

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Michael C. Rowe, Chair
Melissa Mason, Vice-Chair

Paul Hudgins

Jackie Ingram

Amy Dubois

School Board

Linda G. Hodges, Chair
Desmond A. Smith, Vice-Chair

Dr. Bambi L. Thompson

John L. Priest

Jeanice A. Sadler

Department of Social Services Board

Kevin Hogge, Chair
Mary E. Sampson, Vice-Chair

Melissa Mason
Arlene Armentor

Janice Phillips

Other Officials

Acting County Administrator	Sanford B. Wanner
Clerk of the Circuit Court	Angela C. Ingram
County Attorney	Andrea Erard
Commissioner of the Revenue	Leslie Hall
Treasurer	Wendy Stewart
Sheriff	L. Mark Barrick
Superintendent of Schools	Nancy B. Welch
Director of Social Services	Tiffany Gordon
Judge of the Circuit Court	Jeffrey W. Shaw
Commonwealth's Attorney	Thompson C. Bowen, III
Judge of the General District Court	Stephanie E. Merritt
Judge of the Juvenile and Domestic Relations Court	Cressondra B. Conyers

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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
Exhibit 8 Statement of Changes in Fiduciary Net Position—Fiduciary Funds	18
Notes to Financial Statements	19-83

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund	84
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Special Revenue Fund	85
Exhibit 11 Schedule of Changes in Net Pension Liability and Related Ratios— Primary Government	86-87
Exhibit 12 Schedule of Changes in Net Pension Liability and Related Ratios— Component Unit School Board (nonprofessional)	88-89
Exhibit 13 Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan	90-91
Exhibit 14 Schedule of Employer Contributions—Pension Plans	92
Exhibit 15 Notes to Required Supplementary Information—Pension Plans	93
Exhibit 16 Schedule of County’s Share of Net OPEB Liability—Group Life Insurance (GLI) Plan	94
Exhibit 17 Schedule of Employer Contributions—Group Life Insurance (GLI) Plan	95
Exhibit 18 Notes to Required Supplementary Information—Group Life Insurance (GLI) Plan	96
Exhibit 19 Schedule of Changes in Net OPEB Liability and Related Ratios—Health Insurance Credit (HIC) Plan—Primary Government	97
Exhibit 20 Schedule of Changes in Net OPEB Liability and Related Ratios—Health Insurance Credit (HIC) Plan—Component Unit School Board	98
Exhibit 21 Schedule of Employer Contributions—Health Insurance Credit (HIC) Plan	99
Exhibit 22 Notes to Required Supplementary Information—Health Insurance Credit (HIC) Plan	100
Exhibit 23 Schedule of School Board’s Share of Net OPEB Liability—Teacher Employee Health Insurance Credit (HIC) Plan	101
Exhibit 24 Schedule of Employer Contributions—Teacher Employee Health Insurance Credit (HIC) Plan	102
Exhibit 25 Notes to Required Supplementary Information—Teacher Employee Health Insurance Credit (HIC) Plan	103

COUNTY OF MATHEWS, VIRGINIA

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 26	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios— Primary Government
	104
Exhibit 27	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios— Component Unit School Board
	105
Exhibit 28	Notes to Required Supplementary Information—County OPEB
	106
Exhibit 29	Notes to Required Supplementary Information—Component Unit School Board
	107
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 30	Combining Statement of Fiduciary Net Position—Fiduciary Funds
	108
Exhibit 31	Combining Statement of Changes in Fiduciary Net Position—Fiduciary Funds
	109
Discretely Presented Component Unit—School Board:	
Exhibit 32	Combining Balance Sheet—Governmental Funds
	110
Exhibit 33	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
	111
Exhibit 34	Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—School Operating Fund
	112
Exhibit 35	Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Special Revenue Funds
	113-114
Exhibit 36	Statement of Fiduciary Net Position—Fiduciary Fund
	115
Exhibit 37	Statement of Changes in Fiduciary Net Position—Fiduciary Fund
	116
Discretely Presented Component Unit - Economic Development Authority:	
Exhibit 38	Statement of Net Position
	117
Exhibit 39	Statement of Revenues, Expenses, and Changes in Net Position
	118
Exhibit 40	Statement of Cash Flows
	119

