

# COUNTY OF MATHEWS, VIRGINIA



## ANNUAL FINANCIAL REPORT

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FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019

**COUNTY OF MATHEWS, VIRGINIA**

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**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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# COUNTY OF MATHEWS, VIRGINIA

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## Board of Supervisors

G. C. Morrow, Chair  
Edwina J. Casey, Vice-Chair

Charles E. Ingram

Michael C. Rowe

Amy Dubois

## School Board

John L. Priest, Chair  
Melissa F. Mason, Vice-Chair

Bambi L. Thompson

Linda G. Hodges

Jeanice A. Sadler

## Department of Social Services Board

Mary E. Sampson, Chair  
Jeannie Elliott, Vice-Chair

Margaret Hudgins  
Mike Rowe

Arlene Armentor

## Other Officials

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 ..... Nancy B. Welch  
Director of Social Services ..... Tiffany Gordon  
Judge of the Circuit Court ..... Jeffrey W. Shaw  
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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**Independent Auditors' Report**

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**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 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2019, 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 21 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. 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 related to pension and OPEB funding on pages 4-10, 86-87 and 88-106 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.

### *Supplementary and 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 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* 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.

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Mathews, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of 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 long horizontal line.

Richmond, Virginia  
November 1, 2019

## 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, 2019.

### 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 \$15,915,796 (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 \$404,572 (Exhibit 5) after making contributions totaling \$7,307,906 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$8,655,008, an increase of \$404,572 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,572,246, or 35% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$1,211,970 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 two categories: governmental 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.

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 \$15,915,796 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		
	2019	2018	
Current and other assets	\$ 16,055,787	\$ 14,928,387	
Capital assets	<u>11,136,261</u>	<u>11,904,129</u>	
Total assets	\$ <u>27,192,048</u>	\$ <u>26,832,516</u>	
Deferred outflows of resources	\$ <u>362,865</u>	\$ <u>333,435</u>	
Current liabilities	\$ 1,431,370	\$ 1,347,294	
Long-term liabilities outstanding	<u>4,630,469</u>	<u>5,842,439</u>	
Total liabilities	\$ <u>6,061,839</u>	\$ <u>7,189,733</u>	
Deferred inflows of resources	\$ <u>5,577,278</u>	\$ <u>5,142,345</u>	
Net position:			
Net investment in capital assets	\$ 8,297,969	\$ 8,058,864	
Restricted	764,967	329,087	
Unrestricted	<u>6,852,860</u>	<u>6,445,922</u>	
Total net position	\$ <u><u>15,915,796</u></u>	\$ <u><u>14,833,873</u></u>	

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## Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1,081,923 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	
	2019	2018
Revenues:		
Charges for services	\$ 190,875	\$ 183,147
Operating grants and contributions	2,888,971	5,145,326
Capital grants and contributions	-	115,960
General property taxes	12,685,626	12,014,049
Other local taxes	1,658,861	1,545,883
Grants and other contributions not restricted	1,457,195	1,485,618
Other general revenues	359,162	208,629
Transfers	-	-
Total revenues	\$ 19,240,690	\$ 20,698,612
Expenses:		
General government administration	\$ 1,153,859	\$ 1,421,505
Judicial administration	716,749	632,505
Public safety	3,023,971	2,858,519
Public works	1,463,335	1,387,017
Health and welfare	2,272,755	1,935,505
Education	7,887,125	7,648,766
Parks, recreation, and cultural	653,065	510,214
Community development	895,448	3,071,375
Interest and other fiscal charges	92,460	128,430
Total expenses	\$ 18,158,767	\$ 19,593,836
Change in net position	\$ 1,081,923	\$ 1,104,776
Net position, beginning of year	14,833,873	13,729,097
Net position, end of year	\$ 15,915,796	\$ 14,833,873

## 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 \$8,655,008, an increase of \$404,572 in comparison with the prior year. Approximately 76% 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, revenues and other financing sources exceeded budgetary estimates by \$633,474 and expenditures and other financing uses were less than budgetary estimates by \$724,569, resulting in an overall positive variance of \$1,358,043.

## Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounts to \$11,136,261 (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 \$2,691,600. Of this amount, \$491,600 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 \$970,300 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 2020 fiscal year.

The fiscal year 2020 budget increased by approximately 9% and included a \$0.07 increase in the real estate tax rate for FY20.

### 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.

County of Mathews, Virginia  
Statement of Net Position  
June 30, 2019

	Primary Government		
	Governmental	Component Units	
	<u>Activities</u>	<u>School Board</u>	<u>EDA</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,946,381	\$ 260,675	\$ 343,870
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,979,231	-	-
Accounts receivable	56,271	7	-
Notes receivable	17,905	-	-
Due from other governmental units	1,055,999	1,320,068	-
Inventories	-	834	-
Capital assets (net of accumulated depreciation):			
Land and improvements	2,571,902	46,172	-
Buildings and improvements	7,760,619	8,805,248	-
Equipment	605,197	575,306	-
Construction in progress	198,543	-	-
Total assets	<u>\$ 27,192,048</u>	<u>\$ 11,008,310</u>	<u>\$ 343,870</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 318,843	\$ 1,238,799	\$ -
OPEB related items	44,022	148,057	-
Total deferred outflows of resources	<u>\$ 362,865</u>	<u>\$ 1,386,856</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 240,657	\$ 213,072	\$ -
Accrued liabilities	-	1,160,742	-
Accrued interest payable	31,887	-	-
Due to other governmental units	1,158,826	-	-
Long-term liabilities:			
Due within one year	1,026,197	21,519	-
Due in more than one year	3,604,272	12,134,700	-
Total liabilities	<u>\$ 6,061,839</u>	<u>\$ 13,530,033</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 5,302,360	\$ -	\$ -
Pension related items	239,290	1,556,343	-
OPEB related items	35,628	170,322	-
Total deferred inflows of resources	<u>\$ 5,577,278</u>	<u>\$ 1,726,665</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 8,297,969	\$ 9,426,726	\$ -
Restricted	764,967	-	-
Unrestricted (deficit)	6,852,860	(12,288,258)	343,870
Total net position	<u>\$ 15,915,796</u>	<u>\$ (2,861,532)</u>	<u>\$ 343,870</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, 2019

		Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Primary Government	Component Units		
Functions/Programs	Expenses	Services	Grants and Contributions	Grants and Contributions	Governmental Activities	School Board	EDA	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,153,859	\$ -	\$ 205,910	\$ -	\$ (947,949)	\$ -	\$ -	
Judicial administration	716,749	7,949	333,313	-	(375,487)	-	-	
Public safety	3,023,971	174,807	797,029	-	(2,052,135)	-	-	
Public works	1,463,335	-	-	-	(1,463,335)	-	-	
Health and welfare	2,272,755	-	1,344,879	-	(927,876)	-	-	
Education	7,887,125	-	-	-	(7,887,125)	-	-	
Parks, recreation, and cultural	653,065	4,284	87,976	-	(560,805)	-	-	
Community development	895,448	3,835	119,864	-	(771,749)	-	-	
Interest on long-term debt	92,460	-	-	-	(92,460)	-	-	
Total primary government	\$ 18,158,767	\$ 190,875	\$ 2,888,971	\$ -	\$ (15,078,921)	\$ -	\$ -	
COMPONENT UNITS:								
School Board	\$ 14,229,496	\$ 400,852	\$ 6,786,730	\$ -	\$ -	\$ (7,041,914)	\$ -	
Economic Development Authority	14,510	57,045	-	-	-	-	42,535	
Total component units	\$ 14,244,006	\$ 457,897	\$ 6,786,730	\$ -	\$ -	\$ (7,041,914)	\$ 42,535	
General revenues:								
General property taxes					\$ 12,685,626	\$ -	\$ -	
Local sales and use taxes					508,533	-	-	
Consumer's utility tax					152,448	-	-	
Motor vehicle licenses					300,405	-	-	
Business license taxes					184,942	-	-	
Other local taxes					512,533	-	-	
Unrestricted revenues from use of money and property					85,509	13,130	9,685	
Miscellaneous					273,653	55,288	-	
Grants and contributions not restricted to specific programs					1,457,195	-	-	
Payment from Mathews County					-	7,912,001	-	
Total general revenues					\$ 16,160,844	\$ 7,980,419	\$ 9,685	
Change in net position					\$ 1,081,923	\$ 938,505	\$ 52,220	
Net position - beginning					14,833,873	(3,800,037)	291,650	
Net position - ending					\$ 15,915,796	\$ (2,861,532)	\$ 343,870	

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

County of Mathews, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2019

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,175,846	\$ 770,535	\$ 8,946,381
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,950,330	28,901	5,979,231
Accounts receivable	56,271	-	56,271
Notes receivable	-	17,905	17,905
Due from other funds	629,117	-	629,117
Due from other governmental units	426,882	629,117	1,055,999
Total assets	<u>\$ 15,238,446</u>	<u>\$ 1,446,458</u>	<u>\$ 16,684,904</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 231,801	\$ 8,856	\$ 240,657
Due to other funds	-	629,117	629,117
Due to other governmental units	1,158,826	-	1,158,826
Total liabilities	<u>\$ 1,390,627</u>	<u>\$ 637,973</u>	<u>\$ 2,028,600</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 6,001,296	\$ -	\$ 6,001,296
Total deferred inflows of resources	<u>\$ 6,001,296</u>	<u>\$ -</u>	<u>\$ 6,001,296</u>
<b>FUND BALANCES</b>			
Restricted	\$ -	\$ 764,967	\$ 764,967
Committed	1,274,277	43,518	1,317,795
Unassigned	6,572,246	-	6,572,246
Total fund balances	<u>\$ 7,846,523</u>	<u>\$ 808,485</u>	<u>\$ 8,655,008</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,238,446</u>	<u>\$ 1,446,458</u>	<u>\$ 16,684,904</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, 2019

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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	\$	8,655,008
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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	\$ 18,304,429		
Accumulated depreciation	<u>(7,168,168)</u>		11,136,261

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

Unavailable revenue - property taxes			698,936
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 318,843		
OPEB related items	<u>44,022</u>		362,865

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	\$ (2,200,000)		
Issuance premium on refunded bonds	(146,692)		
General obligation bonds	(491,600)		
Compensated absences	(245,970)		
Net pension liability	(851,829)		
Net OPEB liability	(694,378)		
Accrued interest payable	<u>(31,887)</u>		(4,662,356)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (239,290)		
OPEB related items	<u>(35,628)</u>		(274,918)

Net position of governmental activities	\$	<u><u>15,915,796</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, 2019

	General Fund	Special Revenue Fund	Total
<b>REVENUES</b>			
General property taxes	\$ 12,687,041	\$ -	\$ 12,687,041
Other local taxes	1,372,877	285,984	1,658,861
Permits, privilege fees, and regulatory licenses	87,209	-	87,209
Fines and forfeitures	54,428	3,835	58,263
Revenue from the use of money and property	84,889	620	85,509
Charges for services	45,403	-	45,403
Miscellaneous	104,370	169,283	273,653
Recovered costs	18,574	-	18,574
Intergovernmental:			
Commonwealth	3,346,123	13,084	3,359,207
Federal	884,869	102,090	986,959
Total revenues	<u>\$ 18,685,783</u>	<u>\$ 574,896</u>	<u>\$ 19,260,679</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,537,905	\$ -	\$ 1,537,905
Judicial administration	587,202	-	587,202
Public safety	2,917,767	7,585	2,925,352
Public works	1,303,415	-	1,303,415
Health and welfare	2,234,166	-	2,234,166
Education	7,314,893	-	7,314,893
Parks, recreation, and cultural	564,295	-	564,295
Community development	354,516	59,876	414,392
Capital projects	782,544	83,353	865,897
Debt service:			
Principal retirement	970,300	-	970,300
Interest and other fiscal charges	138,290	-	138,290
Total expenditures	<u>\$ 18,705,293</u>	<u>\$ 150,814</u>	<u>\$ 18,856,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,510)</u>	<u>\$ 424,082</u>	<u>\$ 404,572</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 3,593	\$ 17,992	\$ 21,585
Transfers out	(17,992)	(3,593)	(21,585)
Total other financing sources (uses)	<u>\$ (14,399)</u>	<u>\$ 14,399</u>	<u>\$ -</u>
Net change in fund balances	\$ (33,909)	\$ 438,481	\$ 404,572
Fund balances - beginning	7,880,432	370,004	8,250,436
Fund balances - ending	<u>\$ 7,846,523</u>	<u>\$ 808,485</u>	<u>\$ 8,655,008</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, 2019

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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	\$	404,572
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$	394,845	
Allocation of School Board assets		(604,095)	
Depreciation expense		(558,618)	(767,868)

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

Property taxes		(1,415)
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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	\$	490,000	
Principal retirement on general obligation bonds		480,300	970,300

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	\$	(19,815)	
OPEB expense		30,444	
Pension expense		419,875	
(Increase) Decrease in accrued interest		9,157	
Amortization of issuance premium		36,673	\$ 476,334

Change in net position of governmental activities		\$ 1,081,923
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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, 2019

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	Agency <u>Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 90,059
Total assets	<u>\$ 90,059</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 43,423
Amounts held for others	46,636
Total liabilities	<u>\$ 90,059</u>

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



## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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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.

