational:</b>				
Libraries	528,156	515,772	461,317	54,455
Parks and recreation	113,865	114,961	103,945	11,016
Total culture and recreational	642,021	630,733	565,262	65,471

*continued*

**MADISON COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
<b>Education:</b>				
Madison County schools	\$ 3,723,459	\$ 4,056,008	\$ 4,056,008	\$ -
Community college	112,500	112,500	112,500	-
Total education	<u>3,835,959</u>	<u>4,168,508</u>	<u>4,168,508</u>	<u>-</u>
<b>Debt Service:</b>				
Principal	963,000	963,000	963,000	-
Interest	156,225	156,225	386,827	(230,602)
Total debt service	<u>1,119,225</u>	<u>1,119,225</u>	<u>1,349,827</u>	<u>(230,602)</u>
Total expenditures	<u>25,843,973</u>	<u>28,195,544</u>	<u>25,193,699</u>	<u>3,001,845</u>
Excess (deficiency) of revenues over expenditures	(197,505)	(368,641)	1,674,270	2,042,911
<b>Other financing sources (uses)</b>				
Appropriated fund balance	272,505	486,738	-	(486,738)
Transfers out	(75,000)	(118,097)	(160,119)	(42,022)
Total other financing sources (uses)	<u>197,505</u>	<u>368,641</u>	<u>(160,119)</u>	<u>(528,760)</u>
Net change in fund balances	-	-	1,514,151	1,514,151
<b>Fund balance, beginning of year</b>	<u>6,504,419</u>	<u>6,504,419</u>	<u>6,504,419</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,504,419</u>	<u>\$ 6,504,419</u>	<u>\$ 8,018,570</u>	<u>\$ 1,514,151</u>

**MADISON COUNTY, NORTH CAROLINA**  
**FIRE DISTRICTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,384,592	\$ 1,384,592	\$ 1,350,857	\$ (33,735)
<b>EXPENDITURES</b>				
Public safety:				
Marshall Fire Department	146,453	146,453	140,959	5,494
Mars Hill Fire Department	568,652	568,652	570,808	(2,156)
Ebbs Chapel Fire Department	232,890	232,890	238,103	(5,213)
Jupiter Fire Department	26,090	26,090	29,523	(3,433)
Leicester Fire Department	112,788	112,788	92,811	19,977
Big Pine Fire Department	31,748	31,748	29,349	2,399
Country Fire Department	27,460	27,460	25,985	1,475
Laurel Fire Department	55,007	55,007	51,336	3,671
Walnut Fire Department	123,917	123,917	120,561	3,356
Spring Creek Fire Department	59,587	59,587	51,422	8,165
Total expenditures	1,384,592	1,384,592	1,350,857	33,735
Net change in fund balances	-	-	-	-
<b>FUND BALANCE (DEFICIT), beginning of year</b>	(597)	(597)	(597)	-
<b>FUND BALANCE (DEFICIT), end of year</b>	\$ (597)	\$ (597)	\$ (597)	\$ -

**MADISON COUNTY, NORTH CAROLINA**  
**REVALUATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 115	\$ 115
<b>EXPENDITURES</b>				
General government:				
Reserve for revaluation	43,097	43,097	320,918	(277,821)
Total expenditures	43,097	43,097	320,918	(277,821)
Deficiency of revenues under expenditures	(43,097)	(43,097)	(320,803)	(277,706)
<b>OTHER FINANCING SOURCES</b>				
Transfer in	43,097	43,097	160,119	117,022
Total other financing sources	43,097	43,097	160,119	117,022
Net change in fund balances	-	-	(160,684)	(160,684)
<b>FUND BALANCE, beginning of year</b>	160,684	160,684	160,684	-
<b>FUND BALANCE, end of year</b>	\$ 160,684	\$ 160,684	\$ -	\$ (160,684)