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
<u>Other Supplementary Information: (Continued)</u>	
Supporting Schedules:	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	120-126
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Funds	127-131
<u>Other Statistical Information:</u>	
Table 1 Government—Wide Expenses by Function	132
Table 2 Government—Wide Revenues	133
Table 3 General Governmental Expenditures by Function—Last Ten Fiscal Years	134
Table 4 General Governmental Revenues by Source—Last Ten Fiscal Years	135
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	136
Table 6 Assessed Value of Taxable Property—Last Ten Fiscal Years	137
Table 7 Property Tax Rates—Last Ten Fiscal Years	138
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	139
<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>	140-141
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	142-143
Schedule of Expenditures of Federal Awards	144-145
Notes to Schedule of Expenditures of Federal Awards	146
Schedule of Findings and Questioned Costs	147
Summary Schedule of Prior Audit Findings	148



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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 20 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. Our opinion is not modified with respect to these matters.

Restatement of Beginning Balances

As described in Note 23 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 84-85 and 86-107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

Supplementary and Other Information (Continued)

basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Mathews, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
November 23, 2021

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, 2021.

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 \$18,581,619 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources over expenditures and other financing uses of \$352,695 (Exhibit 5) after making contributions totaling \$8,747,188 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$9,153,552, an increase of \$292,556 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,360,487, or 34% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$349,927 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 like a private-sector business.

The statement of net position presents information on all County 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 funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

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

Fiduciary funds - The County is the trustee, or fiduciary, for the County's fiduciary funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All County 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. Fiduciary 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 \$18,581,619 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	
		2021	2020
Current and other assets	\$	17,753,936	\$ 16,625,152
Capital assets		<u>10,967,085</u>	<u>10,321,722</u>
Total assets	\$	<u>28,721,021</u>	<u>\$ 26,946,874</u>
Deferred outflows of resources	\$	<u>828,696</u>	<u>\$ 659,333</u>
Current liabilities	\$	2,364,051	\$ 1,037,522
Long-term liabilities outstanding		<u>3,031,116</u>	<u>3,381,043</u>
Total liabilities	\$	<u>5,395,167</u>	<u>\$ 4,418,565</u>
Deferred inflows of resources	\$	<u>5,572,931</u>	<u>\$ 6,366,561</u>
Net position:			
Net investment in capital assets	\$	9,738,739	\$ 8,521,703
Restricted		1,008,129	892,508
Unrestricted		<u>7,834,751</u>	<u>7,406,870</u>
Total net position	\$	<u><u>18,581,619</u></u>	<u><u>\$ 16,821,081</u></u>

Remainder of page left blank intentionally

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1,760,538 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	
	2021	2020
Revenues:		
Charges for services	\$ 161,504	\$ 160,365
Operating grants and contributions	5,403,931	3,146,185
General property taxes	13,391,361	13,594,047
Other local taxes	2,049,899	1,761,888
Grants and other contributions not restricted	1,402,555	1,426,322
Other general revenues	73,210	204,282
Total revenues	\$ 22,482,460	\$ 20,293,089
Expenses:		
General government administration	\$ 1,993,310	\$ 1,819,047
Judicial administration	714,757	720,527
Public safety	4,145,769	2,885,141
Public works	1,419,514	1,317,894
Health and welfare	2,127,174	2,398,408
Education	8,754,458	9,119,754
Parks, recreation, and cultural	611,567	543,009
Community development	934,167	533,182
Interest and other fiscal charges	21,206	50,842
Total expenses	\$ 20,721,922	\$ 19,387,804
Change in net position	\$ 1,760,538	\$ 905,285
Net position, beginning of year	16,821,081	15,915,796
Net position, end of year	\$ 18,581,619	\$ 16,821,081

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. 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 \$9,153,552, an increase of \$292,556 in comparison with the prior year. Approximately 80% 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 \$208,794 and expenditures and other financing uses were less than budgetary estimates by \$224,753, resulting in an overall positive variance of \$433,547.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2021 amounts to \$10,967,085 (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 \$1,155,000. Of this amount, none 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 \$535,000 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 these factors were considered in preparing the County's budget for the 2022 fiscal year.

The fiscal year 2022 budget increased by approximately 6% and included no increases in tax rates.