#### 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).

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.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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**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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

#### **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.

#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2019.

*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 Board 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, 2019.

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 the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. 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, 2019. The Authority does not issue a separate financial report.

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

None

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

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**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.

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.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

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.

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. 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 Special Welfare Fund, the Tour de Chesapeake Fund, the Market Days Fund, the Courthouse Square Basket Fund, and the Escrow Deposits 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.

#### **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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**F. Investments (Continued)**

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, 2019.

**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 uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$132,885 at June 30, 2019 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/June5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

**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.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **I. Capital Assets (Continued)**

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.

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. 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.

#### **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.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **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 and School Board's Retirement Plan and the additions to/deductions from the County's and School Board'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. Other Postemployment Benefits (OPEB)**

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

#### **P. Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental 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.

#### **Q. 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 and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB measurement date. For more detailed information, reference the related notes.

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

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**Q. Deferred Outflows/Inflows of Resources (Continued)**

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 and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**R. Fund Balance**

The following classifications of fund balance 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;
- 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.



COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**R. Fund Balance (Continued)**

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

	General	Special Revenue	Total
Fund Balances:			
Restricted:			
C/V grants	\$ -	\$ 36,128	\$ 36,128
Wetlands violations	-	8,170	8,170
Wetlands compensation	-	22,745	22,745
Meals tax	-	583,142	583,142
Hazard mitigation	-	59,909	59,909
Forfeited assets	-	34,422	34,422
Community development	-	20,451	20,451
Total Restricted Fund Balance	\$ -	\$ 764,967	\$ 764,967
Committed:			
Historic courthouse renovations	\$ 335,867	\$ -	\$ 335,867
Main street improvements	150,000	-	150,000
Public access to waterways	149,325	-	149,325
Drainage improvements	117,498	-	117,498
Reassessment	33,376	-	33,376
Infrastructure maintenance	264,539	-	264,539
Employee accumulated leave	30,000	-	30,000
New Point nature preserve	-	10,013	10,013
New Point comfort lighthouse	-	33,505	33,505
Technology	193,672	-	193,672
Total Committed Fund Balance	\$ 1,274,277	\$ 43,518	\$ 1,317,795
Unassigned	\$ 6,572,246	\$ -	\$ 6,572,246
Total Fund Balances	\$ 7,846,523	\$ 808,485	\$ 8,655,008

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (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 exceeded appropriations in the following funds for the fiscal year ended June 30, 2019:

School Cafeteria Fund	\$	27,343
School Thrifty Spot Fund		15,899

### **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, 2019 (Continued)

## **Note 4—Due from/Due to Other Governments:**

At June 30, 2019, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Mathews	\$ -	\$ 1,158,826
Commonwealth of Virginia:		
Local sales tax	99,571	-
Welfare	34,217	-
Rolling stock tax	3	-
Wireless service board funds	6,952	-
State Sales Tax	-	140,344
Constitutional officer reimbursements	91,924	-
Recordation tax	8,593	-
Comprehensive services act	45,270	-
Victim witness	3,014	-
Communications tax	60,724	-
DMV	1,340	-
Disaster assistance	6,000	-
Federal Government:		
School fund grants	-	20,898
VDOT enhancement	629,117	-
Transportation safety	3,267	-
Victim witness	9,042	-
Welfare	56,965	-
Total due from other governments	\$ <u>1,055,999</u>	\$ <u>1,320,068</u>

At June 30, 2019, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>1,158,826</u>	\$ <u>-</u>

# COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Governmental Activities:</b>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,571,902	\$ -	\$ -	\$ 2,571,902
Construction in progress	<u>129,963</u>	<u>115,897</u>	<u>47,317</u>	<u>198,543</u>
Total capital assets not subject to depreciation	\$ <u>2,701,865</u>	\$ <u>115,897</u>	\$ <u>47,317</u>	\$ <u>2,770,445</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,953,463	\$ -	\$ -	\$ 11,953,463
Equipment	2,489,881	178,467	52,585	2,615,763
Jointly owned assets	<u>1,831,576</u>	<u>147,798</u>	<u>1,014,616</u>	<u>964,758</u>
Total capital assets being depreciated	\$ <u>16,274,920</u>	\$ <u>326,265</u>	\$ <u>1,067,201</u>	\$ <u>15,533,984</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,375,322	\$ 309,120	\$ -	\$ 4,684,442
Equipment	1,837,657	225,494	52,585	2,010,566
Jointly owned assets	<u>859,677</u>	<u>24,004</u>	<u>410,521</u>	<u>473,160</u>
Total accumulated depreciation	\$ <u>7,072,656</u>	\$ <u>558,618</u>	\$ <u>463,106</u>	\$ <u>7,168,168</u>
Total capital assets subject to depreciation, net	\$ <u>9,202,264</u>	\$ <u>(232,353)</u>	\$ <u>604,095</u>	\$ <u>8,365,816</u>
Governmental activities capital activities, net	\$ <u>11,904,129</u>	\$ <u>(116,456)</u>	\$ <u>651,412</u>	\$ <u>11,136,261</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 5—Capital Assets: (Continued)**

Component Unit-School Board:	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 2,665,704	\$ 306,405	\$ -	\$ 2,972,109
Jointly owned assets	16,265,564	-	(1,014,616)	17,280,180
Total capital assets being depreciated	\$ 18,931,268	\$ 306,405	\$ (1,014,616)	\$ 20,252,289
Accumulated depreciation:				
Equipment	\$ 2,222,507	\$ 174,296	\$ -	\$ 2,396,803
Jointly owned assets	7,634,472	429,939	(410,521)	8,474,932
Total accumulated depreciation	\$ 9,856,979	\$ 604,235	\$ (410,521)	\$ 10,871,735
Total capital assets subject to depreciation, net	\$ 9,074,289	\$ (297,830)	\$ (604,095)	\$ 9,380,554
Net capital assets Component Unit-School Board	\$ 9,120,461	\$ (297,830)	\$ (604,095)	\$ 9,426,726

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**COUNTY OF MATHEWS, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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**Note 5—Capital Assets: (Continued)**

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	41,697
Judicial administration		156,379
Public safety		179,272
Public works		31,864
Health and welfare		29,190
Education		24,004
Parks, recreation and cultural		<u>96,212</u>
Total Governmental activities	\$	<u><u>558,618</u></u>
Component Unit School Board	\$	<u><u>604,235</u></u>

**Note 6—Interfund Transfers and Obligations:**

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Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 3,593	\$ 17,992
Special Revenue	<u>17,992</u>	<u>3,593</u>
Total	<u><u>\$ 21,585</u></u>	<u><u>\$ 21,585</u></u>
Component Unit-School Board:		
School Operating	\$ -	\$ 249,115
Textbook	106,666	-
School Cafeteria	<u>142,449</u>	<u>-</u>
Total	<u><u>\$ 249,115</u></u>	<u><u>\$ 249,115</u></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, 2019 (Continued)

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

Details of the Primary Government's interfund receivables and payables as of June 30, 2019 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General Fund	\$ 629,117	\$ -
Special Revenue Fund	-	629,117
Total	<u>\$ 629,117</u>	<u>\$ 629,117</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, 2019:

	<u>Balance at July 1, 2018</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Incurred by the County:					
Compensated absences	\$ 226,155	\$ 42,431	\$ 22,616	\$ 245,970	\$ 24,597
Direct borrowings and placements:					
Lease revenue bonds	2,690,000	-	490,000	2,200,000	510,000
Add: issuance premium	183,365	-	36,673	146,692	-
Net pension liability	1,081,482	1,190,500	1,420,153	851,829	-
Net OPEB liabilities	689,537	85,960	81,119	694,378	-
Total incurred by County	<u>\$ 4,870,539</u>	<u>\$ 1,318,891</u>	<u>\$ 2,050,561</u>	<u>\$ 4,138,869</u>	<u>\$ 534,597</u>
Incurred by the School Board:					
Direct borrowings and placements:					
General obligation bonds	<u>\$ 971,900</u>	<u>\$ -</u>	<u>\$ 480,300</u>	<u>\$ 491,600</u>	<u>\$ 491,600</u>
Total incurred by School Board	<u>\$ 971,900</u>	<u>\$ -</u>	<u>\$ 480,300</u>	<u>\$ 491,600</u>	<u>\$ 491,600</u>
Total Governmental Activities Obligations	<u>\$ 5,842,439</u>	<u>\$ 1,318,891</u>	<u>\$ 2,530,861</u>	<u>\$ 4,630,469</u>	<u>\$ 1,026,197</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (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	Direct Borrowings and Direct Placements County Obligations			
	Lease Revenue Bonds			
	Principal		Interest	
2020	\$	510,000	\$	89,624
2021		535,000		64,274
2022		570,000		39,469
2023		585,000		13,727
Total	\$	<u>2,200,000</u>	\$	<u>207,094</u>

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2020	\$ <u>491,600</u>	\$ <u>10,512</u>
Total	\$ <u>491,600</u>	\$ <u>10,512</u>



# COUNTY OF MATHEWS, VIRGINIA

## Notes to Financial Statements As of June 30, 2019 (Continued)

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

#### Primary Government: (Continued)

Incurring Entity:	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Incurred by the County:							
Compensated absences (payable from the General Fund)						\$ 245,970	\$ 24,597
Net OPEB liabilities (payable from the General Fund)						\$ 694,378	\$ -
Net pension liability (payable from the General Fund)						\$ 851,829	\$ -
Direct borrowings and placements:							
<u>Revenue Bonds:</u>							
Courthouse Revenue Refunding Bond \$1,905,000 outstanding, plus unamortized premium of \$101,895	(a)	2.20% - 5.20%	5/25/2011	10/1/2022	4,885,000	\$ 2,006,895	\$ 445,000
Lease Revenue Refunding Bond \$295,000 outstanding, plus unamortized premium of \$44,797	(a)	2.279% - 5.125%	7/12/2012	10/1/2022	720,000	\$ 339,797	\$ 65,000
Total long-term obligations incurred by the County						\$ 4,138,869	\$ 534,597
Incurred by the School Board:							
Direct borrowings and placements:							
<u>General Obligation Bonds:</u>							
VPSPA Bond Outstanding	(a)	4.10% - 5.225%	5/13/1999	7/15/2019	2,000,000	\$ 150,000	\$ 150,000
<u>Revenue Bonds:</u>							
Lease Revenue Refunding Bond through Industrial Development Authority of Mathews County, Virginia	(a)	1.93%	3/28/2014	2/1/2020	1,961,300	\$ 341,600	\$ 341,600
Total Direct Borrowings and Placements						\$ 491,600	\$ 491,600
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 491,600	\$ 491,600
Total outstanding debt - governmental activities						\$ 4,630,469	\$ 1,026,197
(a) No other terms specified in the debt agreement							

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

The following is a summary of changes in School Board long-term obligations for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Amounts Due Within One Year
<b>Component Unit-School Board:</b>					
Compensated absences	\$ 204,391	\$ 31,237	\$ 20,439	\$ 215,189	\$ 21,519
Net pension liability	10,937,948	2,269,690	3,132,250	10,075,388	-
Net OPEB liabilities	1,963,623	222,361	320,342	1,865,642	-
Total Component Unit-School Board	\$ 13,105,962	\$ 2,523,288	\$ 3,473,031	\$ 12,156,219	\$ 21,519

**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. Under the accrual basis of accounting, assessments for future periods are deferred. The County had unavailable revenue at June 30, 2019 totaling \$6,001,296 and deferred revenue totaling \$5,302,360 comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 698,936
2nd half assessment - property tax	5,076,620	5,076,620
Prepaid property taxes due after June 30 but paid in advance by taxpayers	225,740	225,740
Total deferred/unavailable revenue	\$ 5,302,360	\$ 6,001,296

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### ***Note 9—Commitments / Contingent Liabilities:***

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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* 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.

### ***Note 10—Litigation:***

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At June 30, 2019, 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.

