

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Jack White, Chairperson
Charles E. Ingram, Vice-Chairperson

Edwina J. Casey

O. J. Cole, Jr.

G. C. Morrow

School Board

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

John L. Priest

Melissa F. Mason

Jeanice A. Sadler

Department of Social Services Board

Margaret Hudgins, Chairperson
Jeannie Elliott, Vice-Chairperson

Paula Cottee
G. C. Morrow

Eunice Garrett

Other Officials

County AdministratorMelinda 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 Michael E. McGinty
Commonwealth's AttorneyThompson C. Bowen, III
Judge of the General District CourtStephanie E. Merritt
Judge of the Juvenile and Domestic Relations Court..... Cressondra B. Conyers

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	11
Exhibit 2 Statement of Activities	12
Fund Financial Statements:	
Exhibit 3 Balance Sheet--Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	15
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Fiduciary Net Position --Fiduciary Funds	17
Notes to Financial Statements	18-73

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 8 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	74
Exhibit 9 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual - Special Revenue Fund	75
Exhibit 10 Schedule of OPEB Funding Progress–Retiree Healthcare Plan	76
Exhibit 11 Schedule of Changes in Net Pension Liability and Related Ratios–Primary Government	77
Exhibit 12 Schedule of Changes in Net Pension Liability and Related Ratios–Component Unit School Board (nonprofessional)	78
Exhibit 13 Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan	79
Exhibit 14 Schedule of Employer Contributions	80
Exhibit 15 Notes to Required Supplementary Information	81
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 16 Statement of Changes in Assets and Liabilities - Agency Funds	82
Discretely Presented Component Unit - School Board:	
Exhibit 17 Combining Balance Sheet - Governmental Funds	83
Exhibit 18 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	84
Exhibit 19 Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Operating Fund	85
Exhibit 20 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Special Revenue Funds	86
Exhibit 21 Statement of Fiduciary Net Position - Fiduciary Fund	87
Exhibit 22 Statement of Changes in Fiduciary Net Position - Fiduciary Fund	88
Discretely Presented Component Unit - Economic Development Authority:	
Exhibit 23 Statement of Net Position	89

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

<u>Other Supplementary Information: (Continued)</u>	<u>Page</u>
Discretely Presented Component Unit - Economic Development Authority: (Continued)	
Exhibit 24 Statement of Revenues, Expenses, and Changes in Net Position	90
Exhibit 25 Statement of Cash Flows	91
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	92-98
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	99-103
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function	104
Table 2 Government-Wide Revenues	105
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	106
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	107
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	108
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	109
Table 7 Property Tax Rates–Last Ten Fiscal Years	110
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	111
<u>Compliance:</u>	
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 <i>Government Auditing Standards</i>	112-113
Independent Auditors’ Report on Compliance For Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	114-115
Schedule of Expenditures of Federal Awards	116-117
Notes to Schedule of Expenditures of Federal Awards	118
Schedule of Findings and Questioned Costs	119
Summary Schedule of Prior Audit Findings	120

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding on pages 4-10, 74-75 and 76-81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
October 18, 2017

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2017.

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 \$14,455,923 (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 \$1,427,741 (Exhibit 5) after making contributions totaling \$6,572,803 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$7,692,656, an increase of \$1,427,741 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,587,747, or 33% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$930,889 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Mathews Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Overview of the Financial Statements (Continued)

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

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

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

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

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

Remainder of page left blank intentionally

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 \$14,455,923 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	
		2017	2016
Current and other assets	\$	14,714,040	\$ 12,849,397
Capital assets		<u>12,789,856</u>	<u>13,149,182</u>
Total assets	\$	<u>27,503,896</u>	<u>\$ 25,998,579</u>
Deferred outflow of resources	\$	<u>569,535</u>	<u>\$ 372,949</u>
Current liabilities	\$	1,720,428	\$ 1,496,813
Long-term liabilities outstanding		<u>6,901,619</u>	<u>7,832,508</u>
Total liabilities	\$	<u>8,622,047</u>	<u>\$ 9,329,321</u>
Deferred inflows of resources	\$	<u>4,995,461</u>	<u>\$ 4,836,216</u>
Net position:			
Net investment in capital assets	\$	7,916,816	\$ 7,283,194
Restricted		320,162	129,629
Unrestricted		<u>6,218,945</u>	<u>4,793,168</u>
Total net position	\$	<u><u>14,455,923</u></u>	<u><u>\$ 12,205,991</u></u>

Remainder of page left blank intentionally

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$2,249,932 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Mathews, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 177,396	\$ 153,117	\$ -	\$ -	\$ 177,396	\$ 153,117
Operating grants and contributions	5,029,663	4,322,751	-	-	5,029,663	4,322,751
Capital grants and contributions	2,376	6,227	-	-	2,376	6,227
General revenues:						
General property taxes	12,154,544	11,503,713	-	-	12,154,544	11,503,713
Other local taxes	1,353,481	1,299,711	-	-	1,353,481	1,299,711
Grants and other contributions not restricted	1,498,151	1,509,598	-	-	1,498,151	1,509,598
Other general revenues	234,266	382,083	-	153	234,266	382,236
Transfers	-	153	-	(153)	-	-
Total revenues	\$ 20,449,877	\$ 19,177,353	\$ -	\$ -	\$ 20,449,877	\$ 19,177,353
Expenses:						
General government administration	\$ 1,440,801	\$ 1,385,622	\$ -	\$ -	\$ 1,440,801	\$ 1,385,622
Judicial administration	693,402	690,064	-	-	693,402	690,064
Public safety	2,582,338	2,697,008	-	-	2,582,338	2,697,008
Public works	1,191,113	1,164,093	-	-	1,191,113	1,164,093
Health and welfare	1,794,958	1,975,002	-	-	1,794,958	1,975,002
Education	7,097,225	7,300,079	-	-	7,097,225	7,300,079
Parks, recreation, and cultural	203,087	646,223	-	-	203,087	646,223
Community development	3,006,530	2,046,275	-	-	3,006,530	2,046,275
Interest and other fiscal charges	190,491	201,364	-	-	190,491	201,364
Total expenses	\$ 18,199,945	\$ 18,105,730	\$ -	\$ -	\$ 18,199,945	\$ 18,105,730
Change in net position	\$ 2,249,932	\$ 1,071,623	\$ -	\$ -	\$ 2,249,932	\$ 1,071,623
Beginning of year	12,205,991	11,134,368	-	-	12,205,991	11,134,368
End of year	\$ 14,455,923	\$ 12,205,991	\$ -	\$ -	\$ 14,455,923	\$ 12,205,991

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 \$7,692,656, an increase of \$1,427,741 in comparison with the prior year. Approximately 73% 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 \$530,550 and expenditures and other financing uses were less than budgetary estimates by \$1,148,519, resulting in an overall positive variance of \$1,679,069.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2017 amounts to \$12,789,856 (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 \$4,653,002. Of this amount, \$1,498,002 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 \$956,275 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.

Remainder of page left blank intentionally

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 2018 fiscal year.

The fiscal year 2018 budget decreased by approximately 1%.

All tax rates stayed the same for FY18 except for real estate, which increased by \$0.035 per \$100 of assessed value.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental	Component Units	
	<u>Activities</u>	<u>School Board</u>	<u>EDA</u>
ASSETS			
Cash and cash equivalents	\$ 7,239,727	\$ 254,938	\$ 262,461
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,306,171	-	-
Accounts receivable	73,922	10,387	-
Notes receivable	17,905	-	-
Due from other governmental units	2,076,315	1,211,317	-
Capital assets (net of accumulated depreciation):			
Land and improvements	2,571,902	46,172	-
Buildings and improvements	9,387,371	8,316,375	-
Equipment	708,745	457,821	-
Construction in progress	121,838	-	-
Total assets	<u>\$ 27,503,896</u>	<u>\$ 10,297,010</u>	<u>\$ 262,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 295,039	\$ 1,050,140	\$ -
Items related to measurement of net pension liability	274,496	846,985	-
Total deferred outflows of resources	<u>\$ 569,535</u>	<u>\$ 1,897,125</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 691,049	\$ 117,097	\$ -
Accrued liabilities	-	1,147,573	-
Accrued interest payable	55,396	-	-
Due to other governmental units	973,983	-	-
Long-term liabilities:			
Due within one year	1,013,156	18,586	-
Due in more than one year	5,888,463	12,766,821	-
Total liabilities	<u>\$ 8,622,047</u>	<u>\$ 14,050,077</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,693,166	\$ -	\$ -
Items related to measurement of net pension liability	302,295	663,818	-
Total deferred inflows of resources	<u>\$ 4,995,461</u>	<u>\$ 663,818</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 7,916,816	\$ 8,820,368	\$ -
Restricted	320,162	-	-
Unrestricted (deficit)	6,218,945	(11,340,128)	262,461
Total net position	<u>\$ 14,455,923</u>	<u>\$ (2,519,760)</u>	<u>\$ 262,461</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, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	School Board	EDA	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,440,801	\$ -	\$ 295,067	\$ -	\$ (1,145,734)	\$ -	\$ -	
Judicial administration	693,402	13,865	319,561	-	(359,976)	-	-	
Public safety	2,582,338	155,511	714,373	-	(1,712,454)	-	-	
Public works	1,191,113	-	-	-	(1,191,113)	-	-	
Health and welfare	1,794,958	-	1,134,407	-	(660,551)	-	-	
Education	7,097,225	-	-	-	(7,097,225)	-	-	
Parks, recreation, and cultural	203,087	6,161	120,158	2,376	(74,392)	-	-	
Community development	3,006,530	1,859	2,332,496	-	(672,175)	-	-	
Interest on long-term debt	190,491	-	-	-	(190,491)	-	-	
Total primary government	\$ 18,199,945	\$ 177,396	\$ 4,916,062	\$ 2,376	\$ (13,104,111)	\$ -	\$ -	
COMPONENT UNITS:								
School Board	\$ 13,825,508	\$ 410,289	\$ 6,305,571	\$ -	\$ -	\$ (7,109,648)	\$ -	
Economic Development Authority	18,600	45,199	-	-	-	-	26,599	
Total component units	\$ 13,844,108	\$ 455,488	\$ 6,305,571	\$ -	\$ -	\$ (7,109,648)	\$ 26,599	
General revenues:								
General property taxes					\$ 12,154,544	\$ -	\$ -	
Local sales and use taxes					483,614	-	-	
Consumer's utility tax					151,482	-	-	
Motor vehicle licenses					296,260	-	-	
Business license taxes					185,650	-	-	
Other local taxes					350,076	-	-	
Unrestricted revenues from use of money and property					72,981	6,906	3,063	
Miscellaneous					161,285	48,275	-	
Grants and contributions not restricted to specific programs					1,498,151	-	-	
Payment from Mathews County					-	7,084,079	-	
Total general revenues					\$ 15,354,043	\$ 7,139,260	\$ 3,063	
Change in net position					\$ 2,249,932	\$ 29,612	\$ 29,662	
Net position - beginning					12,205,991	(2,549,372)	232,799	
Net position - ending					\$ 14,455,923	\$ (2,519,760)	\$ 262,461	

