

# COUNTY OF MATHEWS, VIRGINIA



## ANNUAL FINANCIAL REPORT

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FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016



COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016

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# COUNTY OF MATHEWS, VIRGINIA

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## Board of Supervisors

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Edwina J. Casey, Chairperson  
Jack White, Vice-Chairperson

Charles E. Ingram

O. J. Cole, Jr.

G. C. Morrow

## School Board

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Linda G. Hodges, Chairperson  
Virginia J. Richards, Vice-Chairperson

John L. Priest

Jennifer M. Little

Jeanice A. Sadler

## Department of Social Services Board

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Margaret Hudgins, Chairperson  
Jeannie Elliott, Vice-Chairperson

Paula Cottee  
Helen Casey

Eunice Garrett

## Other Officials

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County Administrator .....Melinda Conner  
Clerk of the Circuit Court ..... Angela Ingram  
County Attorney ..... Andrew McRoberts  
Commissioner of the Revenue ..... Leslie Hall  
Treasurer ..... Wendy Stewart  
Sheriff ..... L. Mark Barrick  
Superintendent of Schools ..... Dr. Nancy B. Welch  
Director of Social Services ..... Tiffany Gordon  
Judge of the Circuit Court ..... Michael E. McGinty  
Commonwealth's Attorney .....Thompson C. Bowen, III  
Judge of the General District Court .....Stephanie E. Merritt  
Judge of the Juvenile and Domestic Relations Court..... Cressondra B. Conyers

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To The Honorable Members of the Board of Supervisors  
County of Mathews  
Mathews, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, 82 Pension Issues - and amendment of GASB Statements No. 67, No. 68, and No. 73, and 77 Tax Abatement Disclosures. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding on pages 4-10, 73-74 and 75-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Mathews, Virginia's basic financial statements. The introductory section, other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

*Other Information (Continued)*

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a horizontal line.

Richmond, Virginia  
November 11, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors  
To the Citizens of Mathews County  
County of Mathews, Virginia

As management of the County of Mathews, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016.

### Financial Highlights

#### Government-wide Financial Statements

- < The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,205,991 (net position).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$675,457 (Exhibit 5) after making contributions totaling \$6,703,854 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$6,264,915, an increase of \$675,457 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,356,643, or 26% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$708,860 during the current fiscal year.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required supplementary and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets/deferred outflows of resources and liabilities/ deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Mathews, Virginia itself (known as the primary government), but also a legally separate school district and economic development authority for which the County of Mathews, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - 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. The County of Mathews Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.



## Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds - the General Fund and the Special Revenue Fund.

Proprietary funds - Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and schedules of pension and OPEB funding progress. Other supplementary information consists of the presentation of combining financial statements for the agency funds, discretely presented component unit - School Board and the Economic Development Authority. Neither the School Board nor the Economic Development Authority issue separate financial statements.

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## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$12,205,991 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Mathews, Virginia's Net Position			
	Governmental Activities		
	2016	2015	
Current and other assets	\$ 12,849,397	\$ 11,837,348	
Capital assets	<u>13,149,182</u>	<u>13,798,215</u>	
Total assets	\$ <u>25,998,579</u>	\$ <u>25,635,563</u>	
Deferred outflow of resources	\$ <u>372,949</u>	\$ <u>325,614</u>	
Current liabilities	\$ 1,496,813	\$ 1,143,937	
Long-term liabilities outstanding	<u>7,832,508</u>	<u>8,541,368</u>	
Total liabilities	\$ <u>9,329,321</u>	\$ <u>9,685,305</u>	
Deferred inflows of resources	\$ <u>4,836,216</u>	\$ <u>5,141,504</u>	
Net position:			
Net investment in capital assets	\$ 7,283,194	\$ 6,973,979	
Restricted	129,629	78,981	
Unrestricted	<u>4,793,168</u>	<u>4,081,408</u>	
Total net position	\$ <u><u>12,205,991</u></u>	\$ <u><u>11,134,368</u></u>	

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## Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1,071,623 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Mathews, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 153,117	\$ 143,326	\$ -	\$ -	\$ 153,117	\$ 143,326
Operating grants and contributions	4,322,751	3,044,668	-	-	4,322,751	3,044,668
Capital grants and contributions	6,227	32,973	-	-	6,227	32,973
General revenues:						
General property taxes	11,503,713	11,351,848	-	-	11,503,713	11,351,848
Other local taxes	1,299,711	1,234,607	-	-	1,299,711	1,234,607
Grants and other contributions not restricted	1,509,598	1,494,299	-	-	1,509,598	1,494,299
Other general revenues	382,083	183,645	153	185	382,236	183,830
Transfers	153	75,413	(153)	(75,413)	-	-
Total revenues	\$ 19,177,353	\$ 17,560,779	\$ -	\$ (75,228)	\$ 19,177,353	\$ 17,485,551
Expenses:						
General government						
administration	\$ 1,385,622	\$ 1,228,237	\$ -	\$ -	\$ 1,385,622	\$ 1,228,237
Judicial administration	690,064	653,308	-	-	690,064	653,308
Public safety	2,697,008	2,621,490	-	-	2,697,008	2,621,490
Public works	1,164,093	1,064,290	-	-	1,164,093	1,064,290
Health and welfare	1,975,002	1,965,530	-	-	1,975,002	1,965,530
Education	7,300,079	7,550,860	-	-	7,300,079	7,550,860
Parks, recreation, and cultural	646,223	618,910	-	-	646,223	618,910
Community development	2,046,275	782,253	-	-	2,046,275	782,253
Interest and other fiscal charges	201,364	245,912	-	-	201,364	245,912
Total expenses	\$ 18,105,730	\$ 16,730,790	\$ -	\$ -	\$ 18,105,730	\$ 16,730,790
Change in net position	\$ 1,071,623	\$ 829,989	\$ -	\$ (75,228)	\$ 1,071,623	\$ 754,761
Beginning of year	11,134,368	10,304,379	-	75,228	11,134,368	10,379,607
End of year	\$ 12,205,991	\$ 11,134,368	\$ -	\$ -	\$ 12,205,991	\$ 11,134,368

## Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$6,264,915, an increase of \$675,457 in comparison with the prior year. Approximately 72% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

## General Fund Budgetary Highlights

During the year, budgetary estimates exceeded revenues and other financing sources by \$146,725 and expenditures and other financing uses were less than budgetary estimates by \$1,363,289, resulting in an overall positive variance of \$1,216,564.

## Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2016 amounts to \$13,149,182 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$5,609,277. Of this amount, \$2,009,277 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds).

The County's total debt decreased by \$921,575 during the current fiscal year.

Additional information on the County of Mathews, Virginia's long-term debt can be found in Note 7 of this report.

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

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

The fiscal year 2017 budget decreased by approximately 3%.

Real estate and personal property tax rates remained the same for FY17.

### Requests for Information

This financial report is designed to provide a general overview of the County of Mathews, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 839, Mathews, Virginia 23109.

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## *BASIC FINANCIAL STATEMENTS*

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County of Mathews, Virginia  
Statement of Net Position  
June 30, 2016

	Primary Government		
	Governmental	Component Units	
	Activities	School Board	EDA
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,454,490	\$ 107,367	\$ 232,799
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,090,125	-	-
Accounts receivable	52,157	19	-
Notes receivable	18,220	-	-
Due from other governmental units	1,234,405	1,154,811	-
Inventories	-	636	-
Capital assets (net of accumulated depreciation):			
Land and improvements	2,244,846	46,172	-
Buildings and improvements	10,209,876	8,251,539	-
Equipment	572,622	562,480	-
Construction in progress	121,838	-	-
Total assets	<u>\$ 25,998,579</u>	<u>\$ 10,123,024</u>	<u>\$ 232,799</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	\$ 338,892	\$ 991,568	\$ -
Items related to measurement of net pension liability	34,057	150,329	-
Total deferred outflows of resources	<u>\$ 372,949</u>	<u>\$ 1,141,897</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 564,385	\$ 27,337	\$ -
Accrued liabilities	-	1,115,600	-
Accrued interest payable	67,441	-	-
Due to other governmental units	864,987	-	-
Long-term liabilities:			
Due within one year	977,107	18,976	-
Due in more than one year	6,855,401	11,659,889	-
Total liabilities	<u>\$ 9,329,321</u>	<u>\$ 12,821,802</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 4,565,077	\$ -	\$ -
Items related to measurement of net pension liability	271,139	992,491	-
Total deferred inflows of resources	<u>\$ 4,836,216</u>	<u>\$ 992,491</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 7,283,194	\$ 8,860,191	\$ -
Restricted	129,629	-	-
Unrestricted (deficit)	4,793,168	(11,409,563)	232,799
Total net position	<u>\$ 12,205,991</u>	<u>\$ (2,549,372)</u>	<u>\$ 232,799</u>

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

County of Mathews, Virginia  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,385,622	\$ -	\$ 281,833	\$ -	\$ (1,103,789)	\$ -	\$ (1,103,789)	\$ -
Judicial administration	690,064	14,553	340,386	-	(335,125)	-	(335,125)	-
Public safety	2,697,008	133,243	769,314	-	(1,794,451)	-	(1,794,451)	-
Public works	1,164,093	-	-	-	(1,164,093)	-	(1,164,093)	-
Health and welfare	1,975,002	-	1,175,486	-	(799,516)	-	(799,516)	-
Education	7,300,079	-	-	-	(7,300,079)	-	(7,300,079)	-
Parks, recreation, and cultural	646,223	5,171	97,114	6,227	(537,711)	-	(537,711)	-
Community development	2,046,275	150	1,658,618	-	(387,507)	-	(387,507)	-
Interest on long-term debt	201,364	-	-	-	(201,364)	-	(201,364)	-
Total governmental activities	\$ 18,105,730	\$ 153,117	\$ 4,322,751	\$ 6,227	\$ (13,623,635)	\$ -	\$ (13,623,635)	\$ -
Business-type activities:								
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 18,105,730	\$ 153,117	\$ 4,322,751	\$ 6,227	\$ (13,623,635)	\$ -	\$ (13,623,635)	\$ -
COMPONENT UNITS:								
School Board	\$ 13,180,422	\$ 391,688	\$ 5,895,562	\$ -	\$ -	\$ -	\$ (6,893,172)	\$ -
Economic Development Authority	35,745	33,035	-	-	-	-	-	(2,710)
Total component units	\$ 13,216,167	\$ 424,723	\$ 5,895,562	\$ -	\$ -	\$ -	\$ (6,893,172)	\$ (2,710)
General revenues:								
General property taxes					\$ 11,503,713	\$ -	\$ 11,503,713	\$ -
Local sales and use taxes					477,196	-	477,196	-
Consumer's utility tax					150,763	-	150,763	-
Motor vehicle licenses					269,608	-	269,608	-
Business license taxes					185,217	-	185,217	-
Other local taxes					216,927	-	216,927	-
Unrestricted revenues from use of money and property					67,440	153	67,593	30
Miscellaneous					314,643	-	314,643	58,934
Grants and contributions not restricted to specific programs					1,509,598	-	1,509,598	-
Payment from Mathews County					-	-	-	7,200,429
Transfers					153	(153)	-	-
Total general revenues and transfers					\$ 14,695,258	\$ -	\$ 14,695,258	\$ 7,265,865
Change in net position					\$ 1,071,623	\$ -	\$ 1,071,623	\$ 372,693
Net position - beginning					11,134,368	-	11,134,368	(2,922,065)
Net position - ending					\$ 12,205,991	\$ -	\$ 12,205,991	\$ (2,549,372)
								\$ 232,799