### ***Note 12—Pension Plans:***

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#### ***Plan Description***

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

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

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***Benefit Structures***

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

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

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 12—Pension Plans: (Continued)

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

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

#### *Employees Covered by Benefit Terms*

As of the June 30, 2017 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	50	37
Inactive members:		
Vested inactive members	9	3
Non-vested inactive members	5	11
Inactive members active elsewhere in VRS	48	18
Total inactive members	62	32
Active members	58	43
Total covered employees	170	112

#### *Contributions*

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 11.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$312,722 and \$300,373 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

Note 12—Pension Plans: (Continued)

Contributions (Contributions)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 10.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$84,712 and \$86,813 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

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

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 12—Pension Plans: (Continued)

#### *Actuarial Assumptions - General Employees (Continued)*

Mortality rates: (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 12—Pension Plans: (Continued)

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#### *Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

##### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

##### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

##### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

##### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

##### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.



## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 12—Pension Plans: (Continued)

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

Mortality rates: (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

#### Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

# COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 12—Pension Plans: (Continued)

### Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

# COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 12—Pension Plans: (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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 12,396,288	\$ 11,314,806	\$ 1,081,482
Changes for the year:			
Service cost	\$ 335,841	\$ -	\$ 335,841
Interest	846,691	-	846,691
Differences between expected and actual experience	(156,562)	-	(156,562)
Contributions - employer	-	300,305	(300,305)
Contributions - employee	-	127,864	(127,864)
Net investment income	-	835,422	(835,422)
Benefit payments, including refunds of employee contributions	(601,411)	(601,411)	-
Administrative expenses	-	(7,225)	7,225
Other changes	-	(743)	743
Net changes	\$ 424,559	\$ 654,212	\$ (229,653)
Balances at June 30, 2018	\$ 12,820,847	\$ 11,969,018	\$ 851,829

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

Note 12—Pension Plans: (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, 2017	\$ 3,872,168	\$ 3,231,220	\$ 640,948
Changes for the year:			
Service cost	\$ 69,992	\$ -	\$ 69,992
Interest	263,746	-	263,746
Differences between expected and actual experience	8,670	-	8,670
Contributions - employer	-	86,813	(86,813)
Contributions - employee	-	37,850	(37,850)
Net investment income	-	236,587	(236,587)
Benefit payments, including refunds of employee contributions	(208,740)	(208,740)	-
Administrative expenses	-	(2,072)	2,072
Other changes	-	(210)	210
Net changes	\$ 133,668	\$ 150,228	\$ (16,560)
Balances at June 30, 2018	\$ 4,005,836	\$ 3,381,448	\$ 624,388

*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)	\$ 2,349,013	\$ 851,829	\$ (405,644)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 1,032,334	\$ 624,388	\$ 275,093

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(107,221) and \$21,036, respectively. At June 30, 2019, 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	\$ -	\$ 139,222	\$ 4,675	\$ 1,479
Change in assumptions	6,121	-	-	2,745
Net difference between projected and actual earnings on pension plan investments	-	100,068	-	27,119
Employer contributions subsequent to the measurement date	312,722	-	84,712	-
Total	<u>\$ 318,843</u>	<u>\$ 239,290</u>	<u>\$ 89,387</u>	<u>\$ 31,343</u>

\$312,722 and \$84,712 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 ending June 30, 2020. 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)
2020	\$ (68,450)	\$ 10,918
2021	(37,909)	(1,905)
2022	(116,866)	(32,996)
2023	(9,944)	(2,685)
2024	-	-
Thereafter	-	-

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 12—Pension Plans: (Continued)

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#### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### 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 related to the plan description is included in the first section of this note.

##### *Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,018,412 and \$1,039,399 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$9,451,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.08037% as compared to 0.08373% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$476,000. 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

Note 12—Pension Plans: (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)*

At June 30, 2019, 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	\$ -	\$ 809,000
Change in assumptions	113,000	-
Net difference between projected and actual earnings on pension plan investments	-	200,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,000	516,000
Employer contributions subsequent to the measurement date	<u>1,018,412</u>	<u>-</u>
Total	\$ <u><u>1,149,412</u></u>	\$ <u><u>1,525,000</u></u>

\$1,018,412 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 ending June 30, 2020. 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>	
2020	\$ (245,000)
2021	(347,000)
2022	(521,000)
2023	(201,000)
2024	(80,000)

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 12—Pension Plans: (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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, 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-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

###### Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

###### Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change



## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 12—Pension Plans: (Continued)

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

##### ***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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

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

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 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:

	<b>Rate</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount (7.00%)</b>	<b>1% Increase (8.00%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 14,437,000	\$ 9,451,000	\$ 5,324,000

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 12—Pension Plans: (Continued)

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

##### *Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### Primary Government and Component Unit School Board

##### *Aggregate Pension Information*

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 318,843	\$ 239,290	\$ 851,829	\$ (107,221)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	89,387	31,343	624,388	21,036
School Board Professional	-	-	-	-	1,149,412	1,525,000	9,451,000	476,000
Totals	<u>\$ 318,843</u>	<u>\$ 239,290</u>	<u>\$ 851,829</u>	<u>\$ (107,221)</u>	<u>\$ 1,238,799</u>	<u>\$ 1,556,343</u>	<u>\$ 10,075,388</u>	<u>\$ 497,036</u>

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan):

#### *Plan Description*

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

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

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

#### *Eligible Employees*

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

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### ***Benefit Amounts***

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

#### ***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ( $1.31\% \times 60\%$ ) and the employer component was 0.52% ( $1.31\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$14,785 and \$13,326 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$34,326 and \$33,525 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$4,353 and \$4,159 for the years ended June 30, 2019 and June 30, 2018, respectively.

#### ***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB***

At June 30, 2019, the County reported a liability of \$205,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$515,000 and \$64,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the County's proportion was 0.01348% as compared to 0.01341% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion was .03391% and .004421%, respectively as compared to 0.03564% and 0.00428%, respectively at June 30, 2017.

# COUNTY OF MATHEWS, VIRGINIA

## Notes to Financial Statements As of June 30, 2019 (Continued)

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$1,000. For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of \$(1,000). For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$(1,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,000	\$ 3,000	\$ 25,000	\$ 9,000	\$ 3,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,000	-	17,000	-	2,000
Change in assumptions	-	9,000	-	21,000	-	3,000
Changes in proportion	-	6,000	-	24,000	-	-
Employer contributions subsequent to the measurement date	14,785	-	34,326	-	4,353	-
Total	\$ 24,785	\$ 25,000	\$ 59,326	\$ 71,000	\$ 7,353	\$ 6,000

\$14,785, \$34,326, and \$4,353, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2020	\$ (4,000)	\$ (13,000)	\$ (1,000)
2021	(4,000)	(13,000)	(1,000)
2022	(4,000)	(13,000)	(1,000)
2023	(2,000)	(8,000)	-
2024	(1,000)	(2,000)	-
Thereafter	-	3,000	-

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, 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 OPEB liabilities.

#### **Mortality Rates - General State Employees**

##### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

##### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

##### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - General State Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

##### **Mortality Rates - Teachers**

###### **Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

###### **Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

###### **Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - SPORS Employees**

###### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

###### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

###### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

##### **Mortality Rates - VaLORS Employees**

###### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

###### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

###### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - VaLORS Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

##### **Mortality Rates - JRS Employees**

###### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

###### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

###### **Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.



## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - JRS Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

##### **Mortality Rates - Largest Ten Locality Employers - General Employees**

###### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

###### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

###### **Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### *Actuarial Assumptions: (Continued)*

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

###### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

###### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

###### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

##### **Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees**

###### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

###### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

###### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

#### *Actuarial Assumptions: (Continued)*

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

###### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

###### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

###### **Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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

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## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

#### *Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

#### *Discount Rate*

The discount rate used to measure the total GLI OPEB 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 guidance 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 ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (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%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 268,000	\$ 205,000	\$ 154,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 673,000	\$ 515,000	\$ 386,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 84,000	\$ 64,000	\$ 48,000

***GLI Program Fiduciary Net Position***

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

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### Note 14—Health Insurance Credit (HIC) Program (OPEB Plan):

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#### *Plan Description*

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

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

#### *Eligible Employees*

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

#### *Benefit Amounts*

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

#### *HIC Program Notes*

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

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### *Employees Covered by Benefit Terms*

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>3</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>3</u>
Active members	<u>17</u>
Total covered employees	<u><u>20</u></u>

#### *Contributions*

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2019 was 0.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Program were \$3,730 and \$2,281 for the years ended June 30, 2019 and June 30, 2018, respectively.

#### *Net HIC OPEB Liability*

The County's net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.



## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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#### *Actuarial Assumptions*

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, 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 the OPEB liabilities.

#### **Mortality Rates - Largest Ten Locality Employers - General Employees**

##### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

##### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

##### Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

###### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

###### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

###### **Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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**Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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***Actuarial Assumptions: (Continued)***

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### *Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

#### *Discount Rate*

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

*Changes in Net HIC OPEB Liability*

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 24,395	\$ 259	\$ 24,136
Changes for the year:			
Service cost	\$ 1,075	\$ -	\$ 1,075
Interest	1,655	-	1,655
Difference between expected and actual experience	4,695	-	4,695
Contributions - employer	-	2,281	(2,281)
Net investment income	-	41	(41)
Benefit payments	(1,497)	(1,497)	-
Administrative expenses	-	(2)	2
Net changes	\$ 5,928	\$ 823	\$ 5,105
Balances at June 30, 2018	\$ 30,323	\$ 1,082	\$ 29,241

*Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate*

The following presents the County's HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the County's net HIC OPEB 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's Net HIC OPEB Liability	\$ 32,283	\$ 29,241	\$ 26,615

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 14—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of \$3,458. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,792	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	3	15
Change in assumptions	-	488
Employer contributions subsequent to the measurement date	<u>3,730</u>	<u>-</u>
Total	<u>\$ 7,525</u>	<u>\$ 503</u>

\$3,730 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ 771
2021	771
2022	771
2023	799
2024	180
Thereafter	-

***HIC Program Plan Data***

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

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### **Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):**

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#### ***Plan Description***

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

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

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

#### ***HIC Program Notes***

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



# COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

### Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$78,978 and \$79,301 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$1,012,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.07972% as compared to 0.08304% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$76,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	9,000
Change in proportion	-	46,000
Employer contributions subsequent to the measurement date	<u>78,978</u>	<u>-</u>
Total	<u>\$ 78,978</u>	<u>\$ 60,000</u>

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### *Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB (Continued)*

\$78,978 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (10,000)
2021	(10,000)
2022	(10,000)
2023	(9,000)
2024	(9,000)
Thereafter	(12,000)

#### *Actuarial Assumptions*

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, 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 OPEB liabilities.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates - Teachers

###### Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

###### Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

###### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

#### Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

***Net Teacher Employee HIC OPEB Liability (Continued)***

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

***Long-Term Expected Rate of Return***

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### **Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

#### **Discount Rate**

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

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (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 HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,131,000	\$ 1,012,000	\$ 912,000

#### **Teacher Employee HIC OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

### ***Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan):***

#### **County and School Board**

##### ***Plan Description***

In addition to the pension benefits described in Note 12, the County administers a single-employer defined benefit healthcare plan, The County of Mathews Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 12, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Mathews County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

##### ***Benefits Provided***

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. A teacher who retires under VRS plan with at least 15 years of total credible 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 credible 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 credible service or (ii) the amount of credible service they would have completed at age 60 if they had remained in service to that age.

##### ***Plan Membership***

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	58	200
Total active employees without coverage	-	-
Total retirees with coverage	7	4
Total retirees without coverage	-	-
Total	65	204

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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***Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)***

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**County and School Board: (Continued)**

***Contributions***

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$41,335 and \$28,757.

***Total OPEB Liability***

The County and School Board’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The total OPEB liability for the County and School Board actuarial valued on January 1, 2018 and January 1, 2019, respectively, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	School Board: Declining from 5.35% with 1 year of service to 3.50% with 20 or more years of service N/A for the County.
Discount Rate	3.5% as of June 30, 2019; 3.87% as of June 30, 2018
Investment Rate of Return	N/A

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49; Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; female’s setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2018 valuation of the Virginia Retirement System.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### ***Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)***

#### **County and School Board: (Continued)**

##### ***Actuarial Assumptions (Continued)***

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49; White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2018 valuation of the Virginia Retirement System.

##### ***Discount Rate***

The discount rate was based on the Bond Buyer 20-Year Bond GO index as of June 30, 2019.