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

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2017

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,998,615	\$ 241,112	\$ 7,239,727
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,306,171	-	5,306,171
Accounts receivable	50,627	23,295	73,922
Notes receivable	-	17,905	17,905
Due from other funds	1,014,553	-	1,014,553
Due from other governmental units	404,534	1,671,781	2,076,315
Total assets	<u>\$ 13,774,500</u>	<u>\$ 1,954,093</u>	<u>\$ 15,728,593</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 107,686	\$ 583,363	\$ 691,049
Due to other funds	-	1,014,553	1,014,553
Due to other governmental units	973,983	-	973,983
Total liabilities	<u>\$ 1,081,669</u>	<u>\$ 1,597,916</u>	<u>\$ 2,679,585</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 5,356,352	\$ -	\$ 5,356,352
Total deferred inflows of resources	<u>\$ 5,356,352</u>	<u>\$ -</u>	<u>\$ 5,356,352</u>
FUND BALANCES			
Restricted	\$ -	\$ 320,162	\$ 320,162
Committed	1,748,732	37,676	1,786,408
Unassigned	5,587,747	(1,661)	5,586,086
Total fund balances	<u>\$ 7,336,479</u>	<u>\$ 356,177</u>	<u>\$ 7,692,656</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,774,500</u>	<u>\$ 1,954,093</u>	<u>\$ 15,728,593</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, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,692,656
--	----	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 19,728,671		
Accumulated depreciation	<u>(6,938,815)</u>		12,789,856

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

Unavailable revenue - property taxes	\$ 663,186		
Deferred inflows related to measurement of net pension liability	<u>(302,295)</u>		360,891

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		295,039
--	--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (3,155,000)		
Issuance premium on refunded bonds	(220,038)		
General obligation bonds	(1,498,002)		
Compensated absences	(220,540)		
Net pension liability	(1,783,439)		
Deferred outflows related to measurement of net pension liability	274,496		
Net OPEB obligation	(24,600)		
Accrued interest payable	<u>(55,396)</u>		(6,682,519)

Net position of governmental activities	\$	<u><u>14,455,923</u></u>
---	----	--------------------------

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, 2017

	General Fund	Special Revenue Fund	Total
REVENUES			
General property taxes	\$ 12,081,391	\$ -	\$ 12,081,391
Other local taxes	1,353,481	113,601	1,467,082
Permits, privilege fees, and regulatory licenses	94,182	-	94,182
Fines and forfeitures	44,806	1,859	46,665
Revenue from the use of money and property	72,560	421	72,981
Charges for services	36,549	-	36,549
Miscellaneous	158,285	3,000	161,285
Recovered costs	16,393	-	16,393
Intergovernmental:			
Commonwealth	3,315,098	363,911	3,679,009
Federal	771,199	1,966,381	2,737,580
Total revenues	<u>\$ 17,943,944</u>	<u>\$ 2,449,173</u>	<u>\$ 20,393,117</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,396,790	\$ -	\$ 1,396,790
Judicial administration	554,889	-	554,889
Public safety	2,692,437	37,887	2,730,324
Public works	1,178,431	-	1,178,431
Health and welfare	1,767,509	-	1,767,509
Education	6,579,284	-	6,579,284
Parks, recreation, and cultural	433,791	-	433,791
Community development	394,098	1,844,130	2,238,228
Nondepartmental	110,095	-	110,095
Capital projects	1,496	779,055	780,551
Debt service:			
Principal retirement	956,275	-	956,275
Interest and other fiscal charges	239,209	-	239,209
Total expenditures	<u>\$ 16,304,304</u>	<u>\$ 2,661,072</u>	<u>\$ 18,965,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,639,640</u>	<u>\$ (211,899)</u>	<u>\$ 1,427,741</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 392,100	\$ 392,100
Transfers out	(392,100)	-	(392,100)
Total other financing sources (uses)	<u>\$ (392,100)</u>	<u>\$ 392,100</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,247,540	\$ 180,201	\$ 1,427,741
Fund balances - beginning	6,088,939	175,976	6,264,915
Fund balances - ending	<u>\$ 7,336,479</u>	<u>\$ 356,177</u>	<u>\$ 7,692,656</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, 2017

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

Net change in fund balances - total governmental funds \$ 1,427,741

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	\$ 670,854	
Allocation of School Board assets	(443,134)	
Depreciation expense	(587,046)	(359,326)

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

Property taxes	\$ 73,153	
Decrease (increase) in deferred inflows related to measurement of net pension liability	(31,156)	41,997

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	\$ 445,000	
Principal retirement on general obligation bonds	511,275	956,275

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	\$ (12,218)	
(Increase) Decrease in Net OPEB obligation	600	
(Increase) Decrease in net pension liability	(50,441)	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	(43,853)	
Increase (decrease) in deferred outflows related to measurement of net pension liability	240,439	
(Increase) Decrease in accrued interest	12,045	
Amortization of issuance premium	36,673	\$ 183,245

Change in net position of governmental activities		\$ 2,249,932
---	--	--------------

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, 2017

	Agency <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 98,284
Total assets	<u>\$ 98,284</u>
LIABILITIES	
Amounts held for social services clients	\$ 48,182
Amounts held for others	50,102
Total liabilities	<u>\$ 98,284</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2017

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

The remainder of this page left blank intentionally

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

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

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

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

A. Financial Reporting Entity

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

The remainder of this page left blank intentionally

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2017.

Discretely Presented Component Units. The School Board members are elected by the citizens of Mathews County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

The Mathews County Economic Development Authority (EDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all of the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. Financial statements for the Mathews County Economic Development Authority can be obtained from the County Administrator's office of Mathews County. The financial statements of the Mathews County Economic Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The County has no investments as of June 30, 2017.

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$178,442 at June 30, 2017 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.

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

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

J. Compensated Absences

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

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.

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

M. Net Position Flow Assumption

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

N. Pensions

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

O. Long-term Obligations

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

P. Deferred Outflows/Inflows of Resources

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

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

P. 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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

Q. Fund Equity

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

Q. Fund Equity (Continued)

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.

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

Q. Fund Equity (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balances:			
Restricted:			
C/V grants	\$ -	\$ 36,128	\$ 36,128
Wetlands violations	-	8,050	8,050
Wetlands compensation	-	15,283	15,283
VDOT main street enhancement	-	209,578	209,578
Forfeited assets	-	51,123	51,123
Total Restricted Fund Balance	\$ -	\$ 320,162	\$ 320,162
Committed:			
Green renovations	\$ 335,867	\$ -	\$ 335,867
Main street improvements	390,000	-	390,000
Public access to waterways	154,325	-	154,325
Records preservation	160,000	-	160,000
Drainage improvements	124,247	-	124,247
NPC light preservation	191,785	-	191,785
Reassessment	33,376	-	33,376
Infrastructure maintenance	130,000	-	130,000
Employee accumulated leave	30,000	-	30,000
Vehicle replacement	35,000	-	35,000
School bus replacement	8,950	-	8,950
E911 office machinery	27,390	-	27,390
Information technology equipment	127,792	-	127,792
New Point nature preserve	-	9,867	9,867
New Point comfort lighthouse	-	27,809	27,809
Total Committed Fund Balance	\$ 1,748,732	\$ 37,676	\$ 1,786,408
Unassigned	\$ 5,587,747	\$ (1,661)	\$ 5,586,086
Total Fund Balances	\$ 7,336,479	\$ 356,177	\$ 7,692,656

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, 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, 2017:

School Cafeteria Fund	\$	18,144
-----------------------	----	--------

Note 3—Deposits:

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.

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2017, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Mathews	\$ -	\$ 973,983
Commonwealth of Virginia:		
Local sales tax	92,055	-
Welfare	30,269	-
Rolling stock tax	1,660	-
Wireless service board funds	7,386	-
State Sales Tax	-	215,840
Constitutional officer reimbursements	89,454	-
Recordation tax	8,767	-
Comprehensive services act	11,472	-
Hazard mitigation grant	212,493	-
Communications tax	69,597	-
DMV	1,573	-
Emergency medical services - two for life	10,020	-
Emergency management	3,240	-
Ground transport safety	2,323	-
Local law enforcement block grant	498	-
Federal Government:		
School fund grants	-	21,494
Community development block grant	73,954	-
VDOT enhancement grant	598,633	-
Welfare	53,985	-
Emergency management	12,086	-
Hazard mitigation grant	796,850	-
Total due from other governments	\$ <u>2,076,315</u>	\$ <u>1,211,317</u>

At June 30, 2017, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>973,983</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,244,846	\$ 327,056	\$ -	\$ 2,571,902
Construction in progress	121,838	-	-	121,838
Total capital assets not subject to depreciation	\$ 2,366,684	\$ 327,056	\$ -	\$ 2,693,740
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,953,463	\$ -	\$ -	\$ 11,953,463
Equipment	2,034,606	343,798	22,602	2,355,802
Jointly owned assets	3,496,882	-	771,216	2,725,666
Total capital assets being depreciated	\$ 17,484,951	\$ 343,798	\$ 793,818	\$ 17,034,931
Accumulated depreciation:				
Buildings and improvements	\$ 3,752,864	\$ 311,229	\$ -	\$ 4,064,093
Equipment	1,461,984	207,675	22,602	1,647,057
Jointly owned assets	1,487,605	68,142	328,082	1,227,665
Total accumulated depreciation	\$ 6,702,453	\$ 587,046	\$ 350,684	\$ 6,938,815
Total capital assets subject to depreciation, net	\$ 10,782,498	\$ (243,248)	\$ 443,134	\$ 10,096,116
Governmental activities capital activities, net	\$ 13,149,182	\$ 83,808	\$ 443,134	\$ 12,789,856