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

## *FUND FINANCIAL STATEMENTS*

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County of Mathews, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,287,117	\$ 167,373	\$ 6,454,490
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,090,125	-	5,090,125
Accounts receivable	52,157	-	52,157
Notes receivable	-	18,220	18,220
Due from other funds	569,100	-	569,100
Due from other governmental units	425,158	809,247	1,234,405
Total assets	<u>\$ 12,423,657</u>	<u>\$ 994,840</u>	<u>\$ 13,418,497</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 314,621	\$ 249,764	\$ 564,385
Due to other funds	-	569,100	569,100
Due to other governmental units	864,987	-	864,987
Total liabilities	<u>\$ 1,179,608</u>	<u>\$ 818,864</u>	<u>\$ 1,998,472</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	\$ 5,155,110	\$ -	\$ 5,155,110
Total deferred inflows of resources	<u>\$ 5,155,110</u>	<u>\$ -</u>	<u>\$ 5,155,110</u>
Fund balances:			
Restricted	\$ -	\$ 129,629	\$ 129,629
Committed	1,732,296	34,452	1,766,748
Unassigned	4,356,643	11,895	4,368,538
Total fund balances	<u>\$ 6,088,939</u>	<u>\$ 175,976</u>	<u>\$ 6,264,915</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,423,657</u>	<u>\$ 994,840</u>	<u>\$ 13,418,497</u>

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

County of Mathews, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	6,264,915
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 19,895,558		
Accumulated depreciation	<u>(6,746,376)</u>		13,149,182

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Unavailable revenue - property taxes	\$ 590,033		
Items related to measurement of net pension liability	<u>(271,139)</u>		318,894

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		338,892
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (3,600,000)		
Issuance premium on refunded bonds	(256,711)		
General obligation bonds	(2,009,277)		
Compensated absences	(208,322)		
Net pension liability	(1,732,998)		
Deferred outflows related to measurement of net pension liability	34,057		
Net OPEB obligation	(25,200)		
Accrued interest payable	<u>(67,441)</u>		(7,865,892)

Net position of governmental activities	\$	<u><u>12,205,991</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Mathews, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 11,568,862	\$ -	\$ 11,568,862
Other local taxes	1,299,711	-	1,299,711
Permits, privilege fees, and regulatory licenses	83,127	-	83,127
Fines and forfeitures	38,996	150	39,146
Revenue from the use of money and property	66,872	568	67,440
Charges for services	30,844	-	30,844
Miscellaneous	216,402	98,241	314,643
Recovered costs	15,179	-	15,179
Intergovernmental:			
Commonwealth	3,276,557	308,129	3,584,686
Federal	933,908	1,319,982	2,253,890
Total revenues	<u>\$ 17,530,458</u>	<u>\$ 1,727,070</u>	<u>\$ 19,257,528</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,382,307	\$ -	\$ 1,382,307
Judicial administration	552,249	-	552,249
Public safety	2,636,616	4,383	2,640,999
Public works	1,138,343	-	1,138,343
Health and welfare	1,960,991	-	1,960,991
Education	6,710,335	-	6,710,335
Parks, recreation, and cultural	508,012	225	508,237
Community development	410,071	1,637,064	2,047,135
Nondepartmental	46,238	-	46,238
Capital projects	423,492	-	423,492
Debt service:			
Principal retirement	921,575	-	921,575
Interest and other fiscal charges	250,323	-	250,323
Total expenditures	<u>\$ 16,940,552</u>	<u>\$ 1,641,672</u>	<u>\$ 18,582,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 589,906</u>	<u>\$ 85,398</u>	<u>\$ 675,304</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 153	\$ -	\$ 153
Total other financing sources (uses)	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ 153</u>
Net change in fund balances	\$ 590,059	\$ 85,398	\$ 675,457
Fund balances - beginning	5,498,880	90,578	5,589,458
Fund balances - ending	<u>\$ 6,088,939</u>	<u>\$ 175,976</u>	<u>\$ 6,264,915</u>

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

County of Mathews, Virginia  
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, 2016

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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 \$ 675,457

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 329,862	
Allocation of School Board assets	(409,153)	
Depreciation expense	(569,742)	(649,033)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ (65,149)	
Decrease (increase) in items related to measurement of net pension liability	341,867	276,718

The issuance of long-term debt (e.g. bonds, leases) 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. Also, governmental funds report the effect of premium, discounts and similar items when debt is first issued, whereas these amounts are deferred and in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 425,000	
Principal retirement on general obligation bonds	496,575	921,575

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.

(Increase) Decrease in compensated absences	\$ 14,968	
(Increase) Decrease in Net OPEB obligation	500	
(Increase) Decrease in net pension liability	(264,856)	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	13,278	
Increase (decrease) in deferred outflows related to measurement of net pension liability	34,057	
(Increase) Decrease in accrued interest	12,286	
Amortization of issuance premium	36,673	\$ (153,094)

Change in net position of governmental activities		\$ 1,071,623
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The notes to the financial statements are an integral part of this statement.



County of Mathews, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2016

	Enterprise Fund <u>Sanitary District</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	\$ 153
	<u>153</u>
Total nonoperating revenues (expenses)	\$ 153
Income before contributions and transfers	\$ 153
	<u>153</u>
Transfers out	\$ (153)
Change in net position	\$ -
	<u>-</u>
Total net position - beginning	\$ -
Total net position - ending	<u><u>\$ -</u></u>

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

County of Mathews, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

	Enterprise Fund <u>Sanitary District</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	(153)
Net cash provided by (used for) noncapital financing activities	<u>(153)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	<u>\$ 153</u>
Net cash provided by (used for) by investing activities	<u>\$ 153</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	<u>\$ -</u>
Cash and cash equivalents - ending	<u><u>\$ -</u></u>

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

County of Mathews, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

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	Agency <u>Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 76,285
Total assets	<u>\$ 76,285</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,310
Amounts held for social services clients	28,217
Amounts held for others	46,758
Total liabilities	<u>\$ 76,285</u>

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

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## COUNTY OF MATHEWS, VIRGINIA

### Notes to Financial Statements As of June 30, 2016

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#### Note 1—Summary of Significant Accounting Policies:

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The County of Mathews, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities; cultural events; education; and social services.

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

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

#### Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

**A. Financial Reporting Entity**

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

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

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**B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2016.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of Mathews County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2016.

The Mathews County Economic Development Authority (EDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all of the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. Financial statements for the Mathews County Economic Development Authority can be obtained from the County Administrator's office of Mathews County. The financial statements of the Mathews County Economic Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2016.

**C. Other Related Organizations Included in the County's Financial Report**

None

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

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

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

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

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

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

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

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

Property taxes, franchise taxes, licenses, and interest 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. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.



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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

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

Special Revenue Funds - account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. The County reports the Special Revenue Fund as a major fund.

2. Proprietary Funds - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating 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 County's Major Enterprise Funds consist of the Sanitary District Fund. The Sanitary District Fund is a nonoperating entity of the County. The operations have been turned over to a regional entity.

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

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

**E. Cash and Cash Equivalents**

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

**F. Investments**

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The County has no investments as of June 30, 2016.

**G. Receivables and payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$174,285 at June 30, 2016 and is comprised solely of property taxes.

**Real and Personal Property Tax Data:**

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5/June 5	December 5/June 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

## COUNTY OF MATHEWS, VIRGINIA

### Notes to Financial Statements As of June 30, 2016 (Continued)

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

##### H. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County and its Component Units as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

##### J. Compensated Absences

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

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

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K. Use of Estimates

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

L. Net Position

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

M. Net Position Flow Assumption

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

N. Pensions

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

O. Long-term Obligations

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

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

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

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**P. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

**Q. Fund Equity**

The County reports fund balances in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

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

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**Q. Fund Equity (Continued)**

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts by the Board of Supervisors.

In the general fund, the County strives to maintain an unassigned fund balance to be used for unforeseen emergencies of an amount equal to or greater than 10% of general fund expenditures.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

**Q. Fund Equity (Continued)**

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balances:			
Restricted:			
C/V grants	\$ -	\$ 36,128	\$ 36,128
Wetlands violations	-	8,010	8,010
Wetlands compensation	-	13,424	13,424
Forfeited assets	-	72,067	72,067
Total Restricted Fund Balance	\$ -	\$ 129,629	\$ 129,629
Committed:			
Green renovations	\$ 410,867	\$ -	\$ 410,867
Main street improvements	390,000	-	390,000
Public access to waterways	172,000	-	172,000
Records preservation	160,000	-	160,000
Drainage improvements	75,000	-	75,000
NPC light preservation	223,000	-	223,000
Reassessment	106,687	-	106,687
Infrastructure maintenance	33,000	-	33,000
Employee accumulated leave	15,000	-	15,000
Vehicle replacement	35,000	-	35,000
School bus replacement	8,950	-	8,950
E911 office machinery	55,000	-	55,000
Information technology equipment	47,792	-	47,792
New Point nature preserve	-	9,819	9,819
New Point comfort lighthouse	-	24,633	24,633
Total Committed Fund Balance	\$ 1,732,296	\$ 34,452	\$ 1,766,748
Unassigned	\$ 4,356,643	\$ 11,895	\$ 4,368,538
Total Fund Balances	\$ 6,088,939	\$ 175,976	\$ 6,264,915

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

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R. Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

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## COUNTY OF MATHEWS, VIRGINIA

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

#### Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund for the fiscal year ended June 30, 2016.

#### Note 3—Deposits:

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#### Deposits

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 4—Due from/Due To Other Governments:*

At June 30, 2016, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Mathews	\$ -	\$ 864,987
Commonwealth of Virginia:		
Local sales tax	90,993	-
Welfare	31,513	-
Wireless service board funds	6,975	-
State Sales Tax	-	215,007
Constitutional officer reimbursements	89,142	-
Recordation tax	8,217	-
Mobile home titling tax	588	-
Comprehensive services act	27,050	-
Hazard mitigation grant	158,193	-
Victim witness	9,875	-
Communications tax	70,891	-
DMV	1,348	-
Local law enforcement block grant	597	-
Federal Government:		
School fund grants	-	74,817
Transportation safety	35,000	-
Community development block grant	57,831	-
Welfare	52,969	-
Hazard mitigation grant	593,223	-
Total due from other governments	\$ <u>1,234,405</u>	\$ <u>1,154,811</u>

At June 30, 2016, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>864,987</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 5—Capital Assets:*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,244,846	\$ -	\$ -	\$ 2,244,846
Construction in progress	52,922	68,916	-	121,838
Total capital assets not subject to depreciation	\$ 2,297,768	\$ 68,916	\$ -	\$ 2,366,684
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,762,958	\$ 190,505	\$ -	\$ 11,953,463
Equipment	2,046,945	70,441	38,857	2,078,529
Jointly owned assets	4,179,268	-	682,386	3,496,882
Total capital assets being depreciated	\$ 17,989,171	\$ 260,946	\$ 721,243	\$ 17,528,874
Accumulated depreciation:				
Buildings and improvements	\$ 3,447,289	\$ 305,575	\$ -	\$ 3,752,864
Equipment	1,368,019	176,745	38,857	1,505,907
Jointly owned assets	1,673,416	87,422	273,233	1,487,605
Total accumulated depreciation	\$ 6,488,724	\$ 569,742	\$ 312,090	\$ 6,746,376
Total capital assets subject to depreciation, net	\$ 11,500,447	\$ (308,796)	\$ 409,153	\$ 10,782,498
Governmental activities capital activities, net	\$ 13,798,215	\$ (239,880)	\$ 409,153	\$ 13,149,182
<b>Component Unit-School Board:</b>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 2,466,683	\$ 113,345	\$ 21,160	\$ 2,558,868
Jointly owned assets	13,678,325	-	(682,386)	14,360,711
Total capital assets being depreciated	\$ 16,145,008	\$ 113,345	\$ (661,226)	\$ 16,919,579
Accumulated depreciation:				
Equipment	\$ 1,879,372	\$ 138,176	\$ 21,160	\$ 1,996,388
Jointly owned assets	5,476,921	359,018	(273,233)	6,109,172
Total accumulated depreciation	\$ 7,356,293	\$ 497,194	\$ (252,073)	\$ 8,105,560
Total capital assets subject to depreciation, net	\$ 8,788,715	\$ (383,849)	\$ (409,153)	\$ 8,814,019
Net capital assets Component Unit-School Board	\$ 8,834,887	\$ (383,849)	\$ (409,153)	\$ 8,860,191