##### ***Changes in Total OPEB Liability***

	Primary Government	Component Unit School Board
	<u>Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balances at June 30, 2018	\$ 463,401	\$ 309,623
Changes for the year:		
Service cost	5,829	16,751
Interest	17,365	10,664
Changes in assumptions	14,877	2,946
Effect of economic/demographic gains or losses	-	(36,585)
Benefit payments	(41,335)	(28,757)
Net changes	\$ (3,264)	\$ (34,981)
Balances at June 30, 2019	\$ <u>460,137</u>	\$ <u>274,642</u>



COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

**County and School Board: (Continued)**

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	Rate		
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
<b>Primary Government:</b>			
Total OPEB liability	\$ 504,923	\$ 460,137	\$ 421,750
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 292,503	\$ 274,642	\$ 256,664

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

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.60% decreasing to 3.10%) or one percentage point higher (9.60% decreasing to 5.10%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (7.60% decreasing to 3.10%)	Healthcare Cost Trend (8.60% decreasing to 4.10%)	1% Increase (9.60% decreasing to 5.10%)
<b>Primary Government:</b>			
Total OPEB liability	\$ 413,013	\$ 460,137	\$ 515,629
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 237,802	\$ 274,642	\$ 318,993

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

**County and School Board: (Continued)**

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

For the year ended June 30, 2019, the County and the School Board recognized OPEB expense in the amount of \$23,622 and \$18,845. At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 29,810
Changes in assumptions	11,712	10,125	2,400	3,512
Total	<u>\$ 11,712</u>	<u>\$ 10,125</u>	<u>2,400</u>	<u>\$ 33,322</u>

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

Year Ended June 30	Primary Government	Component Unit School Board
2020	\$ 428	\$ (8,570)
2021	428	(7,400)
2022	428	(6,229)
2023	303	(6,229)
2024	-	(2,494)
Thereafter	-	-

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

**Note 17—Surety Bonds:**

	Amount
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

# COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 18-Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2019 was \$38,236.

## Note 19-Aggregate OPEB Information:

Aggregate OPEB information is presented below:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 24,785	\$ 25,000	\$ 205,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	7,353	6,000	64,000	(1,000)
School Board Professional	-	-	-	-	59,326	71,000	515,000	(1,000)
County Health Insurance Credit Program (Note 14)	7,525	503	29,241	3,458	-	-	-	-
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	78,978	60,000	1,012,000	76,000
County Stand-Alone Plan (Note 16)	11,712	10,125	460,137	23,622	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	2,400	33,322	274,642	18,845
Totals	\$ 44,022	\$ 35,628	\$ 694,378	\$ 28,080	\$ 148,057	\$ 170,322	\$ 1,865,642	\$ 92,845

## Note 20-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### ***Note 20-Upcoming Pronouncements: (Continued)***

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Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

### ***Note 21-Adoption of Accounting Principles:***

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The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

County of Mathews, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 11,900,000	\$ 11,900,000	\$ 12,687,041	\$ 787,041
Other local taxes	1,324,783	1,324,783	1,372,877	48,094
Permits, privilege fees, and regulatory licenses	81,950	81,950	87,209	5,259
Fines and forfeitures	37,287	37,287	54,428	17,141
Revenue from the use of money and property	77,320	77,320	84,889	7,569
Charges for services	33,921	47,161	45,403	(1,758)
Miscellaneous	59,788	76,435	104,370	27,935
Recovered costs	11,000	11,000	18,574	7,574
Intergovernmental:				
Commonwealth	3,660,247	3,755,023	3,346,123	(408,900)
Federal	692,154	741,350	884,869	143,519
Total revenues	<u>\$ 17,878,450</u>	<u>\$ 18,052,309</u>	<u>\$ 18,685,783</u>	<u>\$ 633,474</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,623,809	\$ 1,624,693	\$ 1,537,905	\$ 86,788
Judicial administration	578,224	606,955	587,202	19,753
Public safety	2,869,567	2,994,228	2,917,767	76,461
Public works	1,327,712	1,327,712	1,303,415	24,297
Health and welfare	2,279,708	2,397,147	2,234,166	162,981
Education	7,254,592	7,475,614	7,314,893	160,721
Parks, recreation, and cultural	495,384	635,019	564,295	70,724
Community development	454,224	456,638	354,516	102,122
Capital projects	794,969	802,324	782,544	19,780
Debt service:				
Principal retirement	994,990	970,300	970,300	-
Interest and other fiscal charges	113,600	138,290	138,290	-
Total expenditures	<u>\$ 18,786,779</u>	<u>\$ 19,428,920</u>	<u>\$ 18,705,293</u>	<u>\$ 723,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (908,329)</u>	<u>\$ (1,376,611)</u>	<u>\$ (19,510)</u>	<u>\$ 1,357,101</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 3,593	\$ 3,593
Transfers out	(8,489)	(15,341)	(17,992)	(2,651)
Total other financing sources (uses)	<u>\$ (8,489)</u>	<u>\$ (15,341)</u>	<u>\$ (14,399)</u>	<u>\$ 942</u>
Net change in fund balances	\$ (916,818)	\$ (1,391,952)	\$ (33,909)	\$ 1,358,043
Fund balances - beginning	916,818	1,391,952	7,880,432	6,488,480
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,846,523</u>	<u>\$ 7,846,523</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, 2019

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Other local taxes	\$ -	\$ -	\$ 285,984	\$ 285,984
Fines and forfeitures	-	-	3,835	3,835
Revenue from the use of money and property	-	-	620	620
Miscellaneous	3,146	3,146	169,283	166,137
Intergovernmental:				
Commonwealth	57,860	57,860	13,084	(44,776)
Federal	81,157	115,416	102,090	(13,326)
Total revenues	<u>\$ 142,163</u>	<u>\$ 176,422</u>	<u>\$ 574,896</u>	<u>\$ 398,474</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 45,274	\$ 45,274	\$ 7,585	\$ 37,689
Community development	62,931	62,931	59,876	3,055
Capital projects	42,447	83,558	83,353	205
Total expenditures	<u>\$ 150,652</u>	<u>\$ 191,763</u>	<u>\$ 150,814</u>	<u>\$ 40,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,489)</u>	<u>\$ (15,341)</u>	<u>\$ 424,082</u>	<u>\$ 439,423</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 8,489	\$ 15,341	\$ 17,992	\$ 2,651
Transfers out	-	-	(3,593)	(3,593)
Total other financing sources (uses)	<u>\$ 8,489</u>	<u>\$ 15,341</u>	<u>\$ 14,399</u>	<u>\$ (942)</u>
Net change in fund balances	\$ -	\$ -	\$ 438,481	\$ 438,481
Fund balances - beginning	-	-	370,004	370,004
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 808,485</u>	<u>\$ 808,485</u>

County of Mathews, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 335,841	\$ 341,149	\$ 341,912	\$ 325,686	\$ 314,784
Interest	846,691	820,550	814,884	776,569	746,615
Differences between expected and actual experience	(156,562)	(221,497)	(477,032)	55,210	-
Changes in assumptions	-	28,789	-	-	-
Benefit payments, including refunds of employee contributions	(601,411)	(589,703)	(607,919)	(612,313)	(654,652)
Net change in total pension liability	\$ 424,559	\$ 379,288	\$ 71,845	\$ 545,152	\$ 406,747
Total pension liability - beginning	12,396,288	12,017,000	11,945,155	11,400,003	10,993,256
Total pension liability - ending (a)	<u>\$ 12,820,847</u>	<u>\$ 12,396,288</u>	<u>\$ 12,017,000</u>	<u>\$ 11,945,155</u>	<u>\$ 11,400,003</u>
Plan fiduciary net position					
Contributions - employer	\$ 300,305	\$ 291,224	\$ 336,672	\$ 324,933	\$ 292,841
Contributions - employee	127,864	142,834	122,964	120,639	121,410
Net investment income	835,422	1,245,206	176,143	453,401	1,373,984
Benefit payments, including refunds of employee contributions	(601,411)	(589,703)	(607,919)	(612,313)	(654,652)
Administrative expense	(7,225)	(7,210)	(6,381)	(6,272)	(7,532)
Other	(743)	(1,106)	(75)	(92)	72
Net change in plan fiduciary net position	\$ 654,212	\$ 1,081,245	\$ 21,404	\$ 280,296	\$ 1,126,123
Plan fiduciary net position - beginning	11,314,806	10,233,561	10,212,157	9,931,861	8,805,738
Plan fiduciary net position - ending (b)	<u>\$ 11,969,018</u>	<u>\$ 11,314,806</u>	<u>\$ 10,233,561</u>	<u>\$ 10,212,157</u>	<u>\$ 9,931,861</u>
County's net pension liability - ending (a) - (b)	\$ 851,829	\$ 1,081,482	\$ 1,783,439	\$ 1,732,998	\$ 1,468,142
Plan fiduciary net position as a percentage of the total pension liability	93.36%	91.28%	85.16%	85.49%	87.12%
Covered payroll	\$ 2,561,268	\$ 2,473,088	\$ 2,488,196	\$ 2,390,708	\$ 2,428,191
County's net pension liability as a percentage of covered payroll	33.26%	43.73%	71.68%	72.49%	60.46%

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 Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 69,992	\$ 73,000	\$ 79,674	\$ 72,755	\$ 71,109
Interest	263,746	257,328	248,469	236,376	227,108
Differences between expected and actual experience	8,670	(15,559)	(33,775)	31,237	-
Changes in assumptions	-	(28,897)	-	-	-
Benefit payments, including refunds of employee contributions	(208,740)	(179,650)	(155,958)	(179,276)	(152,332)
Net change in total pension liability	\$ 133,668	\$ 106,222	\$ 138,410	\$ 161,092	\$ 145,885
Total pension liability - beginning	3,872,168	3,765,946	3,627,536	3,466,444	3,320,559
Total pension liability - ending (a)	<u>\$ 4,005,836</u>	<u>\$ 3,872,168</u>	<u>\$ 3,765,946</u>	<u>\$ 3,627,536</u>	<u>\$ 3,466,444</u>
Plan fiduciary net position					
Contributions - employer	\$ 86,813	\$ 86,945	\$ 92,400	\$ 91,599	\$ 91,604
Contributions - employee	37,850	38,209	37,029	36,827	35,038
Net investment income	236,587	354,888	50,708	127,992	387,986
Benefit payments, including refunds of employee contributions	(208,740)	(179,650)	(155,958)	(179,276)	(152,332)
Administrative expense	(2,072)	(2,060)	(1,797)	(1,781)	(2,096)
Other	(210)	(316)	(22)	(26)	20
Net change in plan fiduciary net position	\$ 150,228	\$ 298,016	\$ 22,360	\$ 75,335	\$ 360,220
Plan fiduciary net position - beginning	3,231,220	2,933,204	2,910,844	2,835,509	2,475,289
Plan fiduciary net position - ending (b)	<u>\$ 3,381,448</u>	<u>\$ 3,231,220</u>	<u>\$ 2,933,204</u>	<u>\$ 2,910,844</u>	<u>\$ 2,835,509</u>
School Division's net pension liability - ending (a) - (b)	\$ 624,388	\$ 640,948	\$ 832,742	\$ 716,692	\$ 630,935
Plan fiduciary net position as a percentage of the total pension liability	84.41%	83.45%	77.89%	80.24%	81.80%
Covered payroll	\$ 799,884	\$ 789,923	\$ 747,964	\$ 738,188	\$ 696,679
School Division's net pension liability as a percentage of covered payroll	78.06%	81.14%	111.33%	97.09%	90.56%

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 Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.08037%	0.08373%	0.08388%	0.08549%	0.08647%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,451,000	\$ 10,297,000	\$ 11,755,000	\$ 10,760,000	\$ 10,449,000
Employer's Covered Payroll	\$ 6,453,601	\$ 6,560,355	\$ 6,391,686	\$ 6,356,097	\$ 6,323,731
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146.45%	156.96%	183.91%	169.29%	165.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	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.