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, 2021

	Primary Government			
	Governmental		Component Units	
	<u>Activities</u>		<u>School Board</u>	<u>EDA</u>
ASSETS				
Cash and cash equivalents	\$ 10,782,268	\$ 508,297	\$ 440,771	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	6,063,653	-	-	
Accounts receivable	76,137	20,300	-	
Notes receivable	35,134	-	-	
Due from other governmental units	796,744	1,364,403	-	
Inventories	-	3,249	-	
Capital assets (net of accumulated depreciation):				
Land and improvements	2,571,902	46,172	-	
Buildings and improvements	6,695,735	8,380,622	-	
Equipment	722,964	726,174	-	
Construction in progress	976,484	18,000	-	
Total assets	<u>\$ 28,721,021</u>	<u>\$ 11,067,217</u>	<u>\$ 440,771</u>	
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 714,682	\$ 4,260,579	\$ -	
OPEB related items	114,014	502,283	-	
Total deferred outflows of resources	<u>\$ 828,696</u>	<u>\$ 4,762,862</u>	<u>\$ -</u>	
LIABILITIES				
Accounts payable	\$ 432,752	\$ 52,367	\$ -	
Accrued liabilities	36,808	1,320,556	-	
Accrued interest payable	12,871	-	-	
Due to other governmental units	1,077,751	-	-	
Unearned revenue	803,869	2,674	-	
Long-term liabilities:				
Due within one year	601,108	28,627	-	
Due in more than one year	2,430,008	16,354,012	-	
Total liabilities	<u>\$ 5,395,167</u>	<u>\$ 17,758,236</u>	<u>\$ -</u>	
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 5,292,661	\$ -	\$ -	
Pension related items	239,992	1,089,635	-	
OPEB related items	40,278	155,615	-	
Total deferred inflows of resources	<u>\$ 5,572,931</u>	<u>\$ 1,245,250</u>	<u>\$ -</u>	
NET POSITION				
Net investment in capital assets	\$ 9,738,739	\$ 9,170,968	\$ -	
Restricted	1,008,129	3,249	-	
Unrestricted (deficit)	7,834,751	(12,347,624)	440,771	
Total net position	<u>\$ 18,581,619</u>	<u>\$ (3,173,407)</u>	<u>\$ 440,771</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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Government	School Board	EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,993,310	\$ -	\$ 508,823	\$ -	\$ (1,484,487)	\$ -	\$ -
Judicial administration	714,757	7,323	346,047	-	(361,387)	-	-
Public safety	4,145,769	151,226	2,158,964	-	(1,835,579)	-	-
Public works	1,419,514	-	-	-	(1,419,514)	-	-
Health and welfare	2,127,174	-	1,352,592	-	(774,582)	-	-
Education	8,754,458	-	-	-	(8,754,458)	-	-
Parks, recreation, and cultural	611,567	2,409	90,684	-	(518,474)	-	-
Community development	934,167	546	946,821	-	13,200	-	-
Interest on long-term debt	21,206	-	-	-	(21,206)	-	-
Total governmental activities	\$ 20,721,922	\$ 161,504	\$ 5,403,931	\$ -	\$ (15,156,487)	\$ -	\$ -
Total primary government	\$ 20,721,922	\$ 161,504	\$ 5,403,931	\$ -	\$ (15,156,487)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 17,032,028	\$ 245,064	\$ 7,087,306	\$ -	\$ -	\$ (9,699,658)	\$ -
Economic Development Authority	6,290	-	-	-	-	-	(6,290)
Total component units	\$ 17,038,318	\$ 245,064	\$ 7,087,306	\$ -	\$ -	\$ (9,699,658)	\$ (6,290)
General revenues:							
General property taxes					\$ 13,391,361	\$ -	\$ -
Local sales and use taxes					778,207	-	-
Consumer's utility tax					153,824	-	-
Motor vehicle licenses					298,725	-	-
Business license taxes					170,279	-	-
Bank stock taxes					107,444	-	-
Taxes on recordation and wills					210,369	-	-
Meals tax					293,652	-	-
Other local taxes					37,399	-	-
Unrestricted revenues from use of money and property					50,284	3,695	739
Miscellaneous					22,926	325,096	53,239
Grants and contributions not restricted to specific programs					1,402,555	-	-
Payment from Mathews County					-	8,747,188	-
Total general revenues					\$ 16,917,025	\$ 9,075,979	\$ 53,978
Change in net position					\$ 1,760,538	\$ (623,679)	\$ 47,688
Net position - beginning - as restated					16,821,081	(2,549,728)	393,083
Net position - ending					\$ 18,581,619	\$ (3,173,407)	\$ 440,771