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 5—Capital Assets: (Continued)*

Depreciation expense was charged to functions/programs as follows:

General government administration	\$	13,429
Judicial administration		154,818
Public safety		155,834
Public works		28,461
Health and welfare		33,493
Education		89,541
Parks, recreation and cultural		<u>94,166</u>
Total Governmental activities	\$	<u>569,742</u>
Component Unit School Board	\$	<u>497,194</u>

*Note 6—Interfund Transfers and Obligations:*

Interfund transfers for the year ended June 30, 2016 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 153	\$ -
Sanitary District	-	153
Total	<u>\$ 153</u>	<u>\$ 153</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 270,605
Textbook	106,735	-
School Cafeteria	163,870	-
Total	<u>\$ 270,605</u>	<u>\$ 270,605</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the School Operating Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 6—Interfund Transfers and Obligations: (Continued)*

Details of the Primary Government's interfund receivables and payables as of June 30, 2016 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General Fund	\$ 569,100	\$ -
Special Revenue Fund	-	569,100
Total	<u>\$ 569,100</u>	<u>\$ 569,100</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

*Note 7—Long-Term Obligations:*

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2016:

	<u>Balance at July 1, 2015</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 223,290	\$ 7,361	\$ 22,329	\$ 208,322	\$ 20,832
Lease revenue bonds	4,025,000	-	425,000	3,600,000	445,000
Add: issuance premium	293,384	-	36,673	256,711	-
Net pension liability	1,468,142	1,163,829	898,973	1,732,998	-
Net OPEB obligation	25,700	28,900	29,400	25,200	-
Total incurred by County	<u>\$ 6,035,516</u>	<u>\$ 1,200,090</u>	<u>\$ 1,412,375</u>	<u>\$ 5,823,231</u>	<u>\$ 465,832</u>
Incurred by School Board:					
General Obligation Bonds	<u>\$ 2,505,852</u>	<u>\$ -</u>	<u>\$ 496,575</u>	<u>\$ 2,009,277</u>	<u>\$ 511,275</u>
Total incurred by School Board	<u>\$ 2,505,852</u>	<u>\$ -</u>	<u>\$ 496,575</u>	<u>\$ 2,009,277</u>	<u>\$ 511,275</u>
Total Governmental Obligations	<u>\$ 8,541,368</u>	<u>\$ 1,200,090</u>	<u>\$ 1,908,950</u>	<u>\$ 7,832,508</u>	<u>\$ 977,107</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 7—Long-Term Obligations: (Continued)*

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2017	\$ 445,000	\$ 157,155
2018	465,000	137,009
2019	490,000	113,601
2020	510,000	89,624
2021	535,000	64,274
2022	570,000	39,469
2023	585,000	13,727
Total	\$ <u>3,600,000</u>	\$ <u>614,859</u>

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2017	\$ 511,275	\$ 59,441
2018	526,102	42,566
2019	480,300	24,690
2020	491,600	10,512
Total	\$ <u>2,009,277</u>	\$ <u>137,209</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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Note 7—Long-Term Obligations: (Continued)

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Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments ranging from \$335,000 to \$505,000 through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%.	\$ 3,120,000
\$720,000 lease revenue refunding bond issued on July 12, 2012 due in annual installments ranging from \$55,000 to \$80,000 through April 2023, interest payable semi-annually at varying rates between 2.279% and 5.125%.	<u>480,000</u>
Total Lease Revenue Bonds	\$ <u>3,600,000</u>
Bond Premium	\$ <u>256,711</u>
Compensated absences (payable from General Fund)	\$ <u>208,322</u>
Net Pension Liability	\$ <u>1,732,998</u>
Net OPEB obligation (payable from General Fund)	\$ <u>25,200</u>
Total Incurred by County	\$ <u><u>5,823,231</u></u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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*Note 7—Long-Term Obligations: (Continued)*

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Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.	\$	120,877
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.		560,000
\$1,961,300 School Bonds dated March 28, 2016, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 1.93%.		<u>1,328,400</u>
Total General Obligations Bonds	\$	<u>2,009,277</u>
Total incurred by School Board	\$	<u>2,009,277</u>
Total General obligations, primary government	\$	<u>7,832,508</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 7—Long-Term Obligations: (Continued)*

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016	Amounts Due Within One Year
<b>Component Unit-School Board:</b>					
Compensated absences	\$ 164,175	\$ 42,002	\$ 16,418	\$ 189,759	\$ 18,976
Net pension liability	11,079,935	2,824,175	2,427,418	11,476,692	-
Net OPEB obligation	12,641	65,673	65,900	12,414	-
Total Component Unit-School Board	\$ 11,256,751	\$ 2,931,850	\$ 2,509,736	\$ 11,678,865	\$ 18,976

*Note 8—Unearned and Deferred/Unavailable Revenue:*

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The County had unavailable revenue at June 30, 2016 totaling \$5,155,110 and deferred revenue totaling \$4,565,077 comprised of the following:

**Unavailable Property Tax Revenue** - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,948,094 (including 2<sup>nd</sup> half tax billings of \$4,358,061 not due until December 5) at June 30, 2016.

**Prepaid Property Tax** - Property taxes due subsequent to June 30, 2016 but paid in advance by the tax payers totaled \$207,016 at June 30, 2016.

**Deferred Revenue** - Deferred Revenue representing prepaid taxes due subsequent to June 30, 2016 totaling \$207,016 and \$4,358,061 of 2<sup>nd</sup> half 2016 tax billing levied in current year but due in FY 2017 totaled \$4,565,077.

*Note 9—Commitments / Contingent Liabilities:*

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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*Note 10—Litigation:*

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At June 30, 2016, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

*Note 11—Risk Management:*

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

The County is a member of the Virginia Municipal Group Self Insurance Program for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each program member jointly and severally agrees to assume, pay and discharge any liability. The County pays the Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Program and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Program may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

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**Note 12—Pension Plan:****Plan Description**

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

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

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

**Note 12—Pension Plan: (Continued)****Plan Description (Continued)**

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

**Note 12—Pension Plan: (Continued)****Plan Description (Continued)**

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

**Note 12—Pension Plan: (Continued)****Plan Description (Continued)**

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

**Note 12—Pension Plan: (Continued)****Plan Description (Continued)**

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

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



COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

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

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

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

**Note 12—Pension Plan: (Continued)****Plan Description (Continued)**

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Employees Covered by Benefit Terms**

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	59	38
Inactive members:		
Vested inactive members	9	2
Non-vested inactive members	11	14
Inactive members active elsewhere in VRS	36	15
Total inactive members	56	31
Active members	55	41
Total covered employees	170	110

**Contributions**

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

The County's contractually required contribution rate for the year ended June 30, 2016 was 13.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

**Note 12—Pension Plan: (Continued)**

**Contributions (Continued)**

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$338,892 and \$324,933 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 12.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$92,897 and \$91,599 for the years ended June 30, 2016 and June 30, 2015, respectively.

**Net Pension Liability**

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 12—Pension Plan: (Continued)**

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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



COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 12—Pension Plan: (Continued)**

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**Actuarial Assumptions - Public Safety Employees**

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

**Largest 10 - Non-LEOS:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

***Note 12—Pension Plan: (Continued)***

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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**Note 12—Pension Plan: (Continued)****Long-Term Expected Rate of Return**

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Discount Rate**

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

**Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 11,400,003	\$ 9,931,861	\$ 1,468,142
Changes for the year:			
Service cost	\$ 325,686	\$ -	\$ 325,686
Interest	776,569	-	776,569
Differences between expected and actual experience	55,210	-	55,210
Contributions - employer	-	324,933	(324,933)
Contributions - employee	-	120,639	(120,639)
Net investment income	-	453,401	(453,401)
Benefit payments, including refunds of employee contributions	(612,313)	(612,313)	-
Administrative expenses	-	(6,272)	6,272
Other changes	-	(92)	92
Net changes	\$ 545,152	\$ 280,296	\$ 264,856
Balances at June 30, 2015	\$ 11,945,155	\$ 10,212,157	\$ 1,732,998

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

**Changes in Net Pension Liability**

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 3,466,444	\$ 2,835,509	\$ 630,935
Changes for the year:			
Service cost	\$ 72,755	\$ -	\$ 72,755
Interest	236,376	-	236,376
Differences between expected and actual experience	31,237	-	31,237
Contributions - employer	-	91,599	(91,599)
Contributions - employee	-	36,827	(36,827)
Net investment income	-	127,992	(127,992)
Benefit payments, including refunds of employee contributions	(179,276)	(179,276)	-
Administrative expenses	-	(1,781)	1,781
Other changes	-	(26)	26
Net changes	\$ 161,092	\$ 75,335	\$ 85,757
Balances at June 30, 2015	\$ 3,627,536	\$ 2,910,844	\$ 716,692

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 3,149,498	\$ 1,732,998	\$ 546,662
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,100,954	\$ 716,692	\$ 389,101

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

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

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$213,865 and \$60,968 respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,057	\$ -	\$ 18,329	\$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	271,139	\$ -	74,491
Employer contributions subsequent to the measurement date	338,892	-	92,897	-
Total	<u>\$ 372,949</u>	<u>\$ 271,139</u>	<u>\$ 111,226</u>	<u>\$ 74,491</u>

\$338,892 and \$92,897 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2017	\$ (84,944)	\$ (16,500)
2018	(93,193)	(23,987)
2019	(106,099)	(29,406)
2020	47,154	13,731
Thereafter	-	-

***Note 12—Pension Plan: (Continued)***

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**Component Unit School Board (professional)**

***Plan Description***

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

***Contributions***

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

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$898,671 and \$921,634 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$10,760,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.08549% as compared to 0.08647% at June 30, 2014.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 12—Pension Plan: (Continued)**

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

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

For the year ended June 30, 2016, the school division recognized pension expense of \$799,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 148,000
Net difference between projected and actual earnings on pension plan investments	-	659,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	132,000	111,000
Employer contributions subsequent to the measurement date	<u>898,671</u>	<u>-</u>
Total	<u>\$ 1,030,671</u>	<u>\$ 918,000</u>

\$898,671 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2017	\$ (281,000)
2018	(281,000)
2019	(281,000)
2020	83,000
2021	(26,000)



**Note 12—Pension Plan: (Continued)**

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

**Actuarial Assumptions**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**Note 12—Pension Plan: (Continued)****Component Unit School Board (professional) (Continued)****Long-Term Expected Rate of Return**

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

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

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

**Note 12—Pension Plan: (Continued)****Component Unit School Board (professional) (Continued)****Discount Rate**

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	15,746,000 \$	10,760,000 \$	6,655,000

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 13–Surety Bonds:*

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
Angela Ingram, Clerk of the Circuit Court	\$ 103,000
Wendy Stewart, Treasurer	400,000
Leslie Hall, Commissioner of the Revenue	3,000
L. Mark Barrick, Sheriff	30,000
Selective Insurance Company - Surety	
School Board Clerk and Deputy Clerk	10,000
VMLIP - Surety	
All Social Services Employees - Blanket Bond	1,000,000

*Note 14–Other Postemployment Benefits - Health Insurance:*

**A. Plan Description**

The County allows retirees to remain on their health insurance plan after they retire. County employees must have attained age 50 with a minimum of 30 years of service or attained age 65 with 5 years of service. Law Enforcement Officers must have attained age 50 with a minimum of 25 years of service or attained age 60 with 5 years of service.