County of Mathews, Virginia  
Schedule of Employer Contributions  
For the Years Ended June 30, 2010 through June 30, 2019

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>					
2019	\$ 312,722	\$ 312,722	\$ -	\$ 2,843,189	11.00%
2018	300,373	300,373	-	2,561,268	11.73%
2017	295,039	295,039	-	2,473,088	11.93%
2016	336,672	336,672	-	2,488,196	13.53%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 84,712	\$ 84,712	\$ -	\$ 837,028	10.12%
2018	86,813	86,813	-	799,884	10.85%
2017	88,392	88,392	-	789,923	11.19%
2016	92,400	92,400	-	747,964	12.35%
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%
<b>Component Unit School Board (professional)</b>					
2019	\$ 1,018,412	\$ 1,018,412	\$ -	\$ 6,672,478	15.26%
2018	1,039,399	1,039,399	-	6,453,601	16.11%
2017	961,748	961,748	-	6,560,355	14.66%
2016	898,671	898,671	-	6,391,686	14.06%
2015	921,634	921,634	-	6,356,097	11.66%
2014	737,347	737,347	-	6,323,731	11.66%
2013	711,170	711,170	-	11,234,913	6.33%
2012	423,256	423,256	-	10,769,873	3.93%
2011	242,004	242,004	-	2,746,924	8.81%
2010	513,705	513,705	-	5,830,931	8.81%

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, 2019

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement
Withdrawal Rates	Adjusted rates to better fit experience at each year age and
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

County of Mathews, Virginia  
Schedule of County's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.01348% \$	205,000 \$	2,562,615	8.00%	51.22%
2017	0.01341%	202,000	2,473,088	8.17%	48.86%
Component Unit School Board (nonprofessional):					
2018	0.00421% \$	64,000 \$	799,884	8.00%	51.22%
2017	0.00428%	64,000	789,923	8.10%	48.86%
Component Unit School Board (professional):					
2018	0.03391% \$	515,000 \$	6,447,209	7.99%	51.22%
2017	0.03564%	537,000	6,572,851	8.17%	48.86%

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

County of Mathews, Virginia  
Schedule of Employer Contributions  
Group Life Insurance Program  
For the Years Ended June 30, 2010 through June 30, 2019

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>					
2019	\$ 14,785	\$ 14,785	\$ -	\$ 2,843,189	0.52%
2018	13,326	13,326	-	2,562,615	0.52%
2017	12,860	12,860	-	2,473,088	0.52%
2016	11,943	11,943	-	2,488,196	0.48%
2015	11,502	11,502	-	2,396,305	0.48%
2014	11,655	11,655	-	2,428,191	0.48%
2013	11,561	11,561	-	2,408,541	0.48%
2012	6,615	6,615	-	2,362,395	0.28%
2011	6,757	6,757	-	2,413,249	0.28%
2010	5,107	5,107	-	1,891,485	0.27%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 4,353	\$ 4,353	\$ -	\$ 837,028	0.52%
2018	4,159	4,159	-	799,884	0.52%
2017	4,108	4,108	-	789,923	0.52%
2016	3,590	3,590	-	747,964	0.48%
2015	3,543	3,543	-	738,188	0.48%
2014	3,364	3,364	-	700,739	0.48%
2013	3,295	3,295	-	686,525	0.48%
2012	1,929	1,929	-	688,996	0.28%
2011	1,882	1,882	-	672,027	0.28%
2010	1,256	1,256	-	465,094	0.27%
<b>Component Unit School Board (professional)</b>					
2019	\$ 34,326	\$ 34,326	\$ -	\$ 6,601,091	0.52%
2018	33,525	33,525	-	6,447,209	0.52%
2017	34,179	34,179	-	6,572,851	0.52%
2016	30,698	30,698	-	6,395,480	0.48%
2015	30,509	30,509	-	6,356,095	0.48%
2014	30,354	30,354	-	6,323,729	0.48%
2013	29,276	29,276	-	6,099,228	0.48%
2012	16,675	16,675	-	5,955,490	0.28%
2011	17,271	17,271	-	6,168,179	0.28%
2010	10,917	10,917	-	4,043,338	0.27%

County of Mathews, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

**SPORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**VaLORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

County of Mathews, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019 (Continued)

**JRS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

County of Mathews, Virginia  
Schedule of Changes in the County's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Program  
Primary Government  
For the Measurement Dates of June 30, 2018 and 2017

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 1,075	\$ 878
Interest	1,655	1,641
Difference between expected and actual experience	4,695	-
Changes in assumptions	-	(744)
Benefit payments	(1,497)	(1,629)
Net change in total HIC OPEB liability	\$ 5,928	\$ 146
Total HIC OPEB Liability - beginning	24,395	24,249
Total HIC OPEB Liability - ending (a)	\$ 30,323	\$ 24,395
Plan fiduciary net position		
Contributions - employer	\$ 2,281	\$ 2,142
Net investment income	41	24
Benefit payments	(1,497)	(1,629)
Administrative expense	(2)	(1)
Net change in plan fiduciary net position	\$ 823	\$ 536
Plan fiduciary net position - beginning	259	(277)
Plan fiduciary net position - ending (b)	\$ 1,082	\$ 259
County's net HIC OPEB liability - ending (a) - (b)	\$ 29,241	\$ 24,136
Plan fiduciary net position as a percentage of the total HIC OPEB liability	3.57%	1.06%
Covered payroll	\$ 600,277	\$ 563,617
County's net HIC OPEB liability as a percentage of covered payroll	4.87%	4.28%

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



County of Mathews, Virginia  
Schedule of Employer Contributions  
Health Insurance Credit (HIC) Program  
For the Years Ended June 30, 2015 through June 30, 2019

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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)
2019	\$ 3,730	\$ 3,730	\$ -	\$ 761,198	0.49%
2018	2,281	2,281	-	600,277	0.38%
2017	2,142	2,142	-	563,617	0.38%
2016	927	927	-	617,765	0.15%
2015	580	580	-	386,705	0.15%

Schedule is intended to show information for 10 years. The County enrolled in the Health Insurance Credit Program in 2015. However, additional years will be included as they become available.

County of Mathews, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Program  
For the Year Ended June 30, 2019

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

County of Mathews, Virginia  
Schedule of County School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Measurement Dates of June 30, 2018 and 2017

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
				Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2018	0.07972% \$	1,012,000 \$	6,447,209	15.70%	8.08%
2017	0.08304%	1,053,000	6,553,639	16.07%	7.04%

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

County of Mathews, Virginia  
Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Years Ended June 30, 2010 through June 30, 2019

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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)
2019	\$ 78,978	\$ 78,978	\$ -	\$ 6,581,476	1.20%
2018	79,301	79,301	-	6,447,209	1.23%
2017	72,745	72,745	-	6,553,639	1.11%
2016	67,792	67,792	-	6,395,480	1.06%
2015	67,375	67,375	-	6,356,095	1.06%
2014	70,193	70,193	-	6,323,729	1.11%
2013	67,701	67,701	-	6,099,228	1.11%
2012	40,119	40,119	-	6,686,516	0.60%
2011	36,945	36,945	-	6,157,554	0.60%
2010	42,037	42,037	-	4,041,979	1.04%

County of Mathews, Virginia  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Year Ended June 30, 2019

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

County of Mathews, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Primary Government  
For the Year Ended June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 5,829	\$ 5,997
Interest	17,365	16,945
Changes in assumptions	14,877	(15,599)
Benefit payments	(41,335)	(43,844)
Net change in total OPEB liability	\$ (3,264)	\$ (36,501)
Total OPEB liability - beginning	463,401	499,902
Total OPEB liability - ending	\$ 460,137	\$ 463,401
Covered payroll	\$ 2,557,695	\$ 2,557,695
County's total OPEB liability (asset) as a percentage of covered payroll	17.99%	18.12%

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

County of Mathews, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Compenent Unit School Board  
For the Year Ended June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 16,751	\$ 18,496
Interest	10,664	11,661
Changes in assumptions	2,946	(8,194)
Effect of economic/demographic gains or losses	(36,585)	-
Benefit payments	(28,757)	(53,556)
Net change in total OPEB liability	\$ (34,981)	\$ (31,593)
Total OPEB liability - beginning	309,623	341,216
Total OPEB liability - ending	\$ 274,642	\$ 309,623
Covered payroll	\$ 7,469,666	\$ 7,381,700
School's total OPEB liability (asset) as a percentage of covered payroll	3.68%	4.19%

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

County of Mathews, Virginia  
Notes to Required Supplementary Information - County OPEB  
For the Year Ended June 30, 2018

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Valuation Date: 1/1/2018  
Measurement Date: 6/30/2019

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.50% as of June 30, 2019; 3.87% as of June 30, 2018
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.60% in 2019, then gradually declines to 4.10% over 80 years
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.



County of Mathews, Virginia  
Notes to Required Supplementary Information - Component Unit School Board  
For the Year Ended June 30, 2019

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Valuation Date: 1/1/2019  
Measurement Date: 6/30/2019

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.50% as of June 30, 2019; 3.87% as of June 30, 2018
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.60% in 2019, then gradually declines to 4.10% over 80 years
Salary Increase Rates	Declining from 5.35% with 1 year of service to 3.50% with 20 or more years of service
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

## County of Mathews, Virginia

## Fiduciary Funds

## Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 45,604	\$ 37,077	\$ 39,258	\$ 43,423
Liabilities:				
Amounts held for social services clients	\$ 45,604	\$ 37,077	\$ 39,258	\$ 43,423
<b>Tour de Chesapeake Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 22,081	\$ 33,286	\$ 24,512	\$ 30,855
Liabilities:				
Amounts held for others	\$ 22,081	\$ 33,286	\$ 24,512	\$ 30,855
<b>Market Days Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 23,140	\$ 12,674	\$ 20,033	\$ 15,781
Liabilities:				
Amounts held for others	\$ 23,140	\$ 12,674	\$ 20,033	\$ 15,781
<b>Courthouse Square Basket Fund:</b>				
Assets:				
Cash and cash equivalents	\$ (30)	\$ 5,555	\$ 5,525	\$ -
Liabilities:				
Amounts held for others	\$ (30)	\$ 5,555	\$ 5,525	\$ -
<b>Escrow Deposits Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 2,003	\$ -	\$ 2,003	\$ -
Liabilities:				
Amounts held for others	\$ 2,003	\$ -	\$ 2,003	\$ -
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 92,798	\$ 88,592	\$ 91,331	\$ 90,059
Total assets	\$ 92,798	\$ 88,592	\$ 91,331	\$ 90,059
Liabilities:				
Amounts held for others	\$ 47,194	\$ 51,515	\$ 52,073	\$ 46,636
Amounts held for social services clients	45,604	37,077	39,258	43,423
Total liabilities	\$ 92,798	\$ 88,592	\$ 91,331	\$ 90,059

County of Mathews, Virginia  
Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2019

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Thrifty Spot Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 213,335	\$ 43,679	\$ 3,661	\$ 260,675
Accounts receivable	-	7	-	-	7
Due from other governmental units	1,314,407	-	5,661	-	1,320,068
Inventories	-	-	834	-	834
Total assets	<u>\$ 1,314,407</u>	<u>\$ 213,342</u>	<u>\$ 50,174</u>	<u>\$ 3,661</u>	<u>\$ 1,581,584</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 196,060	\$ 4,924	\$ 11,282	\$ 806	\$ 213,072
Accrued liabilities	1,118,347	-	38,057	4,338	1,160,742
Total liabilities	<u>\$ 1,314,407</u>	<u>\$ 4,924</u>	<u>\$ 49,339</u>	<u>\$ 5,144</u>	<u>\$ 1,373,814</u>
<b>FUND BALANCES</b>					
Committed	\$ -	\$ 208,418	\$ -	\$ -	\$ 208,418
Unassigned	-	-	835	(1,483)	(648)
Total fund balances	<u>\$ -</u>	<u>\$ 208,418</u>	<u>\$ 835</u>	<u>\$ (1,483)</u>	<u>\$ 207,770</u>
Total liabilities and fund balances	<u>\$ 1,314,407</u>	<u>\$ 213,342</u>	<u>\$ 50,174</u>	<u>\$ 3,661</u>	<u>\$ 1,581,584</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	\$ 207,770
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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	\$ 20,298,461	
Less: accumulated depreciation	<u>(10,871,735)</u>	9,426,726

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 1,238,799	
OPEB related items	<u>148,057</u>	1,386,856

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	\$ (215,189)	
Net pension liability	(10,075,388)	
Net OPEB liability	<u>(1,865,642)</u>	(12,156,219)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (1,556,343)	
OPEB related items	<u>(170,322)</u>	(1,726,665)

Net position of governmental activities		<u><u>\$ (2,861,532)</u></u>
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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, 2019

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Thrifty Spot Fund	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 12,658	\$ 249	\$ 223	\$ -	\$ 13,130
Charges for services	9,300	-	335,280	56,272	400,852
Miscellaneous	55,288	-	-	-	55,288
Recovered costs	109,247	-	-	-	109,247
Intergovernmental:					
Local government	7,307,906	-	-	-	7,307,906
Commonwealth	5,889,855	-	10,088	-	5,899,943
Federal	508,734	-	378,053	-	886,787
Total revenues	<u>\$ 13,892,988</u>	<u>\$ 249</u>	<u>\$ 723,644</u>	<u>\$ 56,272</u>	<u>\$ 14,673,153</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 13,643,873	\$ 87,787	\$ 901,973	\$ 57,755	\$ 14,691,388
Total expenditures	<u>\$ 13,643,873</u>	<u>\$ 87,787</u>	<u>\$ 901,973</u>	<u>\$ 57,755</u>	<u>\$ 14,691,388</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 249,115	\$ (87,538)	\$ (178,329)	\$ (1,483)	\$ (18,235)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 106,666	\$ 142,449	\$ -	\$ 249,115
Transfers out	(249,115)	-	-	-	(249,115)
Total other financing sources (uses)	<u>\$ (249,115)</u>	<u>\$ 106,666</u>	<u>\$ 142,449</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 19,128	\$ (35,880)	\$ (1,483)	\$ (18,235)
Fund balances - beginning	-	189,290	36,715	-	226,005
Fund balances - ending	<u>\$ -</u>	<u>\$ 208,418</u>	<u>\$ 835</u>	<u>\$ (1,483)</u>	<u>\$ 207,770</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 \$ (18,235)