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets: (Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 2,602,791	\$ 11,599	\$ 77,348	\$ 2,537,042
Jointly owned assets	14,360,711	-	(771,216)	15,131,927
Total capital assets being depreciated	\$ 16,919,579	\$ 11,599	\$ (693,868)	\$ 17,668,969
Accumulated depreciation:				
Equipment	\$ 2,040,311	\$ 116,258	\$ 77,348	\$ 2,079,221
Jointly owned assets	6,109,172	378,298	(328,082)	6,815,552
Total accumulated depreciation	\$ 8,105,560	\$ 494,556	\$ (250,734)	\$ 8,894,773
Total capital assets subject to depreciation, net	\$ 8,814,019	\$ (482,957)	\$ (443,134)	\$ 8,774,196
Net capital assets Component Unit-School Board	\$ 8,860,191	\$ (482,957)	\$ (443,134)	\$ 8,820,368

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	15,804
Judicial administration		154,819
Public safety		179,842
Public works		29,492
Health and welfare		29,190
Education		74,807
Parks, recreation and cultural		103,092

Total Governmental activities	\$	587,046
-------------------------------	----	---------

Component Unit School Board	\$	494,556
-----------------------------	----	---------

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2017 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 392,100
Special Revenue	392,100	-
Total	<u>\$ 392,100</u>	<u>\$ 392,100</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 224,243
Textbook	117,673	-
School Cafeteria	106,570	-
Total	<u>\$ 224,243</u>	<u>\$ 224,243</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, 2017 (Continued)

Note 6—Interfund Transfers and Obligations: (Continued)

Details of the Primary Government's interfund receivables and payables as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General Fund	\$ 1,014,553	\$ -
Special Revenue Fund	-	1,014,553
Total	<u>\$ 1,014,553</u>	<u>\$ 1,014,553</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, 2017:

	<u>Balance at July 1, 2016</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 208,322	\$ 33,050	\$ 20,832	\$ 220,540	\$ 22,054
Lease revenue bonds	3,600,000	-	445,000	3,155,000	465,000
Add: issuance premium	256,711	-	36,673	220,038	-
Net pension liability	1,732,998	1,163,252	1,112,811	1,783,439	-
Net OPEB obligation	25,200	30,900	31,500	24,600	-
Total incurred by County	<u>\$ 5,823,231</u>	<u>\$ 1,227,202</u>	<u>\$ 1,646,816</u>	<u>\$ 5,403,617</u>	<u>\$ 487,054</u>
Incurred by School Board:					
General Obligation Bonds	<u>\$ 2,009,277</u>	<u>\$ -</u>	<u>\$ 511,275</u>	<u>\$ 1,498,002</u>	<u>\$ 526,102</u>
Total incurred by School Board	<u>\$ 2,009,277</u>	<u>\$ -</u>	<u>\$ 511,275</u>	<u>\$ 1,498,002</u>	<u>\$ 526,102</u>
Total Governmental Activities Obligations	<u>\$ 7,832,508</u>	<u>\$ 1,227,202</u>	<u>\$ 2,158,091</u>	<u>\$ 6,901,619</u>	<u>\$ 1,013,156</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2018	\$ 465,000	\$ 137,009
2019	490,000	113,601
2020	510,000	89,624
2021	535,000	64,274
2022	570,000	39,469
2023	585,000	13,727
Total	\$ <u>3,155,000</u>	\$ <u>457,704</u>

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2018	\$ 526,102	\$ 42,566
2019	480,300	24,690
2020	491,600	10,512
Total	\$ <u>1,498,002</u>	\$ <u>77,768</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments ranging from \$335,000 to \$505,000 through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%.	\$ 2,735,000
\$720,000 lease revenue refunding bond issued on July 12, 2012 due in annual installments ranging from \$55,000 to \$80,000 through April 2023, interest payable semi-annually at varying rates between 2.279% and 5.125%.	<u>420,000</u>
Total Lease Revenue Bonds	\$ <u>3,155,000</u>
Bond Premium	\$ <u>220,038</u>
Compensated absences (payable from General Fund)	\$ <u>220,540</u>
Net Pension Liability	\$ <u>1,783,439</u>
Net OPEB obligation (payable from General Fund)	\$ <u>24,600</u>
Total Incurred by County	\$ <u><u>5,403,617</u></u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.	\$	62,202
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.		430,000
\$1,961,300 School Bonds dated March 28, 2017, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 1.93%.		<u>1,005,800</u>
Total General Obligations Bonds	\$	<u>1,498,002</u>
Total incurred by School Board	\$	<u>1,498,002</u>
Total General obligations, primary government	\$	<u>6,901,619</u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Increases	Decreases	Balance at June 30, 2017	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 189,759	\$ 15,079	\$ 18,976	\$ 185,862	\$ 18,586
Net pension liability	11,476,692	2,991,962	1,880,912	12,587,742	-
Net OPEB obligation	12,414	48,289	48,900	11,803	-
Total Component Unit-School Board	\$ 11,678,865	\$ 3,055,330	\$ 1,948,788	\$ 12,785,407	\$ 18,586

Note 8—Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The County had unavailable revenue at June 30, 2017 totaling \$5,356,352 and deferred revenue totaling \$4,693,166 comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$5,356,352 (including 2nd half tax billings of \$4,488,786 not due until December 5) at June 30, 2017.

Prepaid Property Tax - Property taxes due subsequent to June 30, 2017 but paid in advance by the tax payers totaled \$204,378 at June 30, 2017.

Deferred Revenue - Deferred Revenue representing prepaid taxes due subsequent to June 30, 2017 totaling \$204,378 and \$4,488,786 of 2nd half 2017 tax billing levied in current year but due in FY 2017 totaled \$4,693,166.

Note 9—Commitments / Contingent Liabilities:

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Litigation:

At June 30, 2017, 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:

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.

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by 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.

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u></p> <ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 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	56	36
Inactive members:		
Vested inactive members	9	1
Non-vested inactive members	7	11
Inactive members active elsewhere in VRS	35	16
Total inactive members	51	28
Active members	56	43
Total covered employees	163	107

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2017 was 11.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$295,039 and \$336,672 for the years ended June 30, 2017 and June 30, 2016, respectively.

Note 12—Pension Plan: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 11.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$88,392 and \$92,400 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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, 2015, 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, 2016.

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

The remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 11,945,155	\$ 10,212,157	\$ 1,732,998
Changes for the year:			
Service cost	\$ 341,912	\$ -	\$ 341,912
Interest	814,884	-	814,884
Differences between expected and actual experience	(477,032)	-	(477,032)
Contributions - employer	-	336,672	(336,672)
Contributions - employee	-	122,964	(122,964)
Net investment income	-	176,143	(176,143)
Benefit payments, including refunds			
Refund of employee contributions	(607,919)	(607,919)	-
Administrative expenses	-	(6,381)	6,381
Other changes	-	(75)	75
Net changes	\$ 71,845	\$ 21,404	\$ 50,441
Balances at June 30, 2016	\$ 12,017,000	\$ 10,233,561	\$ 1,783,439

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 3,627,536	\$ 2,910,844	\$ 716,692
Changes for the year:			
Service cost	\$ 79,674	\$ -	\$ 79,674
Interest	248,469	-	248,469
Differences between expected and actual experience	(33,775)	-	(33,775)
Contributions - employer	-	92,400	(92,400)
Contributions - employee	-	37,029	(37,029)
Net investment income	-	50,708	(50,708)
Benefit payments, including refunds			
Refunds of employee contributions	(155,958)	(155,958)	-
Administrative expenses	-	(1,797)	1,797
Other changes	-	(22)	22
Net changes	\$ 138,410	\$ 22,360	\$ 116,050
Balances at June 30, 2016	\$ 3,765,946	\$ 2,933,204	\$ 832,742

The remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

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	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 3,210,314	\$ 1,783,439	\$ 586,923
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,221,756	\$ 832,742	\$ 500,519

The remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$177,830 and \$90,121 respectively. At June 30, 2017, 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	\$ 12,904	\$ 302,295	\$ 5,421	\$ 19,818
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	261,592	-	\$ 76,564	-
Employer contributions subsequent to the measurement date	295,039	-	88,392	-
Total	<u>\$ 569,535</u>	<u>\$ 302,295</u>	<u>\$ 170,377</u>	<u>\$ 19,818</u>

\$295,039 and \$88,392 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2017	\$ (161,272)	\$ (7,532)
2018	(126,999)	(4,855)
2019	153,812	44,143
2020	106,660	30,411
Thereafter	-	-

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$961,748 and \$898,671 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$11,755,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 0.08388% as compared to 0.08549% at June 30, 2015.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2017, the school division recognized pension expense of \$979,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, 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 \$	-	\$ 380,000
Net difference between projected and actual earnings on pension plan investments	671,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,000	264,000
Employer contributions subsequent to the measurement date	<u>961,748</u>	<u>-</u>
Total	<u>\$ 1,726,748</u>	<u>\$ 644,000</u>

\$961,748 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. 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>	
2018	\$ (110,000)
2019	(110,000)
2020	246,000
2021	139,000
2022	(44,000)

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 44,182,326
Plan Fiduciary Net Position	30,168,211
Employers' Net Pension Liability (Asset)	<u>\$ 14,014,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%

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 remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	16,757,000 \$	11,755,000 \$	7,635,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2017 (Continued)

Note 13–Surety Bonds:

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

Note 14–Other Postemployment Benefits - Health Insurance:

A. Plan Description

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

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

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

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

Advantage 65 and Dental/Vision (Medicare)

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

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

There is no life insurance benefit for retirees.