Health benefits include Medical, Dental and Vision. Retirees not eligible for Medicare are eligible to choose only one of the following health plans through the County:

Key Advantage with Expanded (PPO) (2% subsidy for retirees not eligible for Medicare)  
Key Advantage 500 (PPO) (2% subsidy for retirees not eligible for Medicare)

Retirees eligible for Medicare are only permitted to choose the health plan:

Advantage 65 and Dental/Vision (Medicare)

For retirees who are not eligible for Medicare, coverage is available for retiree and eligible spouses/dependents. For retirees who are eligible for Medicare, spouses/dependents are also eligible.

A participant must qualify for disability under VRS. There are no age or service requirements. Disabled members are eligible for the same benefit as other retirees and pay the full premium.

Public safety participants who either die or become disabled in the line of duty are eligible for a Line of Duty Act (LODA) benefit. Members electing this benefit receive their elected medical premium fully subsidized by the County. This benefit lasts for the lifetime of the retiree and their spouse. Dependent children of the retiree are also eligible for a fully subsidized medical benefit until the child reaches age 26.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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As of January 1, 2014, the County has elected to insure the LODA benefit. Therefore, there is no liability for the County for any public safety participant who becomes eligible for a LODA benefit after January 1, 2014.

There is no life insurance benefit for retirees.

However, public safety participants who either die or become disabled in the line of duty are eligible for a Line of Duty Act (LODA) life insurance benefit. Members who die in the line of duty receive a \$100,000 life insurance benefit. Members who become disabled in the line of duty and die within 5 years of becoming disabled receive a \$25,000 life insurance benefit.

The Mathews County Schools allow retirees to remain on their health insurance plan after they retire. Retirees are eligible if they have attained age 50 with a minimum of 30 years of service. Health benefits include medical, dental and vision. Benefits end at the earlier of the retiree's death or attainment of age 65.

#### **B. Funding Policy**

The Schools currently have 14 retirees and spouses on their plan. The County has 10 retirees and spouses on their plan. The County retirees pay 100% of the insurance premium. For non-medicare eligible retirees and spouses (under age 65), the Schools contribute a monthly benefit of \$50. The \$50 will not increase in the future. For medicare eligible retirees and spouses (age 65+), the retiree may elect the Medicare supplement only and they must pay 100% of the premium cost.

#### **C. Annual OPEB Cost and Net OPEB Obligation**

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 29,400	\$ 65,900
Interest on net OPEB obligation	900	442
Adjustment to annual required contribution	(1,400)	(669)
Annual OPEB cost (expense)	\$ 28,900	\$ 65,673
Estimated Contributions made	(29,400)	(65,900)
Increase (decrease) in net OPEB obligation	(500)	(227)
Net OPEB obligation-beginning of year	25,700	12,641
Net OPEB obligation-end of year	\$ 25,200	\$ 12,414

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2014	\$ 38,000	102.11%	\$ 26,100
6/30/2015	27,200	101.47%	25,700
6/30/2016	28,900	101.73%	25,200
School Board:			
6/30/2014	\$ 40,437	146.40%	\$ 12,850
6/30/2015	64,091	100.33%	12,641
6/30/2016	65,673	100.35%	12,414

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

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**D. Funded Status and Funding Progress**

As of January 1, 2015, the most recent actuarial valuation, the County's actuarial accrued liability for benefits was \$418,800, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,991,600, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21.03 percent.

As of January 1, 2015, the most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$562,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,061,200, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.97 percent.

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

**E. Actuarial Methods and Assumptions**

The cost method for valuation of liabilities used for this valuation is the Projected Unit Credit (PUC) Actuarial Cost Method. A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's benefit projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

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

The following simplifying assumptions were made:

*Retirement age for active employees*-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

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

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E. Actuarial Methods and Assumptions (Continued)

*Mortality*-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.

*Coverage elections* -The actuary assumed that 30% of eligible County retirees and 40% of School retirees will elect coverage and 30% who elect coverage will cover a spouse.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.50% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2015 was 20.5 years for the schools and 19.5 years for the County.

*Note 15-Other Postemployment Benefits - Retiree Health Care Credit (professional):*

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A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 12.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, 2015, and 2014 were \$67,52, \$67,423, and \$71,144, respectively and equaled the required contributions for each year.



*Note 16-Upcoming Pronouncements:*

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

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

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*REQUIRED SUPPLEMENTARY INFORMATION*

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County of Mathews, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 11,370,000	\$ 11,370,000	\$ 11,568,862	\$ 198,862
Other local taxes	1,216,000	1,216,000	1,299,711	83,711
Permits, privilege fees, and regulatory licenses	70,425	70,425	83,127	12,702
Fines and forfeitures	45,250	45,250	38,996	(6,254)
Revenue from the use of money and property	65,302	65,302	66,872	1,570
Charges for services	28,765	28,765	30,844	2,079
Miscellaneous	171,872	194,732	216,402	21,670
Recovered costs	11,000	11,000	15,179	4,179
Intergovernmental:				
Commonwealth	3,366,305	3,434,481	3,276,557	(157,924)
Federal	1,138,713	1,241,381	933,908	(307,473)
Total revenues	<u>\$ 17,483,632</u>	<u>\$ 17,677,336</u>	<u>\$ 17,530,458</u>	<u>\$ (146,878)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,418,286	\$ 1,459,641	\$ 1,382,307	\$ 77,334
Judicial administration	531,386	573,028	552,249	20,779
Public safety	2,609,745	2,771,973	2,636,616	135,357
Public works	1,195,968	1,205,430	1,138,343	67,087
Health and welfare	2,074,909	2,118,498	1,960,991	157,507
Education	6,787,398	6,787,398	6,710,335	77,063
Parks, recreation, and cultural	457,239	562,552	508,012	54,540
Community development	470,193	476,120	410,071	66,049
Nondepartmental	75,000	57,630	46,238	11,392
Capital projects	1,041,593	1,114,656	423,492	691,164
Debt service:				
Principal retirement	997,227	921,591	921,575	16
Interest and other fiscal charges	179,688	255,324	250,323	5,001
Total expenditures	<u>\$ 17,838,632</u>	<u>\$ 18,303,841</u>	<u>\$ 16,940,552</u>	<u>\$ 1,363,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (355,000)</u>	<u>\$ (626,505)</u>	<u>\$ 589,906</u>	<u>\$ 1,216,411</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 153	\$ 153
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 153</u>
Net change in fund balances	\$ (355,000)	\$ (626,505)	\$ 590,059	\$ 1,216,564
Fund balances - beginning	355,000	626,505	5,498,880	4,872,375
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,088,939</u>	<u>\$ 6,088,939</u>

County of Mathews, Virginia  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 150	\$ 150
Revenue from the use of money and property	-	-	568	568
Miscellaneous	-	95,000	98,241	3,241
Intergovernmental:				
Commonwealth	-	380,000	308,129	(71,871)
Federal	-	1,857,332	1,319,982	(537,350)
Total revenues	\$ -	\$ 2,332,332	\$ 1,727,070	\$ (605,262)
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ 4,383	\$ (4,383)
Parks, recreation, and cultural	-	-	225	(225)
Community development	-	2,332,332	1,637,064	695,268
Total expenditures	\$ -	\$ 2,332,332	\$ 1,641,672	\$ 690,660
Net change in fund balances	\$ -	\$ -	\$ 85,398	\$ 85,398
Fund balances - beginning	-	-	90,578	90,578
Fund balances - ending	\$ -	\$ -	\$ 175,976	\$ 175,976

## County of Mathews, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan  
For the Fiscal Year Ended June 30, 2016

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
1/1/2015	\$ -	\$ 418,800	\$ 418,800	0.00%	\$ 1,991,600	21.03%
1/1/2013	-	543,200	543,200	0.00%	1,895,700	28.65%
1/1/2010	-	82,900	82,900	0.00%	2,027,800	4.09%
School Board:						
1/1/2015	\$ -	\$ 562,700	\$ 562,700	0.00%	\$ 7,061,200	7.97%
1/1/2013	-	477,400	477,400	0.00%	6,739,000	7.08%
1/1/2011	-	760,800	760,800	0.00%	7,098,400	10.72%

County of Mathews, Virginia  
Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 325,686	\$ 314,784
Interest	776,569	746,615
Differences between expected and actual experience	55,210	-
Benefit payments, including refunds of employee contributions	(612,313)	(654,652)
Net change in total pension liability	\$ 545,152	\$ 406,747
Total pension liability - beginning	11,400,003	10,993,256
Total pension liability - ending (a)	\$ 11,945,155	\$ 11,400,003
Plan fiduciary net position		
Contributions - employer	\$ 324,933	\$ 292,841
Contributions - employee	120,639	121,410
Net investment income	453,401	1,373,984
Benefit payments, including refunds of employee contributions	(612,313)	(654,652)
Administrative expense	(6,272)	(7,532)
Other	(92)	72
Net change in plan fiduciary net position	\$ 280,296	\$ 1,126,123
Plan fiduciary net position - beginning	9,931,861	8,805,738
Plan fiduciary net position - ending (b)	\$ 10,212,157	\$ 9,931,861
County's net pension liability - ending (a) - (b)	\$ 1,732,998	\$ 1,468,142
Plan fiduciary net position as a percentage of the total pension liability	85.49%	87.12%
Covered payroll	\$ 2,390,708	\$ 2,372,419
County's net pension liability as a percentage of covered payroll	72.49%	61.88%

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



County of Mathews, Virginia  
Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 72,755	\$ 71,109
Interest	236,376	227,108
Differences between expected and actual experience	31,237	-
Benefit payments, including refunds of employee contributions	(179,276)	(152,332)
Net change in total pension liability	\$ 161,092	\$ 145,885
Total pension liability - beginning	3,466,444	3,320,559
Total pension liability - ending (a)	\$ 3,627,536	\$ 3,466,444
Plan fiduciary net position		
Contributions - employer	\$ 91,599	\$ 91,604
Contributions - employee	36,827	35,038
Net investment income	127,992	387,986
Benefit payments, including refunds of employee contributions	(179,276)	(152,332)
Administrative expense	(1,781)	(2,096)
Other	(26)	20
Net change in plan fiduciary net position	\$ 75,335	\$ 360,220
Plan fiduciary net position - beginning	2,835,509	2,475,289
Plan fiduciary net position - ending (b)	\$ 2,910,844	\$ 2,835,509
School Division's net pension liability - ending (a) - (b)	\$ 716,692	\$ 630,935
Plan fiduciary net position as a percentage of the total pension liability	80.24%	81.80%
Covered payroll	\$ 738,188	\$ 685,799
School Division's net pension liability as a percentage of covered payroll	97.09%	92.00%

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

County of Mathews, Virginia  
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Year Ended June 30, 2016\*

	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.08549%	0.08647%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,760,000	\$ 10,449,000
Employer's Covered Payroll	\$ 6,356,097	\$ 6,409,400
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	169.29%	163.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