**MADISON COUNTY, NORTH CAROLINA**  
**SOIL AND WATER CONSERVATION DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 38,522	\$ 53,118	\$ 33,311	\$ (19,807)
<b>EXPENDITURES</b>				
Economic and physical development:				
Water monitoring grant	12,060	12,060	9,735	2,325
Library cistern project	15,000	15,000	33,526	(18,526)
Administration	11,462	31,462	10,562	20,900
Total expenditures	38,522	58,522	53,823	4,699
Deficiency of revenues under expenditures	-	(5,404)	(20,512)	(15,108)
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	-	5,404	-	(5,404)
Total other financing sources	-	5,404	-	(5,404)
Net change in fund balances	-	-	(20,512)	(20,512)
<b>FUND BALANCE, beginning of year</b>	90,568	90,568	90,568	-
<b>FUND BALANCE, end of year</b>	\$ 90,568	\$ 90,568	\$ 70,056	\$ (20,512)

**MADISON COUNTY, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 207,746	\$ 207,746	\$ 193,235	\$ (14,511)
<b>EXPENDITURES</b>				
Public safety:				
Implemental functions	57,938	57,939	56,864	1,075
Professional services	14,580	14,769	13,554	1,215
Phone and furniture	34,375	32,970	37,186	(4,216)
Hardware maintenance	45,000	45,000	53,425	(8,425)
Training	4,980	4,980	-	4,980
Capital outlay	50,872	52,088	36,779	15,309
Total expenditures	<u>207,746</u>	<u>207,746</u>	<u>197,808</u>	<u>9,938</u>
Net change in fund balances	-	-	(4,573)	(4,573)
<b>FUND BALANCE, beginning of year</b>	<u>188,978</u>	<u>188,978</u>	<u>188,978</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 188,978</u>	<u>\$ 188,978</u>	<u>\$ 184,405</u>	<u>\$ (4,573)</u>

**MADISON COUNTY, NORTH CAROLINA**  
**LANDFILL**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,870,700	\$ 1,877,700	\$ 1,866,367	\$ (11,333)
Recycling	56,500	56,500	40,930	(15,570)
State and federal grants	-	16,000	15,685	(315)
Investment earnings	-	-	92	92
Total revenues	<u>1,927,200</u>	<u>1,950,200</u>	<u>1,923,074</u>	<u>(27,126)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	983,122	965,090	968,138	(3,048)
Maintenance and repairs	76,000	97,748	94,409	3,339
Other operating expenses	918,739	1,048,023	1,031,163	16,860
Total expenditures	<u>1,977,861</u>	<u>2,110,861</u>	<u>2,093,710</u>	<u>17,151</u>
Deficiency of revenues under expenditures	(50,661)	(160,661)	(170,636)	(9,975)
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	50,661	160,661	-	(160,661)
Total other financing sources	<u>50,661</u>	<u>160,661</u>	<u>-</u>	<u>(160,661)</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	(170,636)	<u>\$ (170,636)</u>
Adjustments to full accrual:				
Capital outlays			17,726	
Increase in estimated postclosure costs			(244,798)	
Increase in compensated absences			(19,991)	
Increase in net pension liability			(138,211)	
Depreciation expense			(79,525)	
Change in net position - GAAP Basis			<u>\$ (635,435)</u>	

**MADISON COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2020**

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<b><u>ASSETS</u></b>	<b><u>Social Services</u></b>	<b><u>Motor Vehicle Tax</u></b>	<b><u>Inmate Trust</u></b>	<b><u>Total</u></b>
Cash	\$ 100,328	\$ 11,062	\$ 30,276	\$ 141,666
Total assets	<u>\$ 100,328</u>	<u>\$ 11,062</u>	<u>\$ 30,276</u>	<u>\$ 141,666</u>
<b><u>LIABILITIES</u></b>				
Due to others	\$ 100,328	\$ 11,062	\$ 30,276	\$ 141,666
Total liabilities	<u>\$ 100,328</u>	<u>\$ 11,062</u>	<u>\$ 30,276</u>	<u>\$ 141,666</u>