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

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

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

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

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 31,500	\$ 48,900
Interest on net OPEB obligation	900	434
Adjustment to annual required contribution	(1,500)	(1,045)
Annual OPEB cost (expense)	\$ 30,900	\$ 48,289
Estimated Contributions made	(31,500)	(48,900)
Increase (decrease) in net OPEB obligation	(600)	(611)
Net OPEB obligation-beginning of year	25,200	12,414
Net OPEB obligation-end of year	\$ 24,600	\$ 11,803

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2015	\$ 27,200	101.47%	\$ 25,700
6/30/2016	28,900	101.73%	25,200
6/30/2017	30,900	101.94%	24,600
School Board:			
6/30/2015	\$ 64,091	100.33%	\$ 12,641
6/30/2016	65,673	100.35%	12,414
6/30/2017	48,289	101.27%	11,803

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

D. Funded Status and Funding Progress

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

As of January 1, 2017, the most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$369,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,381,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.01 percent.

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

E. Actuarial Methods and Assumptions

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

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

The following simplifying assumptions were made:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

E. Actuarial Methods and Assumptions (Continued)

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

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

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.50% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2015 was 17.6 years for the County. The remaining amortization period at January 1, 2017 was 12.65 for the School Board.

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

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2017, 2016, and 2015 were \$72,819, \$67,752, and \$67,423, respectively and equaled the required contributions for each year.

Note 16-Upcoming Pronouncements:

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

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

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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.

Statement No. 86, *Certain Debt Extinguishment Issues*, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Note 16-Upcoming Pronouncements: (Continued)

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.

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

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 11,375,000	\$ 11,375,000	\$ 12,081,391	\$ 706,391
Other local taxes	1,251,000	1,251,000	1,353,481	102,481
Permits, privilege fees, and regulatory licenses	79,700	79,700	94,182	14,482
Fines and forfeitures	45,250	45,250	44,806	(444)
Revenue from the use of money and property	62,570	49,736	72,560	22,824
Charges for services	30,645	36,186	36,549	363
Miscellaneous	71,872	136,890	158,285	21,395
Recovered costs	11,000	11,000	16,393	5,393
Intergovernmental:				
Commonwealth	3,468,586	3,674,942	3,315,098	(359,844)
Federal	993,690	753,690	771,199	17,509
Total revenues	<u>\$ 17,389,313</u>	<u>\$ 17,413,394</u>	<u>\$ 17,943,944</u>	<u>\$ 530,550</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,520,542	\$ 1,513,059	\$ 1,396,790	\$ 116,269
Judicial administration	544,352	582,204	554,889	27,315
Public safety	2,636,249	2,874,451	2,692,437	182,014
Public works	1,219,243	1,219,243	1,178,431	40,812
Health and welfare	2,136,257	2,163,757	1,767,509	396,248
Education	6,887,398	6,923,348	6,579,284	344,064
Parks, recreation, and cultural	459,310	473,228	433,791	39,437
Community development	463,967	465,159	394,098	71,061
Nondepartmental	75,000	154,902	110,095	44,807
Capital projects	602,700	302,700	1,496	301,204
Debt service:				
Principal retirement	956,275	956,275	956,275	-
Interest and other fiscal charges	216,597	216,597	239,209	(22,612)
Total expenditures	<u>\$ 17,717,890</u>	<u>\$ 17,844,923</u>	<u>\$ 16,304,304</u>	<u>\$ 1,540,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (328,577)</u>	<u>\$ (431,529)</u>	<u>\$ 1,639,640</u>	<u>\$ 2,071,169</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (392,100)	\$ (392,100)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (392,100)</u>	<u>\$ (392,100)</u>
Net change in fund balances	\$ (328,577)	\$ (431,529)	\$ 1,247,540	\$ 1,679,069
Fund balances - beginning	328,577	431,529	6,088,939	5,657,410
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,336,479</u>	<u>\$ 7,336,479</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, 2017

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
REVENUES				
Other local taxes	\$ -	\$ -	\$ 113,601	\$ 113,601
Fines and forfeitures	-	-	1,859	1,859
Revenue from the use of money and property	-	-	421	421
Miscellaneous	193,300	193,300	3,000	(190,300)
Intergovernmental:				
Commonwealth	773,200	773,200	363,911	(409,289)
Federal	3,277,400	3,996,455	1,966,381	(2,030,074)
Total revenues	<u>\$ 4,243,900</u>	<u>\$ 4,962,955</u>	<u>\$ 2,449,173</u>	<u>\$ (2,513,782)</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 37,887	\$ (37,887)
Community development	4,243,900	4,243,900	1,844,130	2,399,770
Capital projects	-	779,055	779,055	-
Total expenditures	<u>\$ 4,243,900</u>	<u>\$ 5,022,955</u>	<u>\$ 2,661,072</u>	<u>\$ 2,361,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ (211,899)</u>	<u>\$ (151,899)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 392,100	\$ 392,100
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,100</u>	<u>\$ 392,100</u>
Net change in fund balances	\$ -	\$ (60,000)	\$ 180,201	\$ 240,201
Fund balances - beginning	-	60,000	175,976	115,976
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,177</u>	<u>\$ 356,177</u>

County of Mathews, Virginia

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
1/1/2015	\$ -	\$ 418,800	\$ 418,800	0.00%	\$ 1,991,600	21.03%
1/1/2013	-	543,200	543,200	0.00%	1,895,700	28.65%
1/1/2010	-	82,900	82,900	0.00%	2,027,800	4.09%
School Board:						
1/1/2017	\$ -	\$ 369,700	\$ 369,700	0.00%	\$ 7,381,700	5.01%
1/1/2015	-	562,700	562,700	0.00%	7,061,200	7.97%
1/1/2013	-	477,400	477,400	0.00%	6,739,000	7.08%

County of Mathews, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 341,912	\$ 325,686	\$ 314,784
Interest	814,884	776,569	746,615
Differences between expected and actual experience	(477,032)	55,210	-
Benefit payments, including refunds of employee contributions	(607,919)	(612,313)	(654,652)
Net change in total pension liability	\$ 71,845	\$ 545,152	\$ 406,747
Total pension liability - beginning	11,945,155	11,400,003	10,993,256
Total pension liability - ending (a)	\$ 12,017,000	\$ 11,945,155	\$ 11,400,003
Plan fiduciary net position			
Contributions - employer	\$ 336,672	\$ 324,933	\$ 292,841
Contributions - employee	122,964	120,639	121,410
Net investment income	176,143	453,401	1,373,984
Benefit payments, including refunds of employee contributions	(607,919)	(612,313)	(654,652)
Administrative expense	(6,381)	(6,272)	(7,532)
Other	(75)	(92)	72
Net change in plan fiduciary net position	\$ 21,404	\$ 280,296	\$ 1,126,123
Plan fiduciary net position - beginning	10,212,157	9,931,861	8,805,738
Plan fiduciary net position - ending (b)	\$ 10,233,561	\$ 10,212,157	\$ 9,931,861
County's net pension liability - ending (a) - (b)	\$ 1,783,439	\$ 1,732,998	\$ 1,468,142
Plan fiduciary net position as a percentage of the total pension liability	85.16%	85.49%	87.12%
Covered payroll	\$ 2,488,196	\$ 2,390,708	\$ 2,428,191
County's net pension liability as a percentage of covered payroll	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 Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 79,674	\$ 72,755	\$ 71,109
Interest	248,469	236,376	227,108
Differences between expected and actual experience	(33,775)	31,237	-
Benefit payments, including refunds of employee contributions	(155,958)	(179,276)	(152,332)
Net change in total pension liability	\$ 138,410	\$ 161,092	\$ 145,885
Total pension liability - beginning	3,627,536	3,466,444	3,320,559
Total pension liability - ending (a)	<u>\$ 3,765,946</u>	<u>\$ 3,627,536</u>	<u>\$ 3,466,444</u>
Plan fiduciary net position			
Contributions - employer	\$ 92,400	\$ 91,599	\$ 91,604
Contributions - employee	37,029	36,827	35,038
Net investment income	50,708	127,992	387,986
Benefit payments, including refunds of employee contributions	(155,958)	(179,276)	(152,332)
Administrative expense	(1,797)	(1,781)	(2,096)
Other	(22)	(26)	20
Net change in plan fiduciary net position	\$ 22,360	\$ 75,335	\$ 360,220
Plan fiduciary net position - beginning	2,910,844	2,835,509	2,475,289
Plan fiduciary net position - ending (b)	<u>\$ 2,933,204</u>	<u>\$ 2,910,844</u>	<u>\$ 2,835,509</u>
School Division's net pension liability - ending (a) - (b)	\$ 832,742	\$ 716,692	\$ 630,935
Plan fiduciary net position as a percentage of the total pension liability	77.89%	80.24%	81.80%
Covered payroll	\$ 747,964	\$ 738,188	\$ 696,679
School Division's net pension liability as a percentage of covered payroll	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 Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.08388%	0.08549%	0.08647%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,755,000	\$ 10,760,000	\$ 10,449,000
Employer's Covered Payroll	\$ 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	183.91%	169.29%	165.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

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

County of Mathews, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2008 through June 30, 2017

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)
Primary Government					
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%
2009	194,572	194,572	-	2,594,293	7.50%
2008	123,429	123,429	-	2,458,738	5.02%
Component Unit School Board (nonprofessional)					
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%
2009	51,018	51,018	-	673,954	7.57%
2008	45,180	45,180	-	681,447	6.63%
Component Unit School Board (professional)					
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%
2009	580,724	580,724	-	5,638,097	10.30%
2008	661,035	661,035	-	7,185,163	9.20%