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

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

County of Mathews, Virginia  
Schedule of Employer Contributions  
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2016	\$ 338,892	\$ 338,892	\$ -	\$ 2,488,196	13.62%
2015	324,933	324,933	-	2,390,708	13.59%
2014	292,840	292,840	-	2,428,191	12.06%
2013	290,470	290,470	-	2,408,541	12.06%
2012	228,680	228,680	-	2,362,395	9.68%
2011	233,602	233,602	-	2,413,249	9.68%
2010	186,039	186,039	-	2,480,518	7.50%
2009	194,572	194,572	-	2,594,293	7.50%
2008	123,429	123,429	-	2,458,738	5.02%
2007	116,379	116,379	-	2,318,299	5.02%
<b>Component Unit School Board (nonprofessional)</b>					
2016	\$ 92,897	\$ 92,897	\$ -	\$ 747,964	12.42%
2015	91,599	91,599	-	738,188	12.41%
2014	91,265	91,265	-	696,679	13.10%
2013	89,935	89,935	-	686,525	13.10%
2012	48,436	48,436	-	688,996	7.03%
2011	47,243	47,243	-	672,027	7.03%
2010	48,308	48,308	-	638,151	7.57%
2009	51,018	51,018	-	673,954	7.57%
2008	45,180	45,180	-	681,447	6.63%
2007	49,454	49,454	-	745,909	6.63%
<b>Component Unit School Board (professional)</b>					
2016	\$ 898,671	\$ 898,671	\$ -	\$ 6,391,686	14.06%
2015	921,634	921,634	-	6,356,097	14.50%
2014	737,347	737,347	-	6,323,731	11.66%
2013	711,170	711,170	-	6,099,228	11.66%
2012	423,256	423,256	-	6,686,509	6.33%
2011	242,004	242,004	-	6,157,863	3.93%
2010	513,705	513,705	-	5,830,931	8.81%
2009	580,724	580,724	-	6,591,646	8.81%
2008	661,035	661,035	-	6,417,816	10.30%
2007	539,850	539,850	-	5,867,935	9.20%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

County of Mathews, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES*

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## County of Mathews, Virginia

Fiduciary Funds  
Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 37,025	\$ 26,788	\$ 35,596	\$ 28,217
Liabilities:				
Amounts held for social services clients	\$ 37,025	\$ 26,788	\$ 35,596	\$ 28,217
<b>Tour de Chesapeake Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 15,372	\$ 21,908	\$ 22,183	\$ 15,097
Liabilities:				
Amounts held for others	\$ 15,372	\$ 21,908	\$ 22,183	\$ 15,097
<b>Market Days Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 17,865	\$ 15,997	\$ 18,368	\$ 15,494
Liabilities:				
Amounts held for others	\$ 17,865	\$ 15,997	\$ 18,368	\$ 15,494
<b>Courthouse Square Basket Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 23,391	\$ 1,361	\$ 9,278	\$ 15,474
Liabilities:				
Accounts payable	\$ -	\$ 1,310	\$ -	\$ 1,310
Amounts held for others	23,391	51	9,278	14,164
Total liabilities	\$ 23,391	\$ 1,361	\$ 9,278	\$ 15,474
<b>Escrow Deposits Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 4,403	\$ -	\$ 2,400	\$ 2,003
Liabilities:				
Amounts held for others	\$ 4,403	\$ -	\$ 2,400	\$ 2,003
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 98,056	\$ 66,054	\$ 87,825	\$ 76,285
Total assets	\$ 98,056	\$ 66,054	\$ 87,825	\$ 76,285
Liabilities:				
Accounts payable	\$ -	\$ 1,310	\$ -	\$ 1,310
Amounts held for others	61,031	37,956	52,229	46,758
Amounts held for social services clients	37,025	26,788	35,596	28,217
Total liabilities	\$ 98,056	\$ 66,054	\$ 87,825	\$ 76,285

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*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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County of Mathews, Virginia  
Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2016

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 120,940	\$ -	\$ 120,940
Accounts receivable	-	19	-	19
Due from other governmental units	1,099,409	-	55,402	1,154,811
Inventories	-	-	636	636
Total assets	<u>\$ 1,099,409</u>	<u>\$ 120,959</u>	<u>\$ 56,038</u>	<u>\$ 1,276,406</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 27,337	\$ -	\$ -	\$ 27,337
Reconciled overdraft	-	-	13,573	13,573
Accrued liabilities	1,072,072	-	43,528	1,115,600
Total liabilities	<u>\$ 1,099,409</u>	<u>\$ -</u>	<u>\$ 57,101</u>	<u>\$ 1,156,510</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ 636	\$ 636
Committed	-	120,959	-	120,959
Unassigned	-	-	(1,699)	(1,699)
Total fund balances	<u>\$ -</u>	<u>\$ 120,959</u>	<u>\$ (1,063)</u>	<u>\$ 119,896</u>
Total liabilities and fund balances	<u>\$ 1,099,409</u>	<u>\$ 120,959</u>	<u>\$ 56,038</u>	<u>\$ 1,276,406</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above			\$	119,896
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost			\$	16,965,751
Less: accumulated depreciation			<u>(8,105,560)</u>	8,860,191
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Items related to measurement of net pension liability				(992,491)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.				
				991,568
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:				
Compensated absences			\$	(189,759)
Net pension liability			(11,476,692)	
Deferred outflows related to measurement of net pension liability			150,329	
Net OPEB obligation			<u>(12,414)</u>	(11,528,536)
Net position of governmental activities			<u>\$</u>	<u>(2,549,372)</u>

County of Mathews, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 6,182	\$ 257	\$ 63	\$ 6,502
Charges for services	30,334	-	361,354	391,688
Miscellaneous	58,934	-	-	58,934
Recovered costs	56,166	-	-	56,166
Intergovernmental:				
Local government	6,703,854	-	-	6,703,854
Commonwealth	5,019,688	-	7,666	5,027,354
Federal	541,289	-	326,919	868,208
Total revenues	<u>\$ 12,416,447</u>	<u>\$ 257</u>	<u>\$ 696,002</u>	<u>\$ 13,112,706</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 12,145,842	\$ 93,853	\$ 794,822	\$ 13,034,517
Total expenditures	<u>\$ 12,145,842</u>	<u>\$ 93,853</u>	<u>\$ 794,822</u>	<u>\$ 13,034,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 270,605</u>	<u>\$ (93,596)</u>	<u>\$ (98,820)</u>	<u>\$ 78,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 106,735	\$ 163,870	\$ 270,605
Transfers out	(270,605)	-	-	(270,605)
Total other financing sources (uses)	<u>\$ (270,605)</u>	<u>\$ 106,735</u>	<u>\$ 163,870</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 13,139	\$ 65,050	\$ 78,189
Fund balances - beginning	-	107,820	(66,113)	41,707
Fund balances - ending	<u>\$ -</u>	<u>\$ 120,959</u>	<u>\$ (1,063)</u>	<u>\$ 119,896</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 78,189

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 113,345	
Allocation of School Board assets	409,153	
Depreciation expense	<u>(497,194)</u>	25,304

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(Increase) decrease in items related to measurement of net pension liability 731,059

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

(Increase) Decrease in compensated absences	\$ (25,584)	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	(20,074)	
Increase (decrease) in deferred outflows related to measurement of net pension liability	(19,671)	
(Increase) decrease in net pension liability	(396,757)	
(Increase) Decrease in net OPEB obligation	<u>227</u>	(461,859)

Change in net position of governmental activities \$ 372,693

County of Mathews, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Operating Fund - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 12,717	\$ 6,182	\$ (6,535)
Charges for services	25,000	25,000	30,334	5,334
Miscellaneous	25,900	60,355	58,934	(1,421)
Recovered costs	81,000	81,000	56,166	(24,834)
Intergovernmental:				
Local government	6,780,917	6,780,917	6,703,854	(77,063)
Commonwealth	5,093,547	5,093,547	5,019,688	(73,859)
Federal	490,388	490,388	541,289	50,901
Total revenues	\$ 12,503,752	\$ 12,543,924	\$ 12,416,447	\$ (127,477)
EXPENDITURES				
Current:				
Education	\$ 12,376,659	\$ 12,416,831	\$ 12,145,842	\$ 270,989
Total expenditures	\$ 12,376,659	\$ 12,416,831	\$ 12,145,842	\$ 270,989
Excess (deficiency) of revenues over (under) expenditures	\$ 127,093	\$ 127,093	\$ 270,605	\$ 143,512
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (127,093)	\$ (127,093)	\$ (270,605)	\$ (143,512)
Total other financing sources (uses)	\$ (127,093)	\$ (127,093)	\$ (270,605)	\$ (143,512)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Mathews, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Special Revenue Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2016

	School Cafeteria Fund			Textbook Fund		
	Budgeted Amounts		Variance with Final Budget	Budgeted Amounts		Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>REVENUES</b>						
Revenue from the use of money and property	\$ -	\$ -	\$ 63	\$ -	\$ -	\$ 257
Charges for services	438,403	438,403	361,354	(77,049)	-	-
Intergovernmental:						
Commonwealth	1,948	1,948	7,666	5,718	-	-
Federal	287,000	326,996	326,919	(77)	-	-
Total revenues	\$ 727,351	\$ 767,347	\$ 696,002	\$ (71,345)	\$ -	\$ 257
<b>EXPENDITURES</b>						
Current:						
Education	\$ 807,709	\$ 847,705	\$ 794,822	\$ 52,883	\$ 73,718	\$ 93,853
Total expenditures	\$ 807,709	\$ 847,705	\$ 794,822	\$ 52,883	\$ 116,336	\$ 22,483
Excess (deficiency) of revenues over (under) expenditures	\$ (80,358)	\$ (80,358)	\$ (98,820)	\$ (18,462)	\$ (116,336)	\$ 22,740
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 80,358	\$ 80,358	\$ 163,870	\$ 83,512	\$ 46,735	\$ 106,735
Total other financing sources (uses)	\$ 80,358	\$ 80,358	\$ 163,870	\$ 83,512	\$ 46,735	\$ 60,000
Net change in fund balances	\$ -	\$ -	\$ 65,050	\$ 65,050	\$ (69,601)	\$ 82,740
Fund balances - beginning	-	-	(66,113)	26,983	69,601	38,219
Fund balances - ending	\$ -	\$ -	\$ (1,063)	\$ 92,033	\$ -	\$ 120,959



County of Mathews, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2016

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	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 75,392
	<hr/>
NET POSITION	
Held in trust for scholarships	\$ 75,392
	<hr/> <hr/>

County of Mathews, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
For the Year Ended June 30, 2016

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	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 60,870
Total contributions	<u>\$ 60,870</u>
Investment income:	
Interest	\$ 43
Total investment earnings	<u>\$ 43</u>
Total additions	<u>\$ 60,913</u>
DEDUCTIONS	
Scholarships	\$ 54,535
Total deductions	<u>\$ 54,535</u>
Change in net position	\$ 6,378
Net position - beginning	69,014
Net position - ending	<u><u>\$ 75,392</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT  
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Mathews, Virginia  
Statement of Net Position  
Discretely Presented Component Unit-Economic Development Authority  
June 30, 2016

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 232,799
Total current assets	<u>\$ 232,799</u>
Total assets	<u>\$ 232,799</u>

**NET POSITION**

Unrestricted	\$ 232,799
Total net position	<u><u>\$ 232,799</u></u>

County of Mathews, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit-Economic Development Authority  
For the Year Ended June 30, 2016

---

<b>OPERATING REVENUES</b>	
Miscellaneous	\$ 33,035
Total operating revenues	<u>\$ 33,035</u>
<b>OPERATING EXPENSES</b>	
Other supplies and expenses	\$ 35,745
Total operating expenses	<u>\$ 35,745</u>
Operating income (loss)	<u>\$ (2,710)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	\$ 30
Total nonoperating revenues (expenses)	<u>\$ 30</u>
Change in net position	\$ (2,680)
Total net position - beginning	235,479
Total net position - ending	<u><u>\$ 232,799</u></u>

County of Mathews, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit-Economic Development Authority  
For the Year Ended June 30, 2016

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## CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 33,035
Payments for operating activities	(35,745)
Net cash provided by (used for) operating activities	<u>\$ (2,710)</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 30</u>
Net cash provided by (used for) investing activities	<u>\$ 30</u>

Net increase (decrease) in cash and cash equivalents	\$ (2,680)
--	------------

Cash and cash equivalents - beginning	235,479
Cash and cash equivalents - ending	<u><u>\$ 232,799</u></u>

Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities:

Operating income (loss)	<u>\$ (2,710)</u>
Net cash provided for (used by) operating activities	<u><u>\$ (2,710)</u></u>