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, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,959,964	\$ 822,304	\$ 10,782,268
Receivables (net of allowance for uncollectibles):			
Taxes receivable	6,029,169	34,484	6,063,653
Accounts receivable	76,137	-	76,137
Notes receivable	-	35,134	35,134
Due from other governmental units	577,584	219,160	796,744
Total assets	<u>\$ 16,642,854</u>	<u>\$ 1,111,082</u>	<u>\$ 17,753,936</u>
LIABILITIES			
Accounts payable	\$ 251,707	\$ 181,045	\$ 432,752
Accrued liabilities	-	36,808	36,808
Due to other governmental units	1,077,751	-	1,077,751
Unearned revenue	788,853	15,016	803,869
Total liabilities	<u>\$ 2,118,311</u>	<u>\$ 232,869</u>	<u>\$ 2,351,180</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 6,249,204	\$ -	\$ 6,249,204
FUND BALANCES			
Restricted	\$ -	\$ 1,008,129	\$ 1,008,129
Committed	914,852	46,110	960,962
Unassigned	7,360,487	(176,026)	7,184,461
Total fund balances	<u>\$ 8,275,339</u>	<u>\$ 878,213</u>	<u>\$ 9,153,552</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,642,854</u>	<u>\$ 1,111,082</u>	<u>\$ 17,753,936</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,153,552
--	----	-----------

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

Capital assets, cost	\$ 18,664,685		
Accumulated depreciation	(7,697,600)		10,967,085

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

Unavailable revenue - property taxes			956,543
--------------------------------------	--	--	---------

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

Pension related items	\$ 714,682		
OPEB related items	114,014		828,696

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	\$ (1,155,000)		
Issuance premium on refunded bonds	(73,346)		
Compensated absences	(311,082)		
Net pension liability	(745,702)		
Net OPEB liability	(745,986)		
Accrued interest payable	(12,871)		(3,043,987)

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

Pension related items	\$ (239,992)		
OPEB related items	(40,278)		(280,270)

Net position of governmental activities	\$	18,581,619
---	----	------------

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, 2021

	General Fund	Special Revenue Fund	Total
REVENUES			
General property taxes	\$ 13,376,538	\$ -	\$ 13,376,538
Other local taxes	1,756,247	293,652	2,049,899
Permits, privilege fees, and regulatory licenses	76,096	-	76,096
Fines and forfeitures	45,618	546	46,164
Revenue from the use of money and property	50,209	75	50,284
Charges for services	39,244	-	39,244
Miscellaneous	22,707	219	22,926
Recovered costs	124,391	-	124,391
Intergovernmental:			
Commonwealth	3,676,140	2,439	3,678,579
Federal	2,357,899	770,008	3,127,907
Total revenues	<u>\$ 21,525,089</u>	<u>\$ 1,066,939</u>	<u>\$ 22,592,028</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,122,327	\$ -	\$ 2,122,327
Judicial administration	585,474	-	585,474
Public safety	3,337,241	5,221	3,342,462
Public works	1,493,607	-	1,493,607
Health and welfare	2,213,478	-	2,213,478
Education	8,754,458	-	8,754,458
Parks, recreation, and cultural	523,066	-	523,066
Community development	716,016	-	716,016
Capital projects	973,544	975,766	1,949,310
Debt service:			
Principal retirement	535,000	-	535,000
Interest and other fiscal charges	64,274	-	64,274
Total expenditures	<u>\$ 21,318,485</u>	<u>\$ 980,987</u>	<u>\$ 22,299,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 206,604</u>	<u>\$ 85,952</u>	<u>\$ 292,556</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 146,091	\$ -	\$ 146,091
Transfers out	-	(146,091)	(146,091)
Total other financing sources (uses)	<u>\$ 146,091</u>	<u>\$ (146,091)</u>	<u>\$ -</u>
Net change in fund balances	\$ 352,695	\$ (60,139)	\$ 292,556
Fund balances - beginning	7,922,644	938,352	8,860,996
Fund balances - ending	<u>\$ 8,275,339</u>	<u>\$ 878,213</u>	<u>\$ 9,153,552</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, 2021

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

Net change in fund balances - total governmental funds	\$	292,556
--	----	---------