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

County of Mathews, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 28,217	\$ 44,727	\$ 24,762	\$ 48,182
Liabilities:				
Amounts held for social services clients	\$ 28,217	\$ 44,727	\$ 24,762	\$ 48,182
Tour de Chesapeake Fund:				
Assets:				
Cash and cash equivalents	\$ 15,097	\$ 26,759	\$ 22,985	\$ 18,871
Liabilities:				
Amounts held for others	\$ 15,097	\$ 26,759	\$ 22,985	\$ 18,871
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 15,494	\$ 22,386	\$ 17,148	\$ 20,732
Liabilities:				
Amounts held for others	\$ 15,494	\$ 22,386	\$ 17,148	\$ 20,732
Courthouse Square Basket Fund:				
Assets:				
Cash and cash equivalents	\$ 15,474	\$ 55	\$ 7,033	\$ 8,496
Liabilities:				
Accounts payable	\$ 1,310	\$ -	\$ 1,310	\$ -
Amounts held for others	14,164	55	5,723	8,496
Total liabilities	\$ 15,474	\$ 55	\$ 7,033	\$ 8,496
Escrow Deposits Fund:				
Assets:				
Cash and cash equivalents	\$ 2,003	\$ -	\$ -	\$ 2,003
Liabilities:				
Amounts held for others	\$ 2,003	\$ -	\$ -	\$ 2,003
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 76,285	\$ 93,927	\$ 71,928	\$ 98,284
Total assets	\$ 76,285	\$ 93,927	\$ 71,928	\$ 98,284
Liabilities:				
Accounts payable	\$ 1,310	\$ -	\$ 1,310	\$ -
Amounts held for others	46,758	49,200	45,856	50,102
Amounts held for social services clients	28,217	44,727	24,762	48,182
Total liabilities	\$ 76,285	\$ 93,927	\$ 71,928	\$ 98,284

THIS PAGE LEFT BLANK INTENTIONALLY

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2017

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 188,827	\$ 66,111	\$ 254,938
Accounts receivable	10,367	20	-	10,387
Due from other governmental units	1,195,095	-	16,222	1,211,317
Total assets	<u>\$ 1,205,462</u>	<u>\$ 188,847</u>	<u>\$ 82,333</u>	<u>\$ 1,476,642</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 102,383	\$ -	\$ 14,714	\$ 117,097
Accrued liabilities	1,103,079	-	44,494	1,147,573
Total liabilities	<u>\$ 1,205,462</u>	<u>\$ -</u>	<u>\$ 59,208</u>	<u>\$ 1,264,670</u>
Fund balances:				
Committed	\$ -	\$ 188,847	\$ -	\$ 188,847
Unassigned	-	-	23,125	23,125
Total fund balances	<u>\$ -</u>	<u>\$ 188,847</u>	<u>\$ 23,125</u>	<u>\$ 211,972</u>
Total liabilities and fund balances	<u>\$ 1,205,462</u>	<u>\$ 188,847</u>	<u>\$ 82,333</u>	<u>\$ 1,476,642</u>

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

Total fund balances per above \$ 211,972

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 17,715,141	
Less: accumulated depreciation	<u>(8,894,773)</u>	8,820,368

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

Deferred inflows related to measurement of net pension liability	(663,818)
--	-----------

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. 1,050,140

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	\$ (185,862)	
Net pension liability	(12,587,742)	
Deferred outflows related to measurement of net pension liability	846,985	
Net OPEB obligation	<u>(11,803)</u>	(11,938,422)

Net position of governmental activities	<u>\$ (2,519,760)</u>
---	-----------------------

County of Mathews, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 6,591	\$ 227	\$ 88	\$ 6,906
Charges for services	41,599	-	368,690	410,289
Miscellaneous	48,275	-	-	48,275
Recovered costs	142,879	-	-	142,879
Intergovernmental:				
Local government	6,572,803	-	-	6,572,803
Commonwealth	5,402,362	-	7,732	5,410,094
Federal	531,370	-	364,107	895,477
Total revenues	<u>\$ 12,745,879</u>	<u>\$ 227</u>	<u>\$ 740,617</u>	<u>\$ 13,486,723</u>
EXPENDITURES				
Current:				
Education	\$ 12,521,636	\$ 50,012	\$ 822,999	\$ 13,394,647
Total expenditures	<u>\$ 12,521,636</u>	<u>\$ 50,012</u>	<u>\$ 822,999</u>	<u>\$ 13,394,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 224,243</u>	<u>\$ (49,785)</u>	<u>\$ (82,382)</u>	<u>\$ 92,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 117,673	\$ 106,570	\$ 224,243
Transfers out	(224,243)	-	-	(224,243)
Total other financing sources (uses)	<u>\$ (224,243)</u>	<u>\$ 117,673</u>	<u>\$ 106,570</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 67,888	\$ 24,188	\$ 92,076
Fund balances - beginning	-	120,959	(1,063)	119,896
Fund balances - ending	<u>\$ -</u>	<u>\$ 188,847</u>	<u>\$ 23,125</u>	<u>\$ 211,972</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 \$ 92,076

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	\$ 11,599	
Allocation of School Board assets	443,134	
Depreciation expense	<u>(494,556)</u>	(39,823)

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

(Increase) decrease in deferred inflows related to measurement of net pension liability 328,673

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	\$ 3,897	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	58,572	
Increase (decrease) in deferred outflows related to measurement of net pension liability	696,656	
(Increase) decrease in net pension liability	<u>(1,111,050)</u>	
(Increase) Decrease in net OPEB obligation	611	(351,314)

Change in net position of governmental activities \$ 29,612

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Operating Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 6,591	\$ (409)
Charges for services	25,000	25,000	41,599	16,599
Miscellaneous	25,900	122,185	48,275	(73,910)
Recovered costs	65,000	65,000	142,879	77,879
Intergovernmental:				
Local government	6,880,917	6,916,867	6,572,803	(344,064)
Commonwealth	5,309,891	5,425,087	5,402,362	(22,725)
Federal	521,566	521,566	531,370	9,804
Total revenues	<u>\$ 12,835,274</u>	<u>\$ 13,082,705</u>	<u>\$ 12,745,879</u>	<u>\$ (336,826)</u>
EXPENDITURES				
Current:				
Education	\$ 12,685,067	\$ 12,911,906	\$ 12,521,636	\$ 390,270
Total expenditures	<u>\$ 12,685,067</u>	<u>\$ 12,911,906</u>	<u>\$ 12,521,636</u>	<u>\$ 390,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 150,207</u>	<u>\$ 170,799</u>	<u>\$ 224,243</u>	<u>\$ 53,444</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (150,207)	\$ (170,799)	\$ (224,243)	\$ (53,444)
Total other financing sources (uses)	<u>\$ (150,207)</u>	<u>\$ (170,799)</u>	<u>\$ (224,243)</u>	<u>\$ (53,444)</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, 2017

	School Cafeteria Fund			Textbook Fund		
	Budgeted Amounts		Variance with Final Budget	Budgeted Amounts		Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ 88	\$ -	\$ -	\$ 227
Charges for services	356,230	356,230	368,690	-	-	-
Intergovernmental:						
Commonwealth	-	-	7,732	-	-	-
Federal	300,000	353,933	364,107	-	-	-
Total revenues	\$ 656,230	\$ 710,163	\$ 740,617	\$ -	\$ -	\$ 227
EXPENDITURES						
Current:						
Education	\$ 750,922	\$ 804,855	\$ 822,999	\$ (18,144)	\$ 200,173	\$ 50,012
Total expenditures	\$ 750,922	\$ 804,855	\$ 822,999	\$ (18,144)	\$ 200,173	\$ 50,012
Excess (deficiency) of revenues over (under) expenditures	\$ (94,692)	\$ (94,692)	\$ (82,382)	\$ 12,310	\$ (200,173)	\$ 150,388
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 94,692	\$ 94,692	\$ 106,570	\$ 11,878	\$ 55,515	\$ 117,673
Total other financing sources (uses)	\$ 94,692	\$ 94,692	\$ 106,570	\$ 11,878	\$ 55,515	\$ 117,673
Net change in fund balances	\$ -	\$ -	\$ 24,188	\$ 24,188	\$ (124,066)	\$ 67,888
Fund balances - beginning	-	-	(1,063)	26,983	22,500	120,959
Fund balances - ending	\$ -	\$ -	\$ 23,125	\$ 51,171	\$ -	\$ 188,847

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2017

	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 90,473
	<hr/>
NET POSITION	
Held in trust for scholarships	\$ 90,473
	<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, 2017

	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 65,910
Total contributions	<u>\$ 65,910</u>
Investment income:	
Interest	\$ 37
Total investment earnings	<u>\$ 37</u>
Total additions	<u>\$ 65,947</u>
DEDUCTIONS	
Scholarships	\$ 50,866
Total deductions	<u>\$ 50,866</u>
Change in net position	\$ 15,081
Net position - beginning	75,392
Net position - ending	<u><u>\$ 90,473</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Statement of Net Position
Discretely Presented Component Unit-Economic Development Authority
June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 262,461
Total current assets	<u>\$ 262,461</u>
Total assets	<u>\$ 262,461</u>

NET POSITION

Unrestricted	\$ 262,461
Total net position	<u><u>\$ 262,461</u></u>

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2017

OPERATING REVENUES

Miscellaneous	\$ 45,199
Total operating revenues	<u>\$ 45,199</u>

OPERATING EXPENSES

Other supplies and expenses	\$ 18,600
Total operating expenses	<u>\$ 18,600</u>

Operating income (loss)	<u>\$ 26,599</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 3,063
Total nonoperating revenues (expenses)	<u>\$ 3,063</u>

Change in net position	\$ 29,662
------------------------	-----------

Total net position - beginning	232,799
Total net position - ending	<u><u>\$ 262,461</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 45,199
Payments for operating activities	(18,600)
Net cash provided by (used for) operating activities	<u>\$ 26,599</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 3,063</u>
Net cash provided by (used for) investing activities	<u>\$ 3,063</u>

Net increase (decrease) in cash and cash equivalents	\$ 29,662
--	-----------

Cash and cash equivalents - beginning	<u>232,799</u>
Cash and cash equivalents - ending	<u><u>\$ 262,461</u></u>