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## *SUPPORTING SCHEDULES*

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County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,160,000	\$ 9,160,000	\$ 9,060,459	\$ (99,541)
Real and personal public service corporation taxes	125,000	125,000	130,154	5,154
Personal property taxes	1,690,000	1,690,000	1,921,544	231,544
Mobile home taxes	30,000	30,000	36,000	6,000
Boat taxes	250,000	250,000	276,289	26,289
Machinery and tools taxes	-	-	7,069	7,069
Penalties	70,000	70,000	85,910	15,910
Interest	45,000	45,000	51,437	6,437
Total general property taxes	\$ 11,370,000	\$ 11,370,000	\$ 11,568,862	\$ 198,862
Other local taxes:				
Local sales and use taxes	\$ 425,000	\$ 425,000	\$ 477,196	\$ 52,196
Consumers' utility taxes	175,000	175,000	150,763	(24,237)
Consumption tax	35,000	35,000	33,824	(1,176)
Business license taxes	126,000	126,000	185,217	59,217
Motor vehicle licenses	290,000	290,000	269,608	(20,392)
Bank stock taxes	75,000	75,000	88,771	13,771
Taxes on recordation and wills	90,000	90,000	94,332	4,332
Total other local taxes	\$ 1,216,000	\$ 1,216,000	\$ 1,299,711	\$ 83,711
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,500	\$ 2,500	\$ 3,781	\$ 1,281
Transfer fees	500	500	490	(10)
Permits and other licenses	67,425	67,425	78,856	11,431
Total permits, privilege fees, and regulatory licenses	\$ 70,425	\$ 70,425	\$ 83,127	\$ 12,702
Fines and forfeitures:				
Court fines and forfeitures	\$ 45,250	\$ 45,250	\$ 38,996	\$ (6,254)
Total fines and forfeitures	\$ 45,250	\$ 45,250	\$ 38,996	\$ (6,254)
Revenue from use of money and property:				
Revenue from use of money	\$ 15,000	\$ 15,000	\$ 14,821	\$ (179)
Revenue from use of property	50,302	50,302	52,051	1,749
Total revenue from use of money and property	\$ 65,302	\$ 65,302	\$ 66,872	\$ 1,570
Charges for services:				
Charges for law enforcement and traffic control	\$ 570	\$ 570	\$ 678	\$ 108
Charges for courthouse maintenance	1,050	1,050	2,101	1,051
Charges for court costs	3,400	3,400	7,707	4,307
Courthouse security fees	10,645	10,645	9,254	(1,391)
Circuit court- document reproduction	3,500	3,500	4,195	695
Charges for Commonwealth's Attorney	600	600	550	(50)
Charges for other protection	1,500	1,500	1,188	(312)
Charges for library	7,500	7,500	5,171	(2,329)
Total charges for services	\$ 28,765	\$ 28,765	\$ 30,844	\$ 2,079

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 2 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 171,872	\$ 194,732	\$ 216,402	\$ 21,670
Total miscellaneous	\$ 171,872	\$ 194,732	\$ 216,402	\$ 21,670
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 15,179	\$ 4,179
Total recovered costs	\$ 11,000	\$ 11,000	\$ 15,179	\$ 4,179
Total revenue from local sources	\$ 12,978,614	\$ 13,001,474	\$ 13,319,993	\$ 318,519
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ 601	\$ (174)
Mobile home titling tax	500	500	13,878	13,378
Motor vehicle rental tax	100	100	298	198
State recordation tax	40,500	40,500	60,732	20,232
State technology trust fund	13,000	13,000	-	(13,000)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	450,000	450,000	434,006	(15,994)
Total noncategorical aid	\$ 1,504,958	\$ 1,504,958	\$ 1,509,598	\$ 4,640
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 147,893	\$ 148,386	\$ 164,526	\$ 16,140
Sheriff	530,235	532,193	583,054	50,861
Commissioner of revenue	76,843	77,146	76,173	(973)
Treasurer	78,281	84,380	82,884	(1,496)
Medical examiner	150	150	-	(150)
Registrar/electoral board	36,000	41,028	34,654	(6,374)
Clerk of the Circuit Court	128,826	129,376	148,564	19,188
Total shared expenses	\$ 998,228	\$ 1,012,659	\$ 1,089,855	\$ 77,196
Other categorical aid:				
Public assistance and welfare administration	\$ 312,003	\$ 312,003	\$ 345,733	\$ 33,730
Emergency medical services - two for life	7,000	10,515	10,515	-
Comprehensive services act	297,250	297,250	119,412	(177,838)
Litter control	5,000	6,427	6,427	-
Library grant	69,326	69,326	69,326	-
Wireless board funds	35,000	35,000	42,031	7,031
Commission for the arts grant	5,000	5,000	-	(5,000)
Victim-witness grant	26,470	30,441	27,296	(3,145)
Library of Virginia grant	-	27,778	27,788	10
Fire programs fund	25,000	28,454	28,454	-

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other state aid	\$ 81,070	\$ 94,670	\$ 122	\$ (94,548)
Total other categorical aid	\$ 863,119	\$ 916,864	\$ 677,104	\$ (239,760)
Total categorical aid	\$ 1,861,347	\$ 1,929,523	\$ 1,766,959	\$ (162,564)
Total revenue from the Commonwealth	\$ 3,366,305	\$ 3,434,481	\$ 3,276,557	\$ (157,924)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 590,713	\$ 590,713	\$ 701,665	\$ 110,952
Comprehensive services act	-	-	8,676	8,676
Local law enforcement block grant	-	-	1,511	1,511
VDOT enhancement grant	240,000	240,000	6,227	(233,773)
Victim-witness grant	-	-	916	916
Recovery implementation	160,000	160,000	-	(160,000)
Community development block grant	-	-	78,798	78,798
Transportation safety	60,000	95,000	35,000	(60,000)
Ground transport safety	-	-	13,115	13,115
Other federal grants	88,000	155,668	88,000	(67,668)
Total categorical aid	\$ 1,138,713	\$ 1,241,381	\$ 933,908	\$ (307,473)
Total revenue from the federal government	\$ 1,138,713	\$ 1,241,381	\$ 933,908	\$ (307,473)
Total General Fund	\$ 17,483,632	\$ 17,677,336	\$ 17,530,458	\$ (146,878)
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 150	\$ 150
Total fines and forfeitures	\$ -	\$ -	\$ 150	\$ 150
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 568	\$ 568
Total revenue from use of money and property	\$ -	\$ -	\$ 568	\$ 568
Miscellaneous:				
Miscellaneous	\$ -	\$ 95,000	\$ 98,241	\$ 3,241
Total miscellaneous	\$ -	\$ 95,000	\$ 98,241	\$ 3,241
Total revenue from local sources	\$ -	\$ 95,000	\$ 98,959	\$ 3,959

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 2,154	\$ 2,154
Hazard mitigation grant	-	380,000	305,975	(74,025)
Total categorical aid	\$ -	\$ 380,000	\$ 308,129	\$ (71,871)
Total revenue from the Commonwealth	\$ -	\$ 380,000	\$ 308,129	\$ (71,871)
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 432,332	\$ 120,010	\$ (312,322)
Forfeited assets	-	-	52,564	52,564
Hazard mitigation grant	-	1,425,000	1,147,408	(277,592)
Total categorical aid	\$ -	\$ 1,857,332	\$ 1,319,982	\$ (537,350)
Total revenue from the federal government	\$ -	\$ 1,857,332	\$ 1,319,982	\$ (537,350)
Total County Special Revenue Fund	\$ -	\$ 2,332,332	\$ 1,727,070	\$ (605,262)
Total Primary Government	\$ 17,483,632	\$ 20,009,668	\$ 19,257,528	\$ (752,140)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 7,000	\$ 12,717	\$ 6,182	\$ (6,535)
Total revenue from use of money and property	\$ 7,000	\$ 12,717	\$ 6,182	\$ (6,535)
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 25,000	\$ 30,334	\$ 5,334
Total charges for services	\$ 25,000	\$ 25,000	\$ 30,334	\$ 5,334
Miscellaneous:				
Miscellaneous	\$ 25,900	\$ 60,355	\$ 58,934	\$ (1,421)
Total miscellaneous	\$ 25,900	\$ 60,355	\$ 58,934	\$ (1,421)

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
E-rate	\$ 36,000	\$ 36,000	\$ 36,254	\$ 254
Medicaid reimbursements	45,000	45,000	19,912	(25,088)
Total recovered costs	<u>\$ 81,000</u>	<u>\$ 81,000</u>	<u>\$ 56,166</u>	<u>\$ (24,834)</u>
Total revenue from local sources	<u>\$ 138,900</u>	<u>\$ 179,072</u>	<u>\$ 151,616</u>	<u>\$ (27,456)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 6,780,917	\$ 6,780,917	\$ 6,703,854	\$ (77,063)
Total revenues from local governments	<u>\$ 6,780,917</u>	<u>\$ 6,780,917</u>	<u>\$ 6,703,854</u>	<u>\$ (77,063)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,185,514	\$ 1,185,514	\$ 1,193,925	\$ 8,411
Basic school aid	2,497,501	2,497,501	2,461,579	(35,922)
Remedial summer education	66,338	66,338	17,598	(48,740)
Regular foster care	15,914	15,914	-	(15,914)
Special education - foster care	6,905	6,905	33,811	26,906
Gifted and talented	23,805	23,805	23,506	(299)
Special education	331,753	331,753	327,590	(4,163)
Textbook payment	48,735	48,735	48,123	(612)
Project graduation	-	-	2,594	2,594
Vocational education	90,156	90,156	89,024	(1,132)
School fringes	453,817	453,817	448,121	(5,696)
Compensation supplement	373	373	41,608	41,235
ISAEP	7,859	7,859	7,859	-
Early reading intervention	8,681	8,681	8,681	-
Primary class size	47,301	47,301	48,295	994
Homebound	1,860	1,860	728	(1,132)
At risk payments	53,130	53,130	52,390	(740)
Career and technical education	3,678	3,678	3,592	(86)
Remediation assistance - SOL	64,325	64,325	63,517	(808)
Technology	170,755	170,755	128,000	(42,755)
Standards of Learning algebra readiness	8,899	8,899	7,452	(1,447)
Mentor teacher program	1,807	1,807	210	(1,597)
Workplace readiness	-	-	334	334
English as a second language	2,833	2,833	4,249	1,416
Other state funds	1,608	1,608	6,902	5,294
Total categorical aid	<u>\$ 5,093,547</u>	<u>\$ 5,093,547</u>	<u>\$ 5,019,688</u>	<u>\$ (73,859)</u>
Total revenue from the Commonwealth	<u>\$ 5,093,547</u>	<u>\$ 5,093,547</u>	<u>\$ 5,019,688</u>	<u>\$ (73,859)</u>

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 165,114	\$ 165,114	\$ 206,591	\$ 41,477
Title VI-B, special education flow-through	252,967	252,967	257,597	4,630
Carl Perkins	15,000	15,000	18,725	3,725
Title VI-B, special education pre-school	9,593	9,593	8,556	(1,037)
AP grants	-	-	123	123
Parent resource center	-	-	5,407	5,407
Title III	1,284	1,284	1,276	(8)
Title II - A	46,430	46,430	43,014	(3,416)
Total categorical aid	\$ 490,388	\$ 490,388	\$ 541,289	\$ 50,901
Total revenue from the federal government	\$ 490,388	\$ 490,388	\$ 541,289	\$ 50,901
Total School Operating Fund	\$ 12,503,752	\$ 12,543,924	\$ 12,416,447	\$ (127,477)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 63	\$ 63
Total revenue from use of money and property	\$ -	\$ -	\$ 63	\$ 63
Charges for services:				
Cafeteria sales	\$ 438,403	\$ 438,403	\$ 361,354	\$ (77,049)
Total charges for services	\$ 438,403	\$ 438,403	\$ 361,354	\$ (77,049)
Total revenue from local sources	\$ 438,403	\$ 438,403	\$ 361,417	\$ (76,986)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 1,948	\$ 1,948	\$ 7,666	\$ 5,718
Total categorical aid	\$ 1,948	\$ 1,948	\$ 7,666	\$ 5,718
Total revenue from the Commonwealth	\$ 1,948	\$ 1,948	\$ 7,666	\$ 5,718
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 287,000	\$ 287,000	\$ 286,923	\$ (77)
Commodities	-	39,996	39,996	-
Total categorical aid	\$ 287,000	\$ 326,996	\$ 326,919	\$ (77)
Total revenue from the federal government	\$ 287,000	\$ 326,996	\$ 326,919	\$ (77)
Total School Cafeteria Fund	\$ 727,351	\$ 767,347	\$ 696,002	\$ (71,345)