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	\$ 1,189,220	
Depreciation expense	<u>(543,857)</u>	645,363

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

Property taxes		14,823
----------------	--	--------

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		535,000
---	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) Decrease in compensated absences	\$ (10,020)	
OPEB expense	5,053	
Pension expense	234,695	
(Increase) Decrease in accrued interest	6,395	
Amortization of issuance premium	<u>36,673</u>	\$ 272,796

Change in net position of governmental activities		<u><u>\$ 1,760,538</u></u>
---	--	----------------------------

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

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 140,177
Total assets	<u>\$ 140,177</u>
 NET POSITION	
Restricted for:	
Individuals	\$ 88,941
Organizations	51,236
Total net position	<u><u>\$ 140,177</u></u>

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

Custodial Funds

ADDITIONS

Contributions:

Donations	\$	98,577
-----------	----	--------

Investment earnings:

Interest and dividends		50
------------------------	--	----

Total additions	\$	98,627
-----------------	----	--------

DEDUCTIONS

Recipient payments	\$	56,988
--------------------	----	--------

Purchases for supplies		25,329
------------------------	--	--------

Total deductions	\$	82,317
------------------	----	--------

Net increase (decrease) in fiduciary net position	\$	16,310
---	----	--------

Net position, beginning - as restated	\$	123,867
---------------------------------------	----	---------

Net position, ending	\$	140,177
----------------------	----	---------

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2021

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.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all government 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units on June 30, 2021.

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 can approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2021.

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 lease/purchase arrangements with the County. The County appoints all the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. The financial statements of the Mathews County Economic Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2021. The Authority does not issue a separate financial report.

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

None

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the way these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are 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 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 principle and interest expenditures on general long-term debt 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 estate and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

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

In the fund financial statements, financial transactions and accounts of the County are organized based on 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 Custodial 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 Custodial Funds which consists of the Special Welfare Fund, the Tour de Chesapeake Fund, and the Market Days 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 cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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, 2021.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$111,730 on June 30, 2021 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 more than two years. The County does not have any

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

I. Capital Assets (Continued)

infrastructure in its capital assets since roads, streets, bridges, and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for non-vesting 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

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

L. Net Position

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. 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.

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

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

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

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

P. Deferred Outflows/Inflows of Resources (Continued)

outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB measurement date. For more detailed information, reference the related notes.

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

Q. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Q. Fund Balance (Continued)

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

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

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

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	-	8,486	8,486
Wetlands compensation	-	24,786	24,786
Meals tax	-	891,409	891,409
Forfeited assets	-	26,869	26,869
Community development	-	20,451	20,451
Total Restricted Fund Balance	\$ -	\$ 1,008,129	\$ 1,008,129
Committed:			
Historic courthouse renovations	\$ 335,867	\$ -	\$ 335,867
Main street improvements	150,000	-	150,000
Public access to waterways	101,851	-	101,851
Drainage improvements	103,335	-	103,335
Reassessment	33,376	-	33,376
Infrastructure maintenance	158,924	-	158,924
Employee accumulated leave	31,499	-	31,499
New Point nature preserve	-	10,093	10,093
New Point comfort lighthouse	-	36,017	36,017
Total Committed Fund Balance	\$ 914,852	\$ 46,110	\$ 960,962
Unassigned	\$ 7,360,487	\$ (176,026)	\$ 7,184,461
Total Fund Balances	\$ 8,275,339	\$ 878,213	\$ 9,153,552

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 did not exceed appropriations in any fund for the fiscal year ended June 30, 2021.

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 more than 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, 2021 (Continued)

Note 4—Due from/Due to Other Governments:

On June 30, 2021, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Mathews	\$ -	\$ 1,077,751
Commonwealth of Virginia:		
Local sales tax	145,984	-
Welfare	37,619	-
Wireless service board funds	7,501	-
State Sales Tax	-	166,853
Constitutional officer reimbursements	94,058	-
Clerk records	11,214	-
Auto rental tax	57	-
Children's services act	31,262	-
Game of skill tax	288	-
Victim witness	2,957	-
Communications tax	51,506	-
Transportation - ditch cleaning	20,843	-
DMV	9,529	-
Port authority	69,593	-
Federal Government:		
School fund grants	-	119,799
VDOT enhancement	219,160	-
Transportation safety	3,859	-
Victim witness	8,871	-
Welfare	74,943	-
Emergency management	<u>7,500</u>	<u>-</u>
Total due from other governments	\$ <u>796,744</u>	\$ <u>1,364,403</u>