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

Operating income (loss)	<u>\$ 26,599</u>
Net cash provided for (used by) operating activities	<u><u>\$ 26,599</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,160,000	\$ 9,160,000	\$ 9,242,992	\$ 82,992
Real and personal public service corporation taxes	130,000	130,000	218,023	88,023
Personal property taxes	1,700,000	1,700,000	2,033,293	333,293
Mobile home taxes	30,000	30,000	34,234	4,234
Boat taxes	235,000	235,000	282,411	47,411
Machinery and tools taxes	-	-	106,366	106,366
Penalties	70,000	70,000	108,180	38,180
Interest	50,000	50,000	55,892	5,892
Total general property taxes	\$ 11,375,000	\$ 11,375,000	\$ 12,081,391	\$ 706,391
Other local taxes:				
Local sales and use taxes	\$ 455,000	\$ 455,000	\$ 483,614	\$ 28,614
Consumers' utility taxes	175,000	175,000	151,482	(23,518)
Consumption tax	36,000	36,000	35,385	(615)
Business license taxes	126,000	126,000	185,650	59,650
Motor vehicle licenses	290,000	290,000	296,260	6,260
Bank stock taxes	79,000	79,000	91,307	12,307
Taxes on recordation and wills	90,000	90,000	109,783	19,783
Total other local taxes	\$ 1,251,000	\$ 1,251,000	\$ 1,353,481	\$ 102,481
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,500	\$ 2,500	\$ 3,163	\$ 663
Transfer fees	500	500	549	49
Permits and other licenses	76,700	76,700	90,470	13,770
Total permits, privilege fees, and regulatory licenses	\$ 79,700	\$ 79,700	\$ 94,182	\$ 14,482
Fines and forfeitures:				
Court fines and forfeitures	\$ 45,250	\$ 45,250	\$ 44,806	\$ (444)
Total fines and forfeitures	\$ 45,250	\$ 45,250	\$ 44,806	\$ (444)
Revenue from use of money and property:				
Revenue from use of money	\$ 11,500	\$ 11,500	\$ 27,814	\$ 16,314
Revenue from use of property	51,070	38,236	44,746	6,510
Total revenue from use of money and property	\$ 62,570	\$ 49,736	\$ 72,560	\$ 22,824
Charges for services:				
Charges for law enforcement and traffic control	\$ 800	\$ 6,341	\$ 6,274	\$ (67)
Charges for courthouse maintenance	1,100	1,100	2,281	1,181
Charges for court costs	3,500	3,500	7,364	3,864
Courthouse security fees	10,645	10,645	10,249	(396)
Circuit court- document reproduction	5,000	5,000	3,446	(1,554)
Charges for Commonwealth's Attorney	600	600	774	174
Charges for other protection	1,500	1,500	-	(1,500)
Charges for library	7,500	7,500	6,161	(1,339)
Total charges for services	\$ 30,645	\$ 36,186	\$ 36,549	\$ 363

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 2 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 71,872	\$ 136,890	\$ 158,285	\$ 21,395
Total miscellaneous	\$ 71,872	\$ 136,890	\$ 158,285	\$ 21,395
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 16,393	\$ 5,393
Total recovered costs	\$ 11,000	\$ 11,000	\$ 16,393	\$ 5,393
Total revenue from local sources	\$ 12,927,037	\$ 12,984,762	\$ 13,857,647	\$ 872,885
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ 2,492	\$ 1,717
Mobile home titling tax	500	500	1,605	1,105
Motor vehicle rental tax	100	100	-	(100)
State recordation tax	43,110	43,110	70,633	27,523
State technology trust fund	13,000	13,000	-	(13,000)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	450,000	450,000	423,338	(26,662)
Total noncategorical aid	\$ 1,507,568	\$ 1,507,568	\$ 1,498,151	\$ (9,417)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 152,745	\$ 152,745	\$ 164,941	\$ 12,196
Sheriff	537,749	537,749	576,965	39,216
Commissioner of revenue	77,994	77,994	76,284	(1,710)
Treasurer	79,541	79,541	82,934	3,393
Medical examiner	150	150	-	(150)
Registrar/electoral board	36,000	36,000	32,191	(3,809)
Clerk of the Circuit Court	132,587	132,587	149,509	16,922
Total shared expenses	\$ 1,016,766	\$ 1,016,766	\$ 1,082,824	\$ 66,058
Other categorical aid:				
Public assistance and welfare administration	\$ 372,437	\$ 377,437	\$ 349,415	\$ (28,022)
Emergency medical services - two for life	7,000	7,000	10,020	3,020
Comprehensive services act	299,806	299,806	66,996	(232,810)
Litter control	5,000	6,192	6,192	-
Library grant	81,906	81,906	81,892	(14)
Wireless board funds	35,000	35,000	43,437	8,437
Commission for the arts grant	5,000	5,000	5,000	-
Victim-witness grant	32,033	32,033	5,111	(26,922)
Library of Virginia grant	-	14,564	33,266	18,702
Fire programs fund	25,000	29,176	29,136	(40)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 3 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Wireless services	\$ -	\$ 150,000	\$ 93,360	\$ (56,640)
Other state aid	81,070	112,494	10,298	(102,196)
Total other categorical aid	<u>\$ 944,252</u>	<u>\$ 1,150,608</u>	<u>\$ 734,123</u>	<u>\$ (416,485)</u>
Total categorical aid	<u>\$ 1,961,018</u>	<u>\$ 2,167,374</u>	<u>\$ 1,816,947</u>	<u>\$ (350,427)</u>
Total revenue from the Commonwealth	<u>\$ 3,468,586</u>	<u>\$ 3,674,942</u>	<u>\$ 3,315,098</u>	<u>\$ (359,844)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 631,530	\$ 631,530	\$ 708,764	\$ 77,234
Comprehensive services act	-	-	9,232	9,232
Local law enforcement block grant	-	-	498	498
VDOT enhancement grant	240,000	-	2,376	2,376
Victim-witness grant	-	-	15,334	15,334
Emergency management	-	-	12,086	12,086
Community development block grant	-	-	10,759	10,759
Transportation safety	122,160	122,160	-	(122,160)
Ground transport safety	-	-	12,150	12,150
Total categorical aid	<u>\$ 993,690</u>	<u>\$ 753,690</u>	<u>\$ 771,199</u>	<u>\$ 17,509</u>
Total revenue from the federal government	<u>\$ 993,690</u>	<u>\$ 753,690</u>	<u>\$ 771,199</u>	<u>\$ 17,509</u>
Total General Fund	<u>\$ 17,389,313</u>	<u>\$ 17,413,394</u>	<u>\$ 17,943,944</u>	<u>\$ 530,550</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ -	\$ -	\$ 113,601	\$ 113,601
Total other local taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,601</u>	<u>\$ 113,601</u>
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 1,859	\$ 1,859
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,859</u>	<u>\$ 1,859</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 421	\$ 421
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ 421</u>
Miscellaneous:				
Miscellaneous	\$ 193,300	\$ 193,300	\$ 3,000	\$ (190,300)
Total miscellaneous	<u>\$ 193,300</u>	<u>\$ 193,300</u>	<u>\$ 3,000</u>	<u>\$ (190,300)</u>
Total revenue from local sources	<u>\$ 193,300</u>	<u>\$ 193,300</u>	<u>\$ 118,881</u>	<u>\$ (74,419)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 4 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 14,747	\$ 14,747
Hazard mitigation grant	773,200	773,200	349,164	(424,036)
Total categorical aid	<u>\$ 773,200</u>	<u>\$ 773,200</u>	<u>\$ 363,911</u>	<u>\$ (409,289)</u>
Total revenue from the Commonwealth	<u>\$ 773,200</u>	<u>\$ 773,200</u>	<u>\$ 363,911</u>	<u>\$ (409,289)</u>
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ 377,900	\$ 377,900	\$ 58,382	\$ (319,518)
VDOT enhancement grant	-	719,055	598,633	(120,422)
Hazard mitigation grant	2,899,500	2,899,500	1,309,366	(1,590,134)
Total categorical aid	<u>\$ 3,277,400</u>	<u>\$ 3,996,455</u>	<u>\$ 1,966,381</u>	<u>\$ (2,030,074)</u>
Total revenue from the federal government	<u>\$ 3,277,400</u>	<u>\$ 3,996,455</u>	<u>\$ 1,966,381</u>	<u>\$ (2,030,074)</u>
Total County Special Revenue Fund	<u>\$ 4,243,900</u>	<u>\$ 4,962,955</u>	<u>\$ 2,449,173</u>	<u>\$ (2,513,782)</u>
Total Primary Government	<u>\$ 21,633,213</u>	<u>\$ 22,376,349</u>	<u>\$ 20,393,117</u>	<u>\$ (1,983,232)</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	\$ 6,591	\$ (409)
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 6,591</u>	<u>\$ (409)</u>
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 25,000	\$ 41,599	\$ 16,599
Total charges for services	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 41,599</u>	<u>\$ 16,599</u>
Miscellaneous:				
Miscellaneous	\$ 25,900	\$ 122,185	\$ 48,275	\$ (73,910)
Total miscellaneous	<u>\$ 25,900</u>	<u>\$ 122,185</u>	<u>\$ 48,275</u>	<u>\$ (73,910)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 5 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
E-rate	\$ 25,000	\$ 25,000	\$ 46,022	\$ 21,022
Medicaid reimbursements	40,000	40,000	96,857	56,857
Total recovered costs	\$ 65,000	\$ 65,000	\$ 142,879	\$ 77,879
 Total revenue from local sources	 \$ 122,900	 \$ 219,185	 \$ 239,344	 \$ 20,159
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 6,880,917	\$ 6,916,867	\$ 6,572,803	\$ (344,064)
Total revenues from local governments	\$ 6,880,917	\$ 6,916,867	\$ 6,572,803	\$ (344,064)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,251,019	\$ 1,251,019	\$ 1,219,198	\$ (31,821)
Basic school aid	2,478,134	2,478,134	2,526,152	48,018
Remedial summer education	16,482	16,482	15,766	(716)
Regular foster care	32,956	32,956	-	(32,956)
Special education - foster care	-	-	32,109	32,109
Gifted and talented	24,273	24,273	24,532	259
Lottery proceeds	-	-	26,862	26,862
Enrollment loss supplement	-	-	75,000	75,000
Special education	390,396	390,396	394,555	4,159
Textbook payment	55,515	55,515	56,107	592
Project graduation	-	-	6,327	6,327
Vocational education	101,139	101,139	102,216	1,077
School fringes	495,580	495,580	500,861	5,281
Compensation supplement	373	373	-	(373)
ISAEF	7,859	7,859	8,418	559
Early reading intervention	9,341	9,341	17,125	7,784
Primary class size	76,373	76,373	75,537	(836)
Homebound	776	776	4,117	3,341
At risk payments	66,790	66,790	67,483	693
Career and technical education	3,778	3,778	6,231	2,453
Remediation assistance - SOL	77,371	77,371	78,196	825
Technology	167,831	167,831	128,000	(39,831)
Standards of Learning algebra readiness	11,236	11,236	9,595	(1,641)
Supplement per pupil	26,508	26,508	-	(26,508)
Mentor teacher program	1,807	1,807	842	(965)
Workplace readiness	-	-	321	321
English as a second language	4,624	4,624	5,859	1,235
Other state funds	9,730	124,926	20,953	(103,973)
Total categorical aid	\$ 5,309,891	\$ 5,425,087	\$ 5,402,362	\$ (22,725)
 Total revenue from the Commonwealth	 \$ 5,309,891	 \$ 5,425,087	 \$ 5,402,362	 \$ (22,725)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 6 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 197,321	\$ 197,321	\$ 187,515	\$ (9,806)
Title VI-B, special education flow-through	252,316	252,316	264,356	12,040
Carl Perkins	15,000	15,000	16,809	1,809
Title VI-B, special education pre-school	9,419	9,419	13,347	3,928
AP grants	-	-	190	190
Title III	1,335	1,335	-	(1,335)
Title II - A	46,175	46,175	49,153	2,978
Total categorical aid	\$ 521,566	\$ 521,566	\$ 531,370	\$ 9,804
Total revenue from the federal government	\$ 521,566	\$ 521,566	\$ 531,370	\$ 9,804
Total School Operating Fund	\$ 12,835,274	\$ 13,082,705	\$ 12,745,879	\$ (336,826)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 88	\$ 88
Total revenue from use of money and property	\$ -	\$ -	\$ 88	\$ 88
Charges for services:				
Cafeteria sales	\$ 356,230	\$ 356,230	\$ 368,690	\$ 12,460
Total charges for services	\$ 356,230	\$ 356,230	\$ 368,690	\$ 12,460
Total revenue from local sources	\$ 356,230	\$ 356,230	\$ 368,778	\$ 12,548
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 7,732	\$ 7,732
Total categorical aid	\$ -	\$ -	\$ 7,732	\$ 7,732
Total revenue from the Commonwealth	\$ -	\$ -	\$ 7,732	\$ 7,732
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 300,000	\$ 300,000	\$ 310,174	\$ 10,174
Commodities	-	53,933	53,933	-
Total categorical aid	\$ 300,000	\$ 353,933	\$ 364,107	\$ 10,174
Total revenue from the federal government	\$ 300,000	\$ 353,933	\$ 364,107	\$ 10,174
Total School Cafeteria Fund	\$ 656,230	\$ 710,163	\$ 740,617	\$ 30,454