County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 257	\$ 257
Total revenue from use of money and property	\$ -	\$ -	\$ 257	\$ 257
Total revenue from local sources	\$ -	\$ -	\$ 257	\$ 257
Total Textbook Fund	\$ -	\$ -	\$ 257	\$ 257
Total Discretely Presented Component Unit - School Board	\$ 13,231,103	\$ 13,311,271	\$ 13,112,706	\$ (198,565)

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County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 62,441	\$ 74,441	\$ 72,949	\$ 1,492
General and financial administration:				
County administrator	\$ 412,515	\$ 412,515	\$ 408,686	\$ 3,829
Legal services	55,000	55,000	17,236	37,764
Commissioner of revenue	240,369	240,737	227,518	13,219
Independent Auditor	46,000	46,510	46,510	-
Treasurer	264,946	272,372	266,020	6,352
Assessor	50,000	114,368	134,550	(20,182)
Information Technology	196,700	147,662	126,414	21,248
Total general and financial administration	\$ 1,265,530	\$ 1,289,164	\$ 1,226,934	\$ 62,230
Board of elections:				
Electoral board and officials	\$ 31,091	\$ 33,841	\$ 20,229	\$ 13,612
Registrar	59,224	62,195	62,195	-
Total board of elections	\$ 90,315	\$ 96,036	\$ 82,424	\$ 13,612
Total general government administration	\$ 1,418,286	\$ 1,459,641	\$ 1,382,307	\$ 77,334
Judicial administration:				
Courts:				
Circuit court	\$ 24,300	\$ 25,381	\$ 25,381	\$ -
General district court	10,675	10,675	6,984	3,691
Special magistrates	800	800	607	193
Juvenile and domestic relations court	6,216	6,216	3,005	3,211
J&DR court services unit	14,100	14,100	6,259	7,841
Victim witness	26,469	30,440	29,363	1,077
Clerk of the circuit court	210,864	239,312	234,546	4,766
Total courts	\$ 293,424	\$ 326,924	\$ 306,145	\$ 20,779
Commonwealth's attorney:				
Commonwealth's attorney	\$ 237,962	\$ 246,104	\$ 246,104	\$ -
Total commonwealth's attorney	\$ 237,962	\$ 246,104	\$ 246,104	\$ -
Total judicial administration	\$ 531,386	\$ 573,028	\$ 552,249	\$ 20,779
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,363,187	\$ 1,485,155	\$ 1,376,734	\$ 108,421
E-911	133,413	133,761	118,776	14,985
Total law enforcement and traffic control	\$ 1,496,600	\$ 1,618,916	\$ 1,495,510	\$ 123,406
Fire and rescue services:				
Fire department	\$ 202,300	\$ 205,754	\$ 202,879	\$ 2,875
Ambulance and rescue services	176,936	180,451	175,259	5,192
Total fire and rescue services	\$ 379,236	\$ 386,205	\$ 378,138	\$ 8,067

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail	\$ 454,200	\$ 458,388	\$ 458,388	\$ -
Juvenile probation and detention	67,094	83,489	83,063	426
Total correction and detention	\$ 521,294	\$ 541,877	\$ 541,451	\$ 426
Inspections:				
Building	\$ 141,167	\$ 141,167	\$ 137,769	\$ 3,398
Total inspections	\$ 141,167	\$ 141,167	\$ 137,769	\$ 3,398
Other protection:				
Animal control	\$ 71,348	\$ 83,708	\$ 83,708	\$ -
Medical examiner	100	100	40	60
Total other protection	\$ 71,448	\$ 83,808	\$ 83,748	\$ 60
Total public safety	\$ 2,609,745	\$ 2,771,973	\$ 2,636,616	\$ 135,357
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 500	\$ 500	\$ -	\$ 500
Streetlights	14,000	16,324	16,997	(673)
Total maintenance of highways, streets, bridges and sidewalks	\$ 14,500	\$ 16,824	\$ 16,997	\$ (173)
Sanitation and waste removal:				
Refuse disposal	\$ 616,077	\$ 616,077	\$ 615,237	\$ 840
Total sanitation and waste removal	\$ 616,077	\$ 616,077	\$ 615,237	\$ 840
Maintenance of general buildings and grounds:				
General properties	\$ 565,391	\$ 572,529	\$ 506,109	\$ 66,420
Total maintenance of general buildings and grounds	\$ 565,391	\$ 572,529	\$ 506,109	\$ 66,420
Total public works	\$ 1,195,968	\$ 1,205,430	\$ 1,138,343	\$ 67,087
Health and welfare:				
Health:				
Supplement of local health department	\$ 130,716	\$ 130,716	\$ 130,716	\$ -
Total health	\$ 130,716	\$ 130,716	\$ 130,716	\$ -
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	35,874	35,874	35,874	-
Total mental health and mental retardation	\$ 51,374	\$ 51,374	\$ 51,374	\$ -

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,325,995	\$ 1,369,584	\$ 1,346,038	\$ 23,546
Area agency on aging	54,324	54,324	54,324	-
Comprehensive services act	512,500	512,500	272,861	239,639
Tax relief for the elderly	-	-	105,678	(105,678)
Total welfare	\$ 1,892,819	\$ 1,936,408	\$ 1,778,901	\$ 157,507
Total health and welfare	\$ 2,074,909	\$ 2,118,498	\$ 1,960,991	\$ 157,507
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,481	\$ 6,481	\$ 6,481	\$ -
Contribution to County School Board	6,780,917	6,780,917	6,703,854	77,063
Total education	\$ 6,787,398	\$ 6,787,398	\$ 6,710,335	\$ 77,063
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 83,530	\$ 183,530	\$ 183,529	\$ 1
Total parks and recreation	\$ 83,530	\$ 183,530	\$ 183,529	\$ 1
Library:				
Contribution to county library	\$ 373,709	\$ 379,022	\$ 324,483	\$ 54,539
Total library	\$ 373,709	\$ 379,022	\$ 324,483	\$ 54,539
Total parks, recreation, and cultural	\$ 457,239	\$ 562,552	\$ 508,012	\$ 54,540
Community development:				
Planning and community development:				
Planning and zoning	\$ 352,350	\$ 352,350	\$ 303,787	\$ 48,563
Planning and zoning boards	9,356	9,356	2,183	7,173
Middle Peninsula planning district commission	16,300	16,300	16,300	-
Wetlands board	4,003	4,003	1,426	2,577
Economic development	39,000	43,500	43,500	-
Total planning and community development	\$ 421,009	\$ 425,509	\$ 367,196	\$ 58,313
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	6,427	6,427	-
Total environmental management	\$ 11,000	\$ 12,427	\$ 12,427	\$ -
Cooperative extension program:				
Extension office	\$ 38,184	\$ 38,184	\$ 30,448	\$ 7,736
Total cooperative extension program	\$ 38,184	\$ 38,184	\$ 30,448	\$ 7,736
Total community development	\$ 470,193	\$ 476,120	\$ 410,071	\$ 66,049
Nondepartmental:				
Contingencies	\$ 75,000	\$ 57,630	\$ 46,238	\$ 11,392
Total nondepartmental	\$ 75,000	\$ 57,630	\$ 46,238	\$ 11,392

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Public access improvement and lighthouse improvement	\$ 65,000	\$ 100,000	\$ 82,844	\$ 17,156
Main street improvements	300,000	300,000	16,372	283,628
Port Fun - tennis courts	42,721	42,721	42,721	-
School bus replacement	92,000	92,000	91,050	950
National park services grant	-	214,063	190,505	23,558
U.S. fish and wildlife	160,000	160,000	-	160,000
Other capital projects	381,872	205,872	-	205,872
Total capital projects	\$ 1,041,593	\$ 1,114,656	\$ 423,492	\$ 691,164
Debt service:				
Principal retirement	\$ 997,227	\$ 921,591	\$ 921,575	\$ 16
Interest and other fiscal charges	179,688	255,324	250,323	5,001
Total debt service	\$ 1,176,915	\$ 1,176,915	\$ 1,171,898	\$ 5,017
Total General Fund	\$ 17,838,632	\$ 18,303,841	\$ 16,940,552	\$ 1,363,289
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ -	\$ -	\$ 4,383	\$ (4,383)
Total other protection	\$ -	\$ -	\$ 4,383	\$ (4,383)
Total public safety	\$ -	\$ -	\$ 4,383	\$ (4,383)
Parks, recreation and cultural:				
Cultural:				
Mathews County sesquicentennial	\$ -	\$ -	\$ 225	\$ (225)
Total cultural	\$ -	\$ -	\$ 225	\$ (225)
Total parks, recreation, and cultural	\$ -	\$ -	\$ 225	\$ (225)
Community Development:				
Planning and community development:				
Community development block grant	\$ -	\$ 432,332	\$ 168,461	\$ 263,871
Hazard mitigation grant program	-	1,900,000	1,468,603	431,397
Total planning and community development	\$ -	\$ 2,332,332	\$ 1,637,064	\$ 695,268
Total County Special Revenue Fund	\$ -	\$ 2,332,332	\$ 1,641,672	\$ 690,660
Total Primary Government	\$ 17,838,632	\$ 20,636,173	\$ 18,582,224	\$ 2,053,949

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 746,811	\$ 746,811	\$ 765,583	\$ (18,772)
Instruction costs	9,365,273	9,379,937	9,178,901	201,036
Pupil transportation	972,791	972,791	927,451	45,340
Operation and maintenance of school plant	1,291,784	1,317,292	1,273,907	43,385
Total education	<u>\$ 12,376,659</u>	<u>\$ 12,416,831</u>	<u>\$ 12,145,842</u>	<u>\$ 270,989</u>
Total School Operating Fund	<u>\$ 12,376,659</u>	<u>\$ 12,416,831</u>	<u>\$ 12,145,842</u>	<u>\$ 270,989</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 807,709	\$ 807,709	\$ 754,826	\$ 52,883
Commodities	-	39,996	39,996	-
Total school food services	<u>\$ 807,709</u>	<u>\$ 847,705</u>	<u>\$ 794,822</u>	<u>\$ 52,883</u>
Total School Cafeteria Fund	<u>\$ 807,709</u>	<u>\$ 847,705</u>	<u>\$ 794,822</u>	<u>\$ 52,883</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 73,718	\$ 116,336	\$ 93,853	\$ 22,483
Total education	<u>\$ 73,718</u>	<u>\$ 116,336</u>	<u>\$ 93,853</u>	<u>\$ 22,483</u>
Total Textbook Fund	<u>\$ 73,718</u>	<u>\$ 116,336</u>	<u>\$ 93,853</u>	<u>\$ 22,483</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 13,258,086</u>	<u>\$ 13,380,872</u>	<u>\$ 13,034,517</u>	<u>\$ 346,355</u>