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	\$ 306,405	
Allocation of School Board assets	604,095	
Depreciation expense	<u>(604,235)</u>	306,265

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	\$ (10,798)	
Pension expense	606,689	
OPEB expense	<u>54,584</u>	650,475

Change in net position of governmental activities \$ 938,505

County of Mathews, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
School Operating Fund - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2019

	School Operating Fund			
	Budgeted Amounts			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 12,658	\$ 5,658
Charges for services	28,000	28,000	9,300	(18,700)
Miscellaneous	56,900	56,900	55,288	(1,612)
Recovered costs	86,000	86,000	109,247	23,247
Intergovernmental:				
Local government	7,247,605	7,468,627	7,307,906	(160,721)
Commonwealth	5,856,357	5,877,389	5,889,855	12,466
Federal	516,309	516,309	508,734	(7,575)
Total revenues	<u>\$ 13,798,171</u>	<u>\$ 14,040,225</u>	<u>\$ 13,892,988</u>	<u>\$ (147,237)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 13,604,935	\$ 13,846,989	\$ 13,643,873	\$ 203,116
Total expenditures	<u>\$ 13,604,935</u>	<u>\$ 13,846,989</u>	<u>\$ 13,643,873</u>	<u>\$ 203,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 193,236</u>	<u>\$ 193,236</u>	<u>\$ 249,115</u>	<u>\$ 55,879</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (193,236)	\$ (193,236)	\$ (249,115)	\$ (55,879)
Total other financing sources (uses)	<u>\$ (193,236)</u>	<u>\$ (193,236)</u>	<u>\$ (249,115)</u>	<u>\$ (55,879)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2019

	School Cafeteria Fund			Textbook Fund			Thrifty Spot Fund		
	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
<b>REVENUES</b>									
Revenue from the use of money and property	\$ -	\$ -	\$ 223	\$ -	\$ -	\$ 249	\$ -	\$ -	\$ -
Charges for services	359,142	359,142	335,280	(23,862)			-	41,856	56,272
Intergovernmental:									
Commonwealth	9,327	9,327	10,088	761					
Federal	375,000	419,591	378,053	(41,538)					
Total revenues	\$ 743,469	\$ 788,060	\$ 723,644	\$ (64,416)	\$ -	\$ 249	\$ -	41,856	56,272
									14,416
<b>EXPENDITURES</b>									
Current:									
Education	\$ 830,039	\$ 874,630	\$ 901,973	\$ (27,343)	\$ 135,000	\$ 87,787	\$ -	\$ 41,856	\$ 57,755
Total expenditures	\$ 830,039	\$ 874,630	\$ 901,973	\$ (27,343)	\$ 135,000	\$ 87,787	\$ 47,213	\$ 41,856	\$ 57,755
									(15,899)
Excess (deficiency) of revenues over (under) expenditures	\$ (86,570)	\$ (86,570)	\$ (178,329)	\$ (91,759)	\$ (135,000)	\$ (87,538)	\$ 47,462	\$ -	\$ (1,483)
									(1,483)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	\$ 86,570	\$ 86,570	\$ 142,449	\$ 55,879	\$ 106,666	\$ 106,666	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ 86,570	\$ 86,570	\$ 142,449	\$ 55,879	\$ 106,666	\$ 106,666	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (35,880)	\$ (35,880)	\$ (28,334)	\$ 19,128	\$ 47,462	\$ -	\$ (1,483)
Fund balances - beginning	-	-	36,715	36,715	28,334	189,290	160,956	-	-
Fund balances - ending	\$ -	\$ -	\$ 835	\$ 835	\$ -	\$ 208,418	\$ 208,418	\$ -	\$ (1,483)
									(1,483)

County of Mathews, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2019

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	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 114,919
	<hr/>
NET POSITION	
Held in trust for scholarships	\$ 114,919
	<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, 2019

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	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 89,067
Total contributions	<u>\$ 89,067</u>
Investment income:	
Interest	\$ 74
Total investment earnings	<u>\$ 74</u>
Total additions	<u>\$ 89,141</u>
DEDUCTIONS	
Scholarships	\$ 58,416
Total deductions	<u>\$ 58,416</u>
Change in net position	\$ 30,725
Net position - beginning	84,194
Net position - ending	<u><u>\$ 114,919</u></u>



County of Mathews, Virginia  
Statement of Net Position  
Discretely Presented Component Unit-Economic Development Authority  
June 30, 2019

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 343,870
Total current assets	<u>\$ 343,870</u>
Total assets	<u>\$ 343,870</u>

**NET POSITION**

## Unrestricted

Total net position	<u>\$ 343,870</u>
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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, 2019

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OPERATING REVENUES	
Miscellaneous	\$ 57,045
Total operating revenues	<u>\$ 57,045</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 14,510
Total operating expenses	<u>\$ 14,510</u>
Operating income (loss)	<u>\$ 42,535</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 9,685
Total nonoperating revenues (expenses)	<u>\$ 9,685</u>
Change in net position	\$ 52,220
Total net position - beginning	291,650
Total net position - ending	<u><u>\$ 343,870</u></u>

County of Mathews, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit-Economic Development Authority  
For the Year Ended June 30, 2019

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## CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 57,045
Payments for operating activities	(14,510)
Net cash provided by (used for) operating activities	<u>\$ 42,535</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 9,685</u>
Net cash provided by (used for) investing activities	<u>\$ 9,685</u>

Net increase (decrease) in cash and cash equivalents	\$ 52,220
--	-----------

Cash and cash equivalents - beginning	<u>291,650</u>
Cash and cash equivalents - ending	<u><u>\$ 343,870</u></u>

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

Operating income (loss)	<u>\$ 42,535</u>
Net cash provided by (used for) operating activities	<u><u>\$ 42,535</u></u>

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,300,000	\$ 9,300,000	\$ 9,853,947	\$ 553,947
Real and personal public service corporation taxes	200,000	200,000	154,264	(45,736)
Personal property taxes	1,900,000	1,900,000	2,480,037	580,037
Mobile home taxes	30,000	30,000	2,104	(27,896)
Boat taxes	250,000	250,000	8,610	(241,390)
Machinery and tools taxes	100,000	100,000	12,077	(87,923)
Penalties	70,000	70,000	109,470	39,470
Interest	50,000	50,000	66,532	16,532
Total general property taxes	\$ 11,900,000	\$ 11,900,000	\$ 12,687,041	\$ 787,041
Other local taxes:				
Local sales and use taxes	\$ 485,000	\$ 485,000	\$ 508,533	\$ 23,533
Consumers' utility taxes	175,000	175,000	152,448	(22,552)
Consumption tax	36,000	36,000	37,202	1,202
Business license taxes	145,000	145,000	184,942	39,942
Motor vehicle licenses	290,000	290,000	300,405	10,405
Bank stock taxes	84,000	84,000	99,325	15,325
Taxes on recordation and wills	109,783	109,783	90,022	(19,761)
Total other local taxes	\$ 1,324,783	\$ 1,324,783	\$ 1,372,877	\$ 48,094
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,500	\$ 2,500	\$ 2,540	\$ 40
Transfer fees	500	500	463	(37)
Permits and other licenses	78,950	78,950	84,206	5,256
Total permits, privilege fees, and regulatory licenses	\$ 81,950	\$ 81,950	\$ 87,209	\$ 5,259
Fines and forfeitures:				
Court fines and forfeitures	\$ 37,287	\$ 37,287	\$ 54,428	\$ 17,141
Total fines and forfeitures	\$ 37,287	\$ 37,287	\$ 54,428	\$ 17,141
Revenue from use of money and property:				
Revenue from use of money	\$ 26,000	\$ 26,000	\$ 43,179	\$ 17,179
Revenue from use of property	51,320	51,320	41,710	(9,610)
Total revenue from use of money and property	\$ 77,320	\$ 77,320	\$ 84,889	\$ 7,569
Charges for services:				
Charges for law enforcement and traffic control	\$ 800	\$ 14,040	\$ 13,870	\$ (170)
Charges for courthouse maintenance	1,100	1,100	2,634	1,534
Charges for court costs	100	100	-	(100)
Courthouse security fees	10,921	10,921	11,842	921
Circuit court- document reproduction	3,500	3,500	4,864	1,364
Charges for Commonwealth's Attorney	600	600	451	(149)
Charges for other protection	8,300	8,300	7,458	(842)
Charges for library	8,600	8,600	4,284	(4,316)
Total charges for services	\$ 33,921	\$ 47,161	\$ 45,403	\$ (1,758)

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 59,788	\$ 76,435	\$ 104,370	\$ 27,935
Total miscellaneous	\$ 59,788	\$ 76,435	\$ 104,370	\$ 27,935
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 18,574	\$ 7,574
Total recovered costs	\$ 11,000	\$ 11,000	\$ 18,574	\$ 7,574
Total revenue from local sources	\$ 13,526,049	\$ 13,555,936	\$ 14,454,791	\$ 898,855
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ 3	\$ (772)
Mobile home titling tax	500	500	11,889	11,389
Motor vehicle rental tax	100	100	-	(100)
State recordation tax	91,877	91,877	58,065	(33,812)
State technology trust fund	13,000	24,730	-	(24,730)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	450,000	450,000	380,455	(69,545)
Total noncategorical aid	\$ 1,556,335	\$ 1,568,065	\$ 1,450,495	\$ (117,570)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 153,867	\$ 153,867	\$ 168,591	\$ 14,724
Sheriff	542,953	542,953	600,268	57,315
Commissioner of revenue	77,994	77,994	77,897	(97)
Treasurer	79,541	79,541	84,865	5,324
Medical examiner	150	150	-	(150)
Registrar/electoral board	36,000	36,000	35,755	(245)
Clerk of the Circuit Court	132,587	132,587	152,581	19,994
Total shared expenses	\$ 1,023,092	\$ 1,023,092	\$ 1,119,957	\$ 96,865
Other categorical aid:				
Public assistance and welfare administration	\$ 425,148	\$ 473,377	\$ 389,353	\$ (84,024)
Emergency medical services - two for life	7,000	13,891	20,890	6,999
Children's Services Act	299,820	299,834	172,814	(127,020)
Litter control	5,000	7,414	6,207	(1,207)
Library grant	75,660	75,660	76,246	586
Wireless board funds	35,000	35,000	41,121	6,121
VDOT enhancement project	119,866	119,866	-	(119,866)
Victim-witness grant	57,256	57,256	12,141	(45,115)
Library of Virginia grant	-	-	11,730	11,730
Fire programs fund	25,000	31,076	31,076	-

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Wireless services	\$ -	\$ -	\$ 6,300	\$ 6,300
Emergency services	-	6,700	6,700	-
Other state aid	31,070	43,792	1,093	(42,699)
Total other categorical aid	\$ 1,080,820	\$ 1,163,866	\$ 775,671	\$ (388,195)
Total categorical aid	\$ 2,103,912	\$ 2,186,958	\$ 1,895,628	\$ (291,330)
Total revenue from the Commonwealth	\$ 3,660,247	\$ 3,755,023	\$ 3,346,123	\$ (408,900)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 692,154	\$ 741,350	\$ 752,558	\$ 11,208
Children's Services Act	-	-	30,154	30,154
Victim-witness grant	-	-	36,423	36,423
Emergency management	-	-	50,875	50,875
Ground transport safety	-	-	14,859	14,859
Total categorical aid	\$ 692,154	\$ 741,350	\$ 884,869	\$ 143,519
Total revenue from the federal government	\$ 692,154	\$ 741,350	\$ 884,869	\$ 143,519
Total General Fund	\$ 17,878,450	\$ 18,052,309	\$ 18,685,783	\$ 633,474
Special Revenue Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ -	\$ -	\$ 285,984	\$ 285,984
Total other local taxes	\$ -	\$ -	\$ 285,984	\$ 285,984
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 3,835	\$ 3,835
Total fines and forfeitures	\$ -	\$ -	\$ 3,835	\$ 3,835
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 620	\$ 620
Total revenue from use of money and property	\$ -	\$ -	\$ 620	\$ 620
Miscellaneous:				
Miscellaneous	\$ 3,146	\$ 3,146	\$ 169,283	\$ 166,137
Total miscellaneous	\$ 3,146	\$ 3,146	\$ 169,283	\$ 166,137
Total revenue from local sources	\$ 3,146	\$ 3,146	\$ 459,722	\$ 456,576