**MADISON COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<b><u>Social Services Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 85,779	\$ 185,638	\$ (171,089)	\$ 100,328
Total assets	<u>\$ 85,779</u>	<u>\$ 185,638</u>	<u>\$ (171,089)</u>	<u>\$ 100,328</u>
<b>LIABILITIES</b>				
Due to others	\$ 85,779	\$ 185,638	\$ (171,089)	\$ 100,328
Total liabilities	<u>\$ 85,779</u>	<u>\$ 185,638</u>	<u>\$ (171,089)</u>	<u>\$ 100,328</u>
<b><u>Motor Vehicle Tax Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,227	\$ 108,427	\$ (108,592)	\$ 11,062
Total assets	<u>\$ 11,227</u>	<u>\$ 108,427</u>	<u>\$ (108,592)</u>	<u>\$ 11,062</u>
<b>LIABILITIES</b>				
Due to others	\$ 11,227	\$ 108,427	\$ (108,592)	\$ 11,062
Total liabilities	<u>\$ 11,227</u>	<u>\$ 108,427</u>	<u>\$ (108,592)</u>	<u>\$ 11,062</u>
(Continued)				

**MADISON COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<b><u>Inmate Trust Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,164	\$ 121,237	\$ (111,125)	\$ 30,276
Total assets	<u>\$ 20,164</u>	<u>\$ 121,237</u>	<u>\$ (111,125)</u>	<u>\$ 30,276</u>
<b>LIABILITIES</b>				
Due to others	\$ 20,164	\$ 121,237	\$ (111,125)	\$ 30,276
Total liabilities	<u>\$ 20,164</u>	<u>\$ 121,237</u>	<u>\$ (111,125)</u>	<u>\$ 30,276</u>
<b><u>Total Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 117,170	\$ 415,302	\$ (390,806)	\$ 141,666
Total assets	<u>\$ 117,170</u>	<u>\$ 415,302</u>	<u>\$ (390,806)</u>	<u>\$ 141,666</u>
<b>LIABILITIES</b>				
Due to others	\$ 117,170	\$ 415,302	\$ (390,806)	\$ 141,666
Total liabilities	<u>\$ 117,170</u>	<u>\$ 415,302</u>	<u>\$ (390,806)</u>	<u>\$ 141,666</u>

**MADISON COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2020**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 12,477,037	\$ 11,915,425	\$ 561,612
2018-2019	520,456	-	220,418	300,038
2017-2018	247,092	-	75,071	172,021
2016-2017	155,298	-	35,975	119,323
2015-2016	98,039	-	13,722	84,317
2014-2015	75,191	-	8,656	66,535
2013-2014	82,077	-	4,317	77,760
2012-2013	81,674	-	4,226	77,448
2011-2012	76,729	-	3,757	72,972
2010-2011	67,902	-	5,048	62,854
2009-2010	54,690	-	54,690	-
	<u>\$ 1,459,148</u>	<u>\$ 12,477,037</u>	<u>\$ 12,341,305</u>	<u>1,594,880</u>
				Less: allowance for uncollectible accounts - General Fund
				<u>(696,128)</u>
				Ad valorem taxes receivable - net
				<u>\$ 898,752</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund
				\$ 12,262,099
				Reconciling items:
				Interest and penalties
				(194,216)
				Taxes written off
				53,958
				Other adjustments
				219,464
				Total collections and credits
				<u>\$ 12,341,305</u>

**MADISON COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
JUNE 30, 2020**

	County - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Registered
				Registered	Motor
				Vehicles	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current rate	\$ 2,229,250,000	0.550	\$ 12,260,875	\$ 11,237,006	\$ 1,023,869
Discoveries	39,302,182	0.550	216,162	216,162	-
Adjustments	<u>(39,902,545)</u>	0.550	<u>(219,464)</u>	<u>(219,464)</u>	<u>-</u>
Total property valuation	<u>\$ 2,228,649,636</u>				
Net levy			12,257,573	11,233,704	1,023,869
Uncollected taxes at June 30, 2020			<u>(561,612)</u>	<u>(561,612)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 11,695,961</u>	<u>\$ 10,672,092</u>	<u>\$ 1,023,869</u>
Current levy collection percentage			<u>95.42%</u>	<u>95.00%</u>	<u>100.00%</u>