At June 30, 2021, amounts due to other local governments are as follows:

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,571,902	\$ -	\$ -	\$ 2,571,902
Construction in progress	<u>198,543</u>	<u>777,941</u>	<u>-</u>	<u>976,484</u>
Total capital assets not subject to depreciation	<u>\$ 2,770,445</u>	<u>\$ 777,941</u>	<u>\$ -</u>	<u>\$ 3,548,386</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,953,463	\$ 45,617	\$ -	\$ 11,999,080
Equipment	<u>2,760,557</u>	<u>365,662</u>	<u>9,000</u>	<u>3,117,219</u>
Total capital assets being depreciated	<u>\$ 14,714,020</u>	<u>\$ 411,279</u>	<u>\$ 9,000</u>	<u>\$ 15,116,299</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,993,562	\$ 309,783	\$ -	\$ 5,303,345
Equipment	<u>2,169,181</u>	<u>234,074</u>	<u>9,000</u>	<u>2,394,255</u>
Total accumulated depreciation	<u>\$ 7,162,743</u>	<u>\$ 543,857</u>	<u>\$ 9,000</u>	<u>\$ 7,697,600</u>
Total capital assets subject to depreciation, net	<u>\$ 7,551,277</u>	<u>\$ (132,578)</u>	<u>\$ -</u>	<u>\$ 7,418,699</u>
Governmental activities capital activities, net, as restated	<u>\$ 10,321,722</u>	<u>\$ 645,363</u>	<u>\$ -</u>	<u>\$ 10,967,085</u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Construction in progress	40,738	31,771	54,509	18,000
Total capital assets not subject to depreciation	\$ 86,910	\$ 31,771	\$ 54,509	\$ 64,172
Capital assets subject to depreciation:				
Equipment	\$ 3,160,308	\$ 312,943	\$ -	\$ 3,473,251
Buildings and improvements	18,244,938	-	-	18,244,938
Total capital assets being depreciated	\$ 21,405,246	\$ 312,943	\$ -	\$ 21,718,189
Accumulated depreciation:				
Equipment	\$ 2,568,555	\$ 178,522	\$ -	\$ 2,747,077
Buildings and improvements	9,406,204	458,112	-	9,864,316
Total accumulated depreciation	\$ 11,974,759	\$ 636,634	\$ -	\$ 12,611,393
Total capital assets subject to depreciation, net	\$ 9,430,487	\$ (323,691)	\$ -	\$ 9,106,796
Net capital assets Component Unit-School Board, as restated	\$ 9,517,397	\$ (291,920)	\$ 54,509	\$ 9,170,968

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 67,006
Judicial administration	156,899
Public safety	169,310
Public works	27,136
Health and welfare	24,894
Parks, recreation and cultural	95,244
Community development	3,368
Total Governmental activities	\$ 543,857
Component Unit School Board	\$ 636,634

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 146,091	\$ -
Special Revenue	-	146,091
Total	<u>\$ 146,091</u>	<u>\$ 146,091</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 167,026
Thrift Spot	-	-
School Cafeteria	167,026	-
Total	<u>\$ 167,026</u>	<u>\$ 167,026</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.

The remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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, 2021:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurring by the County:					
Compensated absences	\$ 301,062	\$ 40,126	\$ 30,106	\$ 311,082	\$ 31,108
Direct borrowings and placements:					
Lease revenue bonds	1,690,000	-	535,000	1,155,000	570,000
Add: issuance premium	110,019	-	36,673	73,346	-
Net pension liability	551,331	1,254,335	1,059,964	745,702	-
Net OPEB liabilities	728,631	121,499	104,144	745,986	-
Total incurred by County	\$ 3,381,043	\$ 1,415,960	\$ 1,765,887	\$ 3,031,116	\$ 601,108
Total Governmental Activities Obligations	\$ 3,381,043	\$ 1,415,960	\$ 1,765,887	\$ 3,031,116	\$ 601,108

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

		Direct Borrowings and Direct Placements	
		County Obligations	
Year Ending June 30		Lease Revenue Bonds	
		Principal	Interest
2022	\$	570,000	\$ 39,469
2023		585,000	13,727
Total	\$	1,155,000	\$ 53,196

The remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of County long-term debt obligations are as follows:

	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Incurring by the County:							
Compensated absences (payable from the General Fund)						\$ 311,082	\$ 31,108
Net OPEB liabilities (payable from the General Fund)						\$ 745,986	\$ -
Net pension liability (payable from the General Fund)						\$ 745,702	\$ -
Direct borrowings and placements:							
<u>Revenue Bonds:</u>							
Courthouse Revenue Refunding Bond \$1,905,000 outstanding, plus unamortized premium of \$76,421	(a)	2.20% - 5.20%	5/25/2011	10/1/2022	4,885,000	\$ 1,045,947	\$ 490,000
Lease Revenue Refunding Bond \$295,000 outstanding, plus unamortized premium of \$33,598	(a)	2.279% - 5.125%	7/12/2012	10/1/2022	720,000	\$ 182,399	\$ 80,000
Total long-term obligations incurred by the County						\$ 3,031,116	\$ 601,108
(a) No other terms specified in the debt agreement							

The remainder of this page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

The following is a summary of changes in School Board long-term obligations for the fiscal year ended June 30, 2021:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 297,652	\$ 18,379	\$ 29,765	\$ 286,266	\$ 28,627
Net pension liability	11,239,150	6,085,210	3,527,651	13,796,709	-
Net OPEB liabilities	1,949,699	752,092	402,127	2,299,664	-
Total Component Unit-School Board	\$ <u>13,486,501</u>	\$ <u>6,855,681</u>	\$ <u>3,959,543</u>	\$ <u>16,382,639</u>	\$ <u>28,627</u>

Note 8—Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessments for future periods are deferred. The County had unavailable revenue on June 30, 2021 totaling \$6,249,204 and deferred revenue totaling \$5,292,661 comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 956,543
2nd half assessment - property tax	4,969,065	4,969,065
Prepaid property taxes due after June 30 but paid in advance by taxpayers	323,596	323,596
Total deferred/unavailable revenue	\$ <u>5,292,661</u>	\$ <u>6,249,204</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

Note 10—Litigation:

On June 30, 2021, 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.

Note 12—Pension Plans:

Plan Description

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

Note 12—Pension Plans: (Continued)

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	41
Inactive members:		
Vested inactive members	11	5
Non-vested inactive members	7	9
Inactive members active elsewhere in VRS	41	19
Total inactive members	59	33
Active members	66	41
Total covered employees	181	115

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 8.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$271,371 and \$343,794 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Contributions (Contributions)

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 11.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$89,756 and \$93,149 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 13,184,265	\$ 12,632,934	\$ 551,331
Changes for the year:			
Service cost	\$ 379,187	\$ -	\$ 379,187
Interest	866,692	-	866,692
Differences between expected and actual experience	(201,042)	-	(201,042)
Contributions - employer	-	463,143	(463,143)
Contributions - employee	-	151,298	(151,298)
Net investment income	-	244,481	(244,481)
Benefit payments, including refunds	(688,770)	(688,770)	-
Administrative expenses	-	(8,168)	8,168
Other changes	-	(288)	288
Net changes	\$ 356,067	\$ 161,696	\$ 194,371
Balances at June 30, 2020	\$ 13,540,332	\$ 12,794,630	\$ 745,702

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 4,283,253	\$ 3,492,278	\$ 790,975
Changes for the year:			
Service cost	\$ 70,199	\$ -	\$ 70,199
Interest	280,978	-	280,978
Differences between expected and actual experience	(48,018)	-	(48,018)
Contributions - employer	-	92,649	(92,649)
Contributions - employee	-	43,159	(43,159)
Net investment income	-	66,621	(66,621)
Benefit payments, including refunds	(241,221)	(241,221)	-
Administrative expenses	-	(2,289)	2,289
Other changes	-	(356)	356
Net changes	\$ 61,938	\$ (41,437)	\$ 103,375
Balances at June 30, 2020	\$ 4,345,191	\$ 3,450,841	\$ 894,350

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 2,322,466	\$ 745,702	\$ (578,383)
Component Unit School Board (Nonprofessional)			
Net Pension Liability	\$ 1,321,707	\$ 894,350	\$ 527,853