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ 45,274	\$ 45,274	\$ 1,517	\$ (43,757)
Hazard mitigation grant	12,586	12,586	11,567	(1,019)
Total categorical aid	<u>\$ 57,860</u>	<u>\$ 57,860</u>	<u>\$ 13,084</u>	<u>\$ (44,776)</u>
Total revenue from the Commonwealth	<u>\$ 57,860</u>	<u>\$ 57,860</u>	<u>\$ 13,084</u>	<u>\$ (44,776)</u>
Revenue from the federal government:				
Categorical aid:				
VDOT enhancement grant	\$ 33,958	\$ 68,217	\$ 58,714	\$ (9,503)
Hazard mitigation grant	47,199	47,199	43,376	(3,823)
Total categorical aid	<u>\$ 81,157</u>	<u>\$ 115,416</u>	<u>\$ 102,090</u>	<u>\$ (13,326)</u>
Total revenue from the federal government	<u>\$ 81,157</u>	<u>\$ 115,416</u>	<u>\$ 102,090</u>	<u>\$ (13,326)</u>
Total Special Revenue Fund	<u>\$ 142,163</u>	<u>\$ 176,422</u>	<u>\$ 574,896</u>	<u>\$ 398,474</u>
Total Primary Government	<u>\$ 18,020,613</u>	<u>\$ 18,228,731</u>	<u>\$ 19,260,679</u>	<u>\$ 1,031,948</u>
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	\$ 7,000	\$ 12,658	\$ 5,658
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 12,658</u>	<u>\$ 5,658</u>
Charges for services:				
Tuition and payments from other divisions	\$ 28,000	\$ 28,000	\$ 9,300	\$ (18,700)
Total charges for services	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 9,300</u>	<u>\$ (18,700)</u>
Miscellaneous:				
Miscellaneous	\$ 56,900	\$ 56,900	\$ 55,288	\$ (1,612)
Total miscellaneous	<u>\$ 56,900</u>	<u>\$ 56,900</u>	<u>\$ 55,288</u>	<u>\$ (1,612)</u>

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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	\$ 21,000	\$ 21,000	\$ 21,596	\$ 596
Medicaid reimbursements	65,000	65,000	87,651	22,651
Total recovered costs	<u>\$ 86,000</u>	<u>\$ 86,000</u>	<u>\$ 109,247</u>	<u>\$ 23,247</u>
Total revenue from local sources	<u>\$ 177,900</u>	<u>\$ 177,900</u>	<u>\$ 186,493</u>	<u>\$ 8,593</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 7,247,605	\$ 7,468,627	\$ 7,307,906	\$ (160,721)
Total revenues from local governments	<u>\$ 7,247,605</u>	<u>\$ 7,468,627</u>	<u>\$ 7,307,906</u>	<u>\$ (160,721)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,163,222	\$ 1,163,222	\$ 1,176,320	\$ 13,098
Basic school aid	2,784,552	2,784,552	2,737,884	(46,668)
Remedial summer education	12,164	12,164	17,993	5,829
Regular foster care	12,268	12,268	-	(12,268)
Gifted and talented	26,166	26,166	25,837	(329)
Lottery proceeds	-	-	188,169	188,169
Enrollment loss supplement	75,000	75,000	75,000	-
SNAP state security	-	-	12,266	12,266
Special education	437,495	458,527	483,267	24,740
Textbook payment	52,693	52,693	52,030	(663)
Project graduation	3,660	3,660	3,660	-
Vocational education	133,970	133,970	132,284	(1,686)
School fringes	563,091	563,091	556,005	(7,086)
Compensation supplement	373	373	-	(373)
ISAEF	7,859	7,859	8,355	496
Early reading intervention	16,512	16,512	18,164	1,652
Homebound	3,553	3,553	2,441	(1,112)
At risk payments	66,614	66,614	72,694	6,080
Career and technical education equipment	3,531	3,531	6,126	2,595
Remediation assistance - SOL	84,778	84,778	83,711	(1,067)
Primary class size	-	-	86,279	86,279
Technology	128,000	128,000	128,000	-
Standards of Learning algebra readiness	10,053	10,053	8,402	(1,651)
Supplement per pupil	175,877	175,877	-	(175,877)
Mentor teacher program	86,257	86,257	1,032	(85,225)
English as a second language	6,647	6,647	10,303	3,656
Industry certification costs	-	-	2,325	2,325
Hold harmless	1,608	1,608	-	(1,608)
Workplace readiness	414	414	308	(106)
Math teacher recruitment	-	-	1,000	1,000
Total categorical aid	<u>\$ 5,856,357</u>	<u>\$ 5,877,389</u>	<u>\$ 5,889,855</u>	<u>\$ 12,466</u>
Total revenue from the Commonwealth	<u>\$ 5,856,357</u>	<u>\$ 5,877,389</u>	<u>\$ 5,889,855</u>	<u>\$ 12,466</u>



County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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	\$ 192,667	\$ 192,667	\$ 185,285	\$ (7,382)
Title VI-B, special education flow-through	262,649	262,649	250,293	(12,356)
Carl Perkins	16,726	16,726	18,011	1,285
Title VI-B, special education pre-school	9,708	9,708	9,092	(616)
Title III	1,253	1,253	-	(1,253)
Title II - Part A	33,306	33,306	46,053	12,747
Total categorical aid	<u>\$ 516,309</u>	<u>\$ 516,309</u>	<u>\$ 508,734</u>	<u>\$ (7,575)</u>
Total revenue from the federal government	<u>\$ 516,309</u>	<u>\$ 516,309</u>	<u>\$ 508,734</u>	<u>\$ (7,575)</u>
Total School Operating Fund	<u>\$ 13,798,171</u>	<u>\$ 14,040,225</u>	<u>\$ 13,892,988</u>	<u>\$ (147,237)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 223	\$ 223
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 223</u>
Charges for services:				
Cafeteria sales	\$ 359,142	\$ 359,142	\$ 335,280	\$ (23,862)
Total charges for services	<u>\$ 359,142</u>	<u>\$ 359,142</u>	<u>\$ 335,280</u>	<u>\$ (23,862)</u>
Total revenue from local sources	<u>\$ 359,142</u>	<u>\$ 359,142</u>	<u>\$ 335,503</u>	<u>\$ (23,639)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,327	\$ 9,327	\$ 10,088	\$ 761
Total categorical aid	<u>\$ 9,327</u>	<u>\$ 9,327</u>	<u>\$ 10,088</u>	<u>\$ 761</u>
Total revenue from the Commonwealth	<u>\$ 9,327</u>	<u>\$ 9,327</u>	<u>\$ 10,088</u>	<u>\$ 761</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 375,000	\$ 375,000	\$ 333,462	\$ (41,538)
Commodities	-	44,591	44,591	-
Total categorical aid	<u>\$ 375,000</u>	<u>\$ 419,591</u>	<u>\$ 378,053</u>	<u>\$ (41,538)</u>
Total revenue from the federal government	<u>\$ 375,000</u>	<u>\$ 419,591</u>	<u>\$ 378,053</u>	<u>\$ (41,538)</u>
Total School Cafeteria Fund	<u>\$ 743,469</u>	<u>\$ 788,060</u>	<u>\$ 723,644</u>	<u>\$ (64,416)</u>

County of Mathews, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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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)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 249	\$ 249
Total revenue from use of money and property	\$ -	\$ -	\$ 249	\$ 249
Total revenue from local sources	\$ -	\$ -	\$ 249	\$ 249
Total Textbook Fund	\$ -	\$ -	\$ 249	\$ 249
Thrifty Spot Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ -	\$ 41,856	\$ 56,272	\$ 14,416
Total Thrifty Spot Fund	\$ -	\$ 41,856	\$ 56,272	\$ 14,416
Total Discretely Presented Component Unit - School Board	\$ 14,541,640	\$ 14,870,141	\$ 14,673,153	\$ (196,988)

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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<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	\$ 160,951	\$ 161,835	\$ 161,835	\$ -
General and financial administration:				
County administrator	\$ 472,193	\$ 472,193	\$ 472,193	\$ -
Legal services	75,000	75,000	51,332	23,668
Commissioner of revenue	246,073	246,073	229,223	16,850
Independent Auditor	50,000	50,000	44,056	5,944
Treasurer	291,868	291,868	272,187	19,681
Information Technology	209,711	209,711	205,003	4,708
Total general and financial administration	\$ 1,344,845	\$ 1,344,845	\$ 1,273,994	\$ 70,851
Board of elections:				
Electoral board and officials	\$ 37,215	\$ 37,215	\$ 23,572	\$ 13,643
Registrar	80,798	80,798	78,504	2,294
Total board of elections	\$ 118,013	\$ 118,013	\$ 102,076	\$ 15,937
Total general government administration	\$ 1,623,809	\$ 1,624,693	\$ 1,537,905	\$ 86,788
Judicial administration:				
Courts:				
Circuit court	\$ 24,700	\$ 24,700	\$ 24,700	\$ -
General district court	11,000	11,000	8,213	2,787
Juvenile and domestic relations court	5,100	5,100	2,815	2,285
Victim witness	57,256	57,256	48,656	8,600
Clerk of the circuit court	218,333	230,064	225,783	4,281
Total courts	\$ 316,389	\$ 328,120	\$ 310,167	\$ 17,953
Commonwealth's attorney:				
Commonwealth's attorney	\$ 261,835	\$ 278,835	\$ 277,035	\$ 1,800
Total commonwealth's attorney	\$ 261,835	\$ 278,835	\$ 277,035	\$ 1,800
Total judicial administration	\$ 578,224	\$ 606,955	\$ 587,202	\$ 19,753
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,445,645	\$ 1,476,090	\$ 1,430,895	\$ 45,195
E-911	132,585	132,585	131,262	1,323
Total law enforcement and traffic control	\$ 1,578,230	\$ 1,608,675	\$ 1,562,157	\$ 46,518
Fire and rescue services:				
Fire department	\$ 207,300	\$ 213,376	\$ 213,359	\$ 17
Ambulance and rescue services	257,594	341,884	335,884	6,000
Total fire and rescue services	\$ 464,894	\$ 555,260	\$ 549,243	\$ 6,017

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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<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	\$ 476,900	\$ 480,750	\$ 466,755	\$ 13,995
Juvenile probation and detention	92,726	92,726	87,783	4,943
Total correction and detention	\$ 569,626	\$ 573,476	\$ 554,538	\$ 18,938
Inspections:				
Building	\$ 153,420	\$ 153,420	\$ 147,957	\$ 5,463
Total inspections	\$ 153,420	\$ 153,420	\$ 147,957	\$ 5,463
Other protection:				
Animal control	\$ 103,297	\$ 103,297	\$ 103,832	\$ (535)
Medical examiner	100	100	40	60
Total other protection	\$ 103,397	\$ 103,397	\$ 103,872	\$ (475)
Total public safety	\$ 2,869,567	\$ 2,994,228	\$ 2,917,767	\$ 76,461
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 25,000	\$ 25,000	\$ 16,845	\$ 8,155
Total maintenance of highways, streets, bridges and sidewalks	\$ 25,000	\$ 25,000	\$ 16,845	\$ 8,155
Sanitation and waste removal:				
Refuse disposal	\$ 663,710	\$ 663,710	\$ 663,710	\$ -
Total sanitation and waste removal	\$ 663,710	\$ 663,710	\$ 663,710	\$ -
Maintenance of general buildings and grounds:				
General properties	\$ 639,002	\$ 639,002	\$ 622,860	\$ 16,142
Total maintenance of general buildings and grounds	\$ 639,002	\$ 639,002	\$ 622,860	\$ 16,142
Total public works	\$ 1,327,712	\$ 1,327,712	\$ 1,303,415	\$ 24,297
Health and welfare:				
Health:				
Supplement of local health department	\$ 138,858	\$ 138,858	\$ 138,858	\$ -
Total health	\$ 138,858	\$ 138,858	\$ 138,858	\$ -
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Community services board and Puller Center	38,130	38,130	38,130	-
Total mental health and mental retardation	\$ 46,130	\$ 46,130	\$ 46,130	\$ -