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 7 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 227	\$ 227
Total revenue from use of money and property	\$ -	\$ -	\$ 227	\$ 227
Total revenue from local sources	\$ -	\$ -	\$ 227	\$ 227
Total Textbook Fund	\$ -	\$ -	\$ 227	\$ 227
Total Discretely Presented Component Unit - School Board	\$ 13,491,504	\$ 13,792,868	\$ 13,486,723	\$ (306,145)

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 79,122	\$ 79,122	\$ 69,572	\$ 9,550
General and financial administration:				
County administrator	\$ 414,793	\$ 407,712	\$ 399,776	\$ 7,936
Legal services	50,000	50,000	40,012	9,988
Commissioner of revenue	242,288	241,119	240,768	351
Independent Auditor	48,000	48,000	49,330	(1,330)
Treasurer	275,340	273,508	262,580	10,928
Assessor	106,687	106,687	30,037	76,650
Information Technology	170,000	173,240	156,678	16,562
Total general and financial administration	\$ 1,307,108	\$ 1,300,266	\$ 1,179,181	\$ 121,085
Board of elections:				
Electoral board and officials	\$ 55,941	\$ 55,941	\$ 71,468	\$ (15,527)
Registrar	78,371	77,730	76,569	1,161
Total board of elections	\$ 134,312	\$ 133,671	\$ 148,037	\$ (14,366)
Total general government administration	\$ 1,520,542	\$ 1,513,059	\$ 1,396,790	\$ 116,269
Judicial administration:				
Courts:				
Circuit court	\$ 24,750	\$ 27,167	\$ 27,167	\$ -
General district court	10,675	10,675	5,883	4,792
Special magistrates	800	800	50	750
Juvenile and domestic relations court	6,216	6,216	2,482	3,734
J&DR court services unit	11,855	11,855	6,563	5,292
Victim witness	32,033	32,033	28,776	3,257
Clerk of the circuit court	206,011	243,556	237,724	5,832
Total courts	\$ 292,340	\$ 332,302	\$ 308,645	\$ 23,657
Commonwealth's attorney:				
Commonwealth's attorney	\$ 252,012	\$ 249,902	\$ 246,244	\$ 3,658
Total commonwealth's attorney	\$ 252,012	\$ 249,902	\$ 246,244	\$ 3,658
Total judicial administration	\$ 544,352	\$ 582,204	\$ 554,889	\$ 27,315
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,362,374	\$ 1,381,627	\$ 1,326,009	\$ 55,618
E-911	136,020	314,798	220,058	94,740
Total law enforcement and traffic control	\$ 1,498,394	\$ 1,696,425	\$ 1,546,067	\$ 150,358
Fire and rescue services:				
Fire department	\$ 202,300	\$ 210,513	\$ 210,513	\$ -
Ambulance and rescue services	182,620	210,300	197,082	13,218
Total fire and rescue services	\$ 384,920	\$ 420,813	\$ 407,595	\$ 13,218

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail	\$ 462,400	\$ 462,796	\$ 462,796	\$ -
Juvenile probation and detention	70,960	70,960	52,409	18,551
Total correction and detention	<u>\$ 533,360</u>	<u>\$ 533,756</u>	<u>\$ 515,205</u>	<u>\$ 18,551</u>
Inspections:				
Building	\$ 142,006	\$ 143,638	\$ 143,751	\$ (113)
Total inspections	<u>\$ 142,006</u>	<u>\$ 143,638</u>	<u>\$ 143,751</u>	<u>\$ (113)</u>
Other protection:				
Animal control	\$ 77,469	\$ 79,699	\$ 79,699	\$ -
Medical examiner	100	120	120	-
Total other protection	<u>\$ 77,569</u>	<u>\$ 79,819</u>	<u>\$ 79,819</u>	<u>\$ -</u>
Total public safety	<u>\$ 2,636,249</u>	<u>\$ 2,874,451</u>	<u>\$ 2,692,437</u>	<u>\$ 182,014</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,000	\$ 18,000	\$ 13,104	\$ 4,896
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 13,104</u>	<u>\$ 4,896</u>
Sanitation and waste removal:				
Refuse disposal	\$ 633,518	\$ 633,518	\$ 629,356	\$ 4,162
Total sanitation and waste removal	<u>\$ 633,518</u>	<u>\$ 633,518</u>	<u>\$ 629,356</u>	<u>\$ 4,162</u>
Maintenance of general buildings and grounds:				
General properties	\$ 567,725	\$ 567,725	\$ 535,971	\$ 31,754
Total maintenance of general buildings and grounds	<u>\$ 567,725</u>	<u>\$ 567,725</u>	<u>\$ 535,971</u>	<u>\$ 31,754</u>
Total public works	<u>\$ 1,219,243</u>	<u>\$ 1,219,243</u>	<u>\$ 1,178,431</u>	<u>\$ 40,812</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 130,716	\$ 130,716	\$ 130,716	\$ -
Total health	<u>\$ 130,716</u>	<u>\$ 130,716</u>	<u>\$ 130,716</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	35,874	35,874	35,874	-
Total mental health and mental retardation	<u>\$ 46,374</u>	<u>\$ 46,374</u>	<u>\$ 46,374</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,364,786	\$ 1,392,286	\$ 1,302,022	\$ 90,264
Area agency on aging	54,324	54,324	54,324	-
Comprehensive services act	540,057	540,057	133,758	406,299
Tax relief for the elderly	-	-	100,315	(100,315)
Total welfare	\$ 1,959,167	\$ 1,986,667	\$ 1,590,419	\$ 396,248
Total health and welfare	\$ 2,136,257	\$ 2,163,757	\$ 1,767,509	\$ 396,248
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,481	\$ 6,481	\$ 6,481	\$ -
Contribution to County School Board	6,880,917	6,916,867	6,572,803	344,064
Total education	\$ 6,887,398	\$ 6,923,348	\$ 6,579,284	\$ 344,064
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 103,530	\$ 103,614	\$ 103,614	\$ -
Total parks and recreation	\$ 103,530	\$ 103,614	\$ 103,614	\$ -
Library:				
Contribution to county library	\$ 355,780	\$ 369,614	\$ 330,177	\$ 39,437
Total library	\$ 355,780	\$ 369,614	\$ 330,177	\$ 39,437
Total parks, recreation, and cultural	\$ 459,310	\$ 473,228	\$ 433,791	\$ 39,437
Community development:				
Planning and community development:				
Planning and zoning	\$ 349,299	\$ 349,299	\$ 293,021	\$ 56,278
Planning and zoning boards	9,356	9,356	2,349	7,007
Middle Peninsula planning district commission	16,300	16,300	16,300	-
Wetlands board	3,988	3,988	1,130	2,858
Economic development	39,000	39,000	39,000	-
Total planning and community development	\$ 417,943	\$ 417,943	\$ 351,800	\$ 66,143
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	6,192	6,192	-
Total environmental management	\$ 11,000	\$ 12,192	\$ 12,192	\$ -
Cooperative extension program:				
Extension office	\$ 35,024	\$ 35,024	\$ 30,106	\$ 4,918
Total cooperative extension program	\$ 35,024	\$ 35,024	\$ 30,106	\$ 4,918
Total community development	\$ 463,967	\$ 465,159	\$ 394,098	\$ 71,061