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2021, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$156,025 and \$167,589, respectively. On June 30, 2021, 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	\$ -	\$ 239,992	\$ 3,269	\$ 24,247
Changes of assumptions	65,871	-	4,688	-
Net difference between projected and actual earnings on pension plan investments	377,440	-	102,790	-
Employer contributions subsequent to the measurement date	271,371	-	89,756	-
Total	<u>\$ 714,682</u>	<u>\$ 239,992</u>	<u>\$ 200,503</u>	<u>\$ 24,247</u>

\$271,371 and \$89,756 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (Nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. 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)
2022	\$ (116,873)	\$ (13,684)
2023	71,382	31,965
2024	127,722	35,126
2025	121,088	33,093
2026	-	-
Thereafter	-	-

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,224,543 and \$1,178,080 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

On June 30, 2021, the school division reported a liability of \$12,902,359 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the school division's proportion was 0.0887% as compared to 0.07939% on June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,528,246. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

On June 30, 2021, 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	\$ -	\$ 756,277
Changes of assumptions	880,748	-
Net difference between projected and actual earnings on pension plan investments	981,367	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	973,418	309,111
Employer contributions subsequent to the measurement date	<u>1,224,543</u>	<u>-</u>
Total	<u>\$ 4,060,076</u>	<u>\$ 1,065,388</u>

\$1,224,543 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. 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>	
2022	\$ 117,423
2023	464,154
2024	597,805
2025	555,150
2026	35,613

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates:

- Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 18,930,658	\$ 12,902,359	\$ 7,916,193

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 714,682	\$ 239,992	\$ 745,702	\$ 156,025	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	200,503	24,247	894,350	167,589
School Board Professional	-	-	-	-	4,060,076	1,065,388	12,902,359	1,528,246
Totals	\$ 714,682	\$ 239,992	\$ 745,702	\$ 156,025	\$ 4,260,579	\$ 1,089,635	\$ 13,796,709	\$ 1,695,835

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Contributions (Continued)

June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$17,780 and \$16,424 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board Professional group were \$41,070 and \$39,742 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board Nonprofessional group were \$4,709 and \$4,846 for the years ended June 30, 2021 and June 30, 2020, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

On June 30, 2021, the County reported a liability of \$256,167 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board Professional and Nonprofessional groups reported liabilities of \$619,806 and \$75,598, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the County's proportion was 0.01540% as compared to 0.01450% on June 30, 2019. On June 30, 2020, the Component Unit School Board Professional and Nonprofessional groups' proportion was 0.03714% and 0.00453%, respectively as compared to 0.03367% and 0.00427%, respectively on June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$13,315. For the year ended June 30, 2021, the Component Unit School Board Professional group recognized GLI OPEB expense of \$27,687. For the year ended June 30, 2021, the Component Unit School Board Nonprofessional group recognized GLI OPEB expense of \$3,746. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

On June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (Professional)		Component School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,431	\$ 2,301	\$ 39,755	\$ 5,566	\$ 4,849	\$ 679
Net difference between projected and actual earnings on GLI OPEB plan investments	7,695	-	18,618	-	2,271	-
Change of assumptions	12,811	5,349	30,997	12,942	3,781	1,579
Changes in proportionate share	21,900	3,304	44,275	17,679	3,968	-
Employer contributions subsequent to the measurement date	17,780	-	41,070	-	4,709	-
Total	\$ 76,617	\$ 10,954	\$ 174,715	\$ 36,187	\$ 19,578	\$ 2,258

\$17,780, \$41,070, and \$4,709, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board Professional and Nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government		Component Unit School Board (Professional)		Component Unit School Board (Nonprofessional)	
2022	\$	7,405	\$	13,387	\$	2,002
2023		9,578		18,645		2,643
2024		12,301		23,443		3,228
2025		12,998		26,423		3,254
2026		4,981		13,263		1,293
Thereafter		620		2,297		191

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2019. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 6.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate (Continued)

fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 336,751	\$ 256,167	\$ 190,725
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 814,782	\$ 619,806	\$ 461,467
Component School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 99,380	\$ 75,598	\$ 56,286

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>Component Unit School Board (non professional)</u>
Inactive members or their beneficiaries currently receiving benefits	<u>3</u>	<u>-</u>
Inactive members:		
Vested inactive members	-	-
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	<u>3</u>	<u>-</u>
Active members	20	41
Total covered employees	<u