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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<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)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,500,315	\$ 1,617,740	\$ 1,383,549	\$ 234,191
Area agency on aging	54,324	54,324	54,324	-
Children's Services Act	540,081	540,095	487,364	52,731
Tax relief for the elderly	-	-	123,941	(123,941)
Total welfare	\$ 2,094,720	\$ 2,212,159	\$ 2,049,178	\$ 162,981
Total health and welfare	\$ 2,279,708	\$ 2,397,147	\$ 2,234,166	\$ 162,981
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,987	\$ 6,987	\$ 6,987	\$ -
Contribution to County School Board	7,247,605	7,468,627	7,307,906	160,721
Total education	\$ 7,254,592	\$ 7,475,614	\$ 7,314,893	\$ 160,721
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 103,500	\$ 103,500	\$ 103,500	\$ -
Total parks and recreation	\$ 103,500	\$ 103,500	\$ 103,500	\$ -
Library:				
Contribution to county library	\$ 391,884	\$ 531,519	\$ 460,795	\$ 70,724
Total library	\$ 391,884	\$ 531,519	\$ 460,795	\$ 70,724
Total parks, recreation, and cultural	\$ 495,384	\$ 635,019	\$ 564,295	\$ 70,724
Community development:				
Planning and community development:				
Planning and zoning	\$ 335,403	\$ 335,403	\$ 246,164	\$ 89,239
Planning and zoning boards	7,356	7,356	4,998	2,358
Middle Peninsula planning district commission	22,757	22,757	22,757	-
Wetlands board	1,184	1,184	1,184	-
Economic development	41,500	41,500	41,500	-
Total planning and community development	\$ 408,200	\$ 408,200	\$ 316,603	\$ 91,597
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	7,414	6,207	1,207
Total environmental management	\$ 11,000	\$ 13,414	\$ 12,207	\$ 1,207
Cooperative extension program:				
Extension office	\$ 35,024	\$ 35,024	\$ 25,706	\$ 9,318
Total cooperative extension program	\$ 35,024	\$ 35,024	\$ 25,706	\$ 9,318
Total community development	\$ 454,224	\$ 456,638	\$ 354,516	\$ 102,122

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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<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:				
Stormwater drainage improvements	\$ 119,866	\$ 126,615	\$ 126,615	\$ -
School bus replacement	96,000	96,000	91,931	4,069
Vehicle purchase	84,729	85,335	85,335	-
Infrastructure maintenance	394,374	394,374	403,898	(9,524)
Technology purchases	94,000	94,000	74,765	19,235
Other capital projects	6,000	6,000	-	6,000
Total capital projects	<u>\$ 794,969</u>	<u>\$ 802,324</u>	<u>\$ 782,544</u>	<u>\$ 19,780</u>
Debt service:				
Principal retirement	\$ 994,990	\$ 970,300	\$ 970,300	\$ -
Interest and other fiscal charges	113,600	138,290	138,290	-
Total debt service	<u>\$ 1,108,590</u>	<u>\$ 1,108,590</u>	<u>\$ 1,108,590</u>	<u>\$ -</u>
Total General Fund	<u>\$ 18,786,779</u>	<u>\$ 19,428,920</u>	<u>\$ 18,705,293</u>	<u>\$ 723,627</u>
Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ 45,274	\$ 45,274	\$ 7,585	\$ 37,689
Total other protection	<u>\$ 45,274</u>	<u>\$ 45,274</u>	<u>\$ 7,585</u>	<u>\$ 37,689</u>
Total public safety	<u>\$ 45,274</u>	<u>\$ 45,274</u>	<u>\$ 7,585</u>	<u>\$ 37,689</u>
Community Development:				
Planning and community development:				
Hazard mitigation grant program	\$ 62,931	\$ 62,931	\$ 59,876	\$ 3,055
Total planning and community development	<u>\$ 62,931</u>	<u>\$ 62,931</u>	<u>\$ 59,876</u>	<u>\$ 3,055</u>
Capital projects:				
Main street improvements	\$ 42,447	\$ 83,558	\$ 83,353	\$ 205
Total capital projects	<u>\$ 42,447</u>	<u>\$ 83,558</u>	<u>\$ 83,353</u>	<u>\$ 205</u>
Total Special Revenue Fund	<u>\$ 150,652</u>	<u>\$ 191,763</u>	<u>\$ 150,814</u>	<u>\$ 40,949</u>
Total Primary Government	<u>\$ 18,937,431</u>	<u>\$ 19,620,683</u>	<u>\$ 18,856,107</u>	<u>\$ 764,576</u>

County of Mathews, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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<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	\$ 806,453	\$ 806,453	\$ 945,681	\$ (139,228)
Instruction costs	10,310,151	10,331,183	9,860,843	470,340
Pupil transportation	1,096,811	1,096,811	1,197,598	(100,787)
Operation and maintenance of school plant	1,391,520	1,612,542	1,639,751	(27,209)
Total education	<u>\$ 13,604,935</u>	<u>\$ 13,846,989</u>	<u>\$ 13,643,873</u>	<u>\$ 203,116</u>
Total School Operating Fund	<u>\$ 13,604,935</u>	<u>\$ 13,846,989</u>	<u>\$ 13,643,873</u>	<u>\$ 203,116</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 830,039	\$ 830,039	\$ 857,382	\$ (27,343)
Commodities	-	44,591	44,591	-
Total school food services	<u>\$ 830,039</u>	<u>\$ 874,630</u>	<u>\$ 901,973</u>	<u>\$ (27,343)</u>
Total School Cafeteria Fund	<u>\$ 830,039</u>	<u>\$ 874,630</u>	<u>\$ 901,973</u>	<u>\$ (27,343)</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 135,000	\$ 135,000	\$ 87,787	\$ 47,213
Total Textbook Fund	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 87,787</u>	<u>\$ 47,213</u>
Thrifty Spot Fund:				
Education:				
Administration	\$ -	\$ 41,856	\$ 57,755	\$ (15,899)
Total Thrifty Spot Fund	<u>\$ -</u>	<u>\$ 41,856</u>	<u>\$ 57,755</u>	<u>\$ (15,899)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,569,974</u>	<u>\$ 14,898,475</u>	<u>\$ 14,691,388</u>	<u>\$ 207,087</u>

Table 1

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

Fiscal Year	General			Parks, Recreation, and Cultural				Interest		
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Community Development	on Long- Term Debt	Total	
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
2016-17	1,440,801	693,402	2,582,338	1,191,113	1,794,958	7,097,225	203,087	3,006,530	190,491	18,199,945
2017-18	1,421,505	632,505	2,858,519	1,387,017	1,935,505	7,648,766	510,214	3,071,375	128,430	19,593,836
2018-19	1,153,859	716,749	3,023,971	1,463,335	2,272,755	7,887,125	653,065	895,448	92,460	18,158,767



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	General			Other		Unrestricted		Grants and Contributions	
				Property Taxes	Local Taxes	Earnings	Investment	Not Restricted to Specific Programs	Miscellaneous	Programs	Total	
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			
2016-17	177,396	4,916,062	2,376	12,154,544	1,467,082	72,981	161,285	1,498,151	20,449,877			
2017-18	183,147	5,145,326	115,960	12,014,049	1,545,883	79,942	128,687	1,485,618	20,698,612			
2018-19	190,875	2,888,971	-	12,685,626	1,658,861	85,509	273,653	1,457,195	19,240,690			

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

Fiscal Year	General Government Administration			Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural				Non-departmental	Debt Service	Total				
								Education (2)	Community Development									
2009-10	\$	1,308,574	\$	526,665	\$	2,345,394	\$	1,785,690	\$	358,094	\$	632,375	\$	-	\$	1,902,243	\$	22,935,152
2010-11		1,325,878		488,183		2,317,126		1,919,658		357,877		458,078		7,668		1,358,872		21,071,367
2011-12		1,296,075		510,475		2,457,241		1,765,570		427,708		389,268		-		1,688,717		21,643,134
2012-13		1,151,376		520,993		2,238,160		1,727,435		372,817		611,682		5,172		2,376,329		22,111,795
2013-14		1,210,706		508,241		2,436,679		1,779,809		413,453		930,009		32,565		3,281,174		24,048,315
2014-15		1,231,426		516,125		2,644,582		1,922,852		393,315		747,862		84,120		1,518,477		23,137,504
2015-16		1,382,307		552,249		2,640,999		1,960,991		508,237		2,047,135		46,238		1,171,898		24,489,395
2016-17		1,396,790		554,889		2,730,324		1,767,509		433,791		2,238,228		110,095		1,195,484		25,006,669
2017-18		1,456,424		527,875		2,900,458		1,901,680		437,507		1,888,573		-		1,170,557		25,378,372
2018-19		1,537,905		587,202		2,925,352		2,234,166		564,295		414,392		-		1,108,590		25,373,692

(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.

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
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
2016-17	12,081,391	1,467,082	94,182	46,665	79,887	446,838	209,560	159,272	12,722,160	27,307,037
2017-18	11,976,884	1,545,883	84,989	51,240	89,114	408,460	160,654	128,000	13,046,134	27,491,358
2018-19	12,687,041	1,658,861	87,209	58,263	98,639	446,255	328,941	127,821	11,132,896	26,625,926

(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
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%
2016-17	12,834,564	12,441,192	96.94%	476,210	12,917,402	100.65%	665,125	5.18%
2017-18	12,946,067	12,534,225	96.82%	261,154	12,795,379	98.84%	925,783	7.15%
2018-19	13,930,829	13,140,199	94.32%	370,923	13,511,122	96.99%	1,006,594	7.23%

(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	
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
2015-16	1,681,478,871	103,965,707	17,435,500	24,090,612	1,751	1,826,972,441
2016-17	1,684,324,064	110,215,374	18,267,027	24,090,612	1,751	1,836,898,828
2017-18	1,603,915,978	121,572,095	17,455,495	26,187,429	-	1,769,130,997
2018-19(3)	1,603,508,419	121,572,095	17,455,495	24,266,079	16,228	1,766,818,316

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

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

(3) FY19 assessed values for personal property, mobile homes and machinery and tools not available.  
FY18 values reported in table.

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
2009-10	\$ 0.56	\$ 0.56	\$ 4.53	\$ 2.14
2010-11(2)	.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
2016-17	0.575	0.575	3.70	2.14
2017-18	0.575	0.575	3.70	2.14
2018-19	0.645	0.580	3.70	2.14

(1) Per \$100 of assessed value.

(2) 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)			
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
2016-17	8,978	1,836,899	1,498,002	-	-	1,498,002	0.08%	167
2017-18	8,978	1,769,131	971,900	-	-	971,900	0.05%	108
2018-19	8,704	1,766,818	971,900	-	-	491,600	0.03%	56

(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.



**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 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, 2019, 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 1, 2019.

**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 dark ink, appearing to read "D. F. Cox", followed by a long horizontal line.

Richmond, Virginia  
November 1, 2019

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

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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, 2019. 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, 2019.

## 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. F. Clark", followed by a long horizontal line.

Richmond, Virginia  
November 1, 2019

County of Mathews, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

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	0950118/0950119	\$ 11,850
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400118/0400119	86,570
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119	58
Low-income Home Energy Assistance	93.568	0600418/0600419	14,450
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760118/0760119	15,810
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/090119	108
Foster Care - Title IV-E	93.658	1100118/1100119	109,485
Adoption Assistance	93.659	1120118/1120119	105,577
Social Services Block Grant	93.667	1000118/1000119	114,165
Chafee Foster Care Independence Program	93.674	9150118/9150119	758
Children's Health Insurance Program	93.767	0540118/0540119	3,408
Medical Assistance Program (Medicaid Cluster)	93.778	1200118/1200119	168,448
Total Department of Health and Human Services			<u>\$ 630,687</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	77501-52740	\$ 50,875
Hazard Mitigation Grant	97.039	77602-155/146	43,376
Total Department of Homeland Security			<u>\$ 94,251</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 44,591
Department of Education:			
National School Lunch Program	10.555	17901-45707	234,245
Sub-total CFDA 10.555			<u>\$ 278,836</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	99,217
Total Child Nutrition Cluster			<u>\$ 378,053</u>
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010118/0010119	152,025
Total Department of Agriculture			<u>\$ 530,078</u>

County of Mathews, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2019

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 Victim Assistance	16.575	3900100-10220	\$ 36,423
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-50287	\$ 14,859
Virginia Department of Transportation:			
Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	60302-0	58,714
Total Department of Transportation			<u>\$ 73,573</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901-42999	\$ 185,285
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071-61234	\$ 250,293
Special Education - Preschool Grants	84.173	17901-62521	9,092
Total Special Education Cluster			<u>259,385</u>
Career and Technical Education - Basic Grants to States	84.048	17901-61095	18,011
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	33,370
Student Support and Academic Enrichment Program	84.424	S424A180048	12,683
Total Department of Education			<u>\$ 508,734</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,873,746</u></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, 2019

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2019. 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). 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	\$ 884,869
Special Revenue Fund	102,090
Total primary government	<u>\$ 986,959</u>

Component Unit School Board:

School Operating Fund	\$ 508,734
School Cafeteria Fund	378,053
Total component unit school board	<u>\$ 886,787</u>

Total federal expenditures per basic financial statements	<u>\$ 1,873,746</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,873,746</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Mathews, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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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)  
10.553/10.555

Name of Federal Program or Cluster  
Child Nutrition Cluster

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, 2019**

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There were no prior year findings.