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Table 1

County of Mathews, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General				Parks, Recreation, and Cultural				Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Community Development			
2006-07	\$ 1,065,084	\$ 827,058	\$ 2,095,783	\$ 1,451,355	\$ 2,005,608	\$ 6,217,103	\$ 475,630	\$ 395,061	\$ 806,520	\$ 15,339,202
2007-08	1,231,935	1,026,178	2,143,896	1,408,691	1,458,890	6,817,663	427,514	641,590	733,013	15,889,370
2008-09	1,095,634	700,239	2,351,796	1,663,793	1,416,104	6,632,069	460,944	578,584	654,967	15,554,130
2009-10	1,303,675	685,093	2,440,580	1,330,254	1,768,312	6,434,299	475,858	638,063	1,029,985	16,106,119
2010-11	1,376,919	650,189	2,362,595	1,169,512	1,909,899	6,296,291	505,397	544,077	418,566	15,233,445
2011-12	1,299,464	637,734	2,357,034	1,352,826	1,691,248	6,535,760	500,977	1,027,809	421,516	15,824,368
2012-13	1,183,758	656,328	2,297,325	1,105,587	1,740,409	6,764,109	613,639	614,138	390,314	15,365,607
2013-14	1,239,683	662,127	2,506,931	1,036,856	1,795,146	6,737,939	540,323	973,727	357,502	15,850,234
2014-15	1,228,237	653,308	2,621,490	1,064,290	1,965,530	7,550,860	618,910	782,253	245,912	16,730,790
2015-16	1,385,622	690,064	2,697,008	1,164,093	1,975,002	7,300,079	646,223	2,046,275	201,364	18,105,730

Table 2

County of Mathews, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Grants and Contributions						
				General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Not Restricted to Specific Programs	Total	
2006-07	\$ 117,129	\$ 2,507,538	\$ -	\$ 9,287,564	\$ 1,698,362	\$ 273,250	\$ 751,058	\$ 1,112,848	\$ 15,747,749	
2007-08	132,487	2,367,614	-	9,338,793	1,751,251	242,986	161,089	1,097,430	15,091,650	
2008-09	116,638	2,219,755	98,793	9,686,696	1,677,012	123,641	192,558	1,011,095	15,126,188	
2009-10	103,859	2,714,665	-	9,849,635	1,236,738	79,923	102,650	1,480,737	15,568,207	
2010-11	101,032	2,639,485	70,517	10,483,159	1,257,210	61,410	204,748	1,486,153	16,303,714	
2011-12	97,920	2,629,058	189,801	10,412,119	1,240,714	75,073	157,066	1,475,634	16,277,385	
2012-13	115,061	2,303,422	718,129	10,376,573	1,248,362	67,636	84,330	1,489,720	16,403,233	
2013-14	139,527	2,747,853	465,119	10,711,645	1,248,603	65,357	122,854	1,523,833	17,024,791	
2014-15	143,326	3,044,668	32,973	11,351,848	1,234,607	63,858	119,972	1,494,299	17,485,551	
2015-16	153,117	4,322,751	6,227	11,503,713	1,299,711	67,593	314,643	1,509,598	19,177,353	

Table 3

County of Mathews, Virginia  
General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government			Parks, Recreation, and Cultural								Total
	Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Community Development	Non-departmental	Debt Service			
2006-07	\$ 1,035,785	\$ 589,759	\$ 2,065,871	\$ 1,327,638	\$ 1,969,465	\$ 12,074,141	\$ 390,588	\$ 373,790	\$ -	\$ 2,247,874	\$ 22,074,911	
2007-08	1,188,725	600,779	2,125,713	1,388,897	1,444,261	12,840,186	343,956	534,686	-	2,058,428	22,525,631	
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	573,907	-	1,773,181	23,013,369	
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	-	1,902,243	22,935,152	
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367	
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	389,268	-	1,688,717	21,643,134	
2012-13	1,151,376	520,993	2,238,160	1,076,440	1,727,435	12,031,391	372,817	611,682	5,172	2,376,329	22,111,795	
2013-14	1,210,706	508,241	2,436,679	1,008,411	1,779,809	12,447,268	413,453	930,009	32,565	3,281,174	24,048,315	
2014-15	1,231,426	516,125	2,644,582	1,058,084	1,922,852	13,020,661	393,315	747,862	84,120	1,518,477	23,137,504	
2015-16	1,382,307	552,249	2,640,999	1,138,343	1,960,991	13,040,998	508,237	2,047,135	46,238	1,171,898	24,489,395	

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 4

County of Mathews, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits,		Revenue from the		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
			Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Use of Money and Property						
2006-07	\$ 9,241,999	\$ 1,698,362	\$ 87,324	\$ 11,380	\$ 258,773	\$ 474,696	\$ 144,700	\$ 8,047	\$ 10,360,328	\$ 22,285,609	
2007-08	9,334,647	1,751,251	85,662	18,319	226,046	512,593	208,600	22,879	10,339,446	22,499,443	
2008-09	9,531,774	1,677,012	65,635	24,870	121,594	472,235	304,168	14,602	9,857,471	22,069,361	
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929	
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	444,016	278,368	82,985	9,776,395	22,349,834	
2011-12	10,359,905	1,240,714	57,762	15,490	76,352	426,293	216,580	107,717	9,720,923	22,221,736	
2012-13	10,304,680	1,248,362	56,410	30,604	71,421	429,422	115,517	99,394	10,175,515	22,531,325	
2013-14	10,751,712	1,248,603	66,100	41,708	73,479	405,895	152,951	116,990	10,318,091	23,175,529	
2014-15	11,328,543	1,234,607	75,064	40,085	68,413	457,233	147,650	101,316	10,521,974	23,974,885	
2015-16	11,568,862	1,299,711	83,127	39,146	73,942	392,198	373,577	71,345	11,734,138	25,636,046	

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 5

County of Mathews, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2006-07	\$ 10,052,394	\$ 10,092,508	100.40%	\$ 42,588	\$ 10,135,096	100.82%	\$ 440,139	4.38%
2007-08	10,263,755	10,027,288	97.70%	187,104	10,214,392	99.52%	455,935	4.44%
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%
2013-14	12,224,814	11,475,794	93.87%	266,290	11,742,084	96.05%	633,988	5.19%
2014-15	12,210,356	12,104,049	99.13%	215,566	12,319,615	100.89%	624,990	5.12%
2015-16	12,367,129	12,159,910	98.32%	271,688	12,431,598	100.52%	652,513	5.28%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

Table 6

County of Mathews, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
2006-07	\$ 1,270,237,929	\$ 100,764,835	\$ 16,895,940	\$ 21,331,137	\$ -	\$ 1,409,229,841
2007-08	1,289,544,418	99,648,503	16,635,103	15,264,589	-	1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402
2013-14	1,676,588,104	101,579,544	15,856,646	22,828,636	5,216	1,816,858,147
2014-15	1,679,904,453	100,052,698	17,021,474	23,494,058	18,398	1,820,491,080
2014-15	1,681,478,871	103,965,707	17,435,500	24,090,612	1,751	1,826,972,441

(1) Real estate and personal property are assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.



Table 7

County of Mathews, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2006-07	\$ 0.53	\$ 0.53	\$ 3.60	\$ 2.14
2007-08(2)	.56/ .53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(3)	.56/ .47	0.56	4.53	2.14
2011-12	0.47	0.47	3.70	2.14
2012-13	0.47	0.47	3.65	2.14
2013-14	0.54	0.47	3.65	2.14
2014-15	0.54	0.54	3.70	2.14
2015-16	0.54	0.54	3.70	2.14

(1) Per \$100 of assessed value.

(2) First half 2008 and second half 2007, respectively

(3) First half 2011 and second half 2010, respectively

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2006-07	9,100	\$ 1,409,230	\$ 8,437,339	-	\$ -	\$ 8,437,339	0.60%	\$ 927
2007-08	9,100	1,421,093	7,482,051	-	-	7,482,051	0.53%	822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423
2013-14	8,978	1,816,858	3,318,830	-	-	3,318,830	0.18%	370
2014-15	8,978	1,820,491	2,505,852	-	-	2,505,852	0.14%	279
2015-16	8,978	1,826,972	2,009,277	-	-	2,009,277	0.11%	224

(1) Weldon Cooper Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value from Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

(4) In accordance with the provisions of annexation settlements.

*COMPLIANCE*

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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To The Honorable Members of the Board of Supervisors  
County of Mathews  
Mathews, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated November 11, 2016.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

### Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia  
November 11, 2016

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors  
County of Mathews  
Mathews, Virginia

### Report on Compliance for Each Major Federal Program

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2016. County of Mathews, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Mathews, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Mathews, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### *Opinion on Each Major Federal Program*

In our opinion, County of Mathews, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "D. Frick", followed by a horizontal line.

Richmond, Virginia  
November 11, 2016



County of Mathews, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950114/0950115	\$ 11,521
Temporary Assistance for Needy Families	93.558	0400114/0400115	86,670
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500115	97
Low-income Home Energy Assistance	93.568	0600414/0600415	9,897
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114/0760115	16,805
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114/090115	462
Foster Care - Title IV-E	93.658	1100114/1100115	64,021
Adoption Assistance	93.659	1120114/1120115	132,526
Social Services Block Grant	93.667	1000114/1000115	97,624
Chafee Foster Care Independence Program	93.674	9150114/9150115	791
Children's Health Insurance Program	93.767	0540114/0540115	4,994
Medical Assistance Program	93.778	1200114/1200115	157,303
			<u>\$ 582,711</u>
Total Department of Health and Human Services			<u>\$ 582,711</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	77602-155/146	<u>\$ 1,147,408</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 39,996
Department of Education:			
National School Lunch Program	10.555	17901-45707	220,756
Sub-total CFDA 10.555			<u>\$ 260,752</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	66,167
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010114/0010115	127,630
Total Department of Agriculture			<u>\$ 454,549</u>

County of Mathews, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Compensation Board:			
Crime Victims Assistance	16.575	3900100-10220	\$ 916
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3900100-81100	1,511
			<u>2,427</u>
Total Department of Justice			<u>\$ 2,427</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50287	\$ 13,115
Virginia Department of Transportation:			
Highway Planning and Construction (ISTEA)	20.205	60302-0	41,227
			<u>54,342</u>
Total Department of Transportation			<u>\$ 54,342</u>
Department of Treasury:			
Direct Payments:			
Sheriff Asset Forfeiture Funds	21.xxx	N/A	\$ 52,564
			<u>52,564</u>
Department of Interior:			
Direct Payments:			
National Park Service:			
Chesapeake Bay Gateways Network	15.930	N/A	\$ 88,000
			<u>88,000</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	53305-50791	\$ 198,808
			<u>198,808</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901-42999	\$ 206,591
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071-61234	\$ 263,004
Special Education - Preschool Grants	84.173	17901-62521	8,556
Career and Technical Education - Basic Grants to States	84.048	17901-61095	18,725
Advanced Placement Program	84.330	17901-609570	123
English Language Acquisition State Grants	84.365	17901-60512	1,276
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	43,014
			<u>43,014</u>
Total Department of Education			<u>\$ 541,289</u>
Total Expenditures of Federal Awards			<u>\$ 3,122,098</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 933,908
Special Revenue Fund	1,319,982
Total primary government	<u>\$ 2,253,890</u>

Component Unit School Board:

School Operating Fund	\$ 541,289
School Cafeteria Fund	326,919
Total component unit school board	<u>\$ 868,208</u>

Total federal expenditures per basic financial statements	<u>\$ 3,122,098</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,122,098</u></u>
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County of Mathews, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported

Type of auditors' report issued on compliance  
for major programs: unmodified

Any findings disclosed that are required to be  
reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ yes ✓ no

Identification of major programs:

CFDA Number(s)  
97.039

Name of Federal Program or Cluster  
Hazard Mitigation Grant

Dollar threshold used to distinguish between type A  
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ yes \_\_\_\_\_ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2016

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Prior Year Financial Statement Findings

There were no prior year findings.

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