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Nondepartmental:				
Contingencies	\$ 75,000	\$ 154,902	\$ 110,095	\$ 44,807
Total nondepartmental	\$ 75,000	\$ 154,902	\$ 110,095	\$ 44,807
Capital projects:				
Public access improvement and lighthouse improvement	\$ 227,700	\$ 227,700	\$ 675	\$ 227,025
Stormwater drainage improvements	-	-	753	(753)
Main street improvements	300,000	-	-	-
Historic courtgreen renovations	75,000	75,000	-	75,000
Other capital projects	-	-	68	(68)
Total capital projects	\$ 602,700	\$ 302,700	\$ 1,496	\$ 301,204
Debt service:				
Principal retirement	\$ 956,275	\$ 956,275	\$ 956,275	\$ -
Interest and other fiscal charges	216,597	216,597	239,209	(22,612)
Total debt service	\$ 1,172,872	\$ 1,172,872	\$ 1,195,484	\$ (22,612)
Total General Fund	\$ 17,717,890	\$ 17,844,923	\$ 16,304,304	\$ 1,540,619
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ -	\$ -	\$ 37,887	\$ (37,887)
Total other protection	\$ -	\$ -	\$ 37,887	\$ (37,887)
Total public safety	\$ -	\$ -	\$ 37,887	\$ (37,887)
Community Development:				
Planning and community development:				
Community development block grant	\$ 377,900	\$ 377,900	\$ 110,774	\$ 267,126
Hazard mitigation grant program	3,866,000	3,866,000	1,733,356	2,132,644
Total planning and community development	\$ 4,243,900	\$ 4,243,900	\$ 1,844,130	\$ 2,399,770
Capital projects:				
Main street improvements	\$ -	\$ 779,055	\$ 779,055	\$ -
Total capital projects	\$ -	\$ 779,055	\$ 779,055	\$ -
Total County Special Revenue Fund	\$ 4,243,900	\$ 5,022,955	\$ 2,661,072	\$ 2,361,883
Total Primary Government	\$ 21,961,790	\$ 22,867,878	\$ 18,965,376	\$ 3,902,502

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 747,145	\$ 747,145	\$ 799,006	\$ (51,861)
Instruction costs	9,618,428	9,707,455	9,339,980	367,475
Pupil transportation	990,218	1,065,218	920,600	144,618
Operation and maintenance of school plant	1,329,276	1,392,088	1,462,050	(69,962)
Total education	<u>\$ 12,685,067</u>	<u>\$ 12,911,906</u>	<u>\$ 12,521,636</u>	<u>\$ 390,270</u>
Total School Operating Fund	<u>\$ 12,685,067</u>	<u>\$ 12,911,906</u>	<u>\$ 12,521,636</u>	<u>\$ 390,270</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 750,922	\$ 750,922	\$ 769,066	\$ (18,144)
Commodities	-	53,933	53,933	-
Total school food services	<u>\$ 750,922</u>	<u>\$ 804,855</u>	<u>\$ 822,999</u>	<u>\$ (18,144)</u>
Total School Cafeteria Fund	<u>\$ 750,922</u>	<u>\$ 804,855</u>	<u>\$ 822,999</u>	<u>\$ (18,144)</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 78,015	\$ 200,173	\$ 50,012	\$ 150,161
Total education	<u>\$ 78,015</u>	<u>\$ 200,173</u>	<u>\$ 50,012</u>	<u>\$ 150,161</u>
Total Textbook Fund	<u>\$ 78,015</u>	<u>\$ 200,173</u>	<u>\$ 50,012</u>	<u>\$ 150,161</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 13,514,004</u>	<u>\$ 13,916,934</u>	<u>\$ 13,394,647</u>	<u>\$ 522,287</u>

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER STATISTICAL INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

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

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

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

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

Fiscal Year	General Government			Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural				Non-departmental	Debt Service	Total
	Administration	Judicial Administration	Government				Education (2)	Community Development					
2007-08	\$ 1,188,725	\$ 600,779	\$ 2,125,713	\$ 1,388,897	\$ 1,444,261	\$ 12,840,186	\$ 343,956	\$ 534,686	\$ -	\$ 2,058,428	\$ 22,525,631		
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	573,907	-	1,773,181	23,013,369		
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	-	1,902,243	22,935,152		
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367		
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	389,268	-	1,688,717	21,643,134		
2012-13	1,151,376	520,993	2,238,160	1,076,440	1,727,435	12,031,391	372,817	611,682	5,172	2,376,329	22,111,795		
2013-14	1,210,706	508,241	2,436,679	1,008,411	1,779,809	12,447,268	413,453	930,009	32,565	3,281,174	24,048,315		
2014-15	1,231,426	516,125	2,644,582	1,058,084	1,922,852	13,020,661	393,315	747,862	84,120	1,518,477	23,137,504		
2015-16	1,382,307	552,249	2,640,999	1,138,343	1,960,991	13,040,998	508,237	2,047,135	46,238	1,171,898	24,489,395		
2016-17	1,396,790	554,889	2,730,324	1,178,431	1,767,509	13,401,128	433,791	2,238,228	110,095	1,195,484	25,006,669		

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

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

Table 4

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

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

(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
2007-08	\$ 10,263,755	\$ 10,027,288	97.70%	\$ 187,104	\$ 10,214,392	99.52%	\$ 455,935	4.44%
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%
2013-14	12,224,814	11,475,794	93.87%	266,290	11,742,084	96.05%	633,988	5.19%
2014-15	12,210,356	12,104,049	99.13%	215,566	12,319,615	100.89%	624,990	5.12%
2015-16	12,367,129	12,159,910	98.32%	271,688	12,431,598	100.52%	652,513	5.28%
2016-17	12,834,564	12,441,192	96.94%	476,210	12,917,402	100.65%	665,125	5.18%

(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	
2007-08	\$ 1,289,544,418	\$ 99,648,503	\$ 16,635,103	\$ 15,264,589	\$ -	\$ 1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402
2013-14	1,676,588,104	101,579,544	15,856,646	22,828,636	5,216	1,816,858,147
2014-15	1,679,904,453	100,052,698	17,021,474	23,494,058	18,398	1,820,491,080
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	1,836,898,829

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2007-08(2)	.56/.53	\$ 0.53	\$ 3.60	\$ 2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(3)	.56/.47	0.56	4.53	2.14
2011-12	0.47	0.47	3.70	2.14
2012-13	0.47	0.47	3.65	2.14
2013-14	0.54	0.47	3.65	2.14
2014-15	0.54	0.54	3.70	2.14
2015-16	0.54	0.54	3.70	2.14
2016-17	0.575	0.575	3.70	2.14

(1) Per \$100 of assessed value.

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2007-08	9,100	\$ 1,421,093	\$ 7,482,051	-	\$ -	\$ 7,482,051	0.53%	\$ 822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423
2013-14	8,978	1,816,858	3,318,830	-	-	3,318,830	0.18%	370
2014-15	8,978	1,820,491	2,505,852	-	-	2,505,852	0.14%	279
2015-16	8,978	1,826,972	2,009,277	-	-	2,009,277	0.11%	224
2016-17	8,978	1,836,899	1,498,002	-	-	1,498,002	0.08%	167

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

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

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

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

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

COMPLIANCE

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of 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, 2017, 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 October 18, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Richmond, Virginia
October 18, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2017. 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, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

Richmond, Virginia
October 18, 2017

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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	0950115/0950116	\$ 18,273
Temporary Assistance for Needy Families	93.558	0400116/0400117	75,781
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/0500117	282
Low-income Home Energy Assistance	93.568	0600416/0600417	9,237
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760116/0760117	17,198
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/090117	157
Foster Care - Title IV-E	93.658	1100116/1100117	66,983
Adoption Assistance	93.659	1120116/1120117	142,618
Social Services Block Grant	93.667	1000116/1000117	103,719
Chafee Foster Care Independence Program	93.674	9150116/9150117	696
Children's Health Insurance Program	93.767	0540116/0540117	4,626
Medical Assistance Program	93.778	1200116/1200117	154,009
Total Department of Health and Human Services			<u>\$ 593,579</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	77501-52740	\$ 12,086
Hazard Mitigation Grant	97.039	77602-155/146	1,309,366
Total Department of Homeland Security			<u>\$ 1,321,452</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 53,933
Department of Education:			
National School Lunch Program	10.555	17901-45707	225,476
Sub-total CFDA 10.555			<u>\$ 279,409</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	84,698
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010116/0010117	124,417
Total Department of Agriculture			<u>\$ 488,524</u>

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

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	\$ 15,334
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3900100-81100	498
Total Department of Justice			<u>\$ 15,832</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50287	\$ 12,150
Virginia Department of Transportation:			
Highway Planning and Construction (ISTEA)	20.205	60302-0	601,009
Total Department of Transportation			<u>\$ 613,159</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	53305-50791	\$ 69,141
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901-42999	\$ 187,515
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071-61234	\$ 264,356
Special Education - Preschool Grants	84.173	17901-62521	13,347
Career and Technical Education - Basic Grants to States	84.048	17901-61095	16,809
Advanced Placement Program	84.330	17901-609570	190
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	49,153
Total Department of Education			<u>\$ 531,370</u>
Total Expenditures of Federal Awards			<u>\$ 3,633,057</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, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	771,199
Special Revenue Fund		1,966,381
Total primary government	\$	<u>2,737,580</u>

Component Unit School Board:

School Operating Fund	\$	531,370
School Cafeteria Fund		364,107
Total component unit school board	\$	<u>895,477</u>

Total federal expenditures per basic financial statements	\$	<u>3,633,057</u>
---	----	------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>3,633,057</u></u>
---	----	-------------------------

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, 2017

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

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

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

Identification of major programs:

CFDA Number(s)
97.039

Name of Federal Program or Cluster
Hazard Mitigation Grant

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

\$750,000

Auditee qualified as low-risk auditee?

✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

There were no prior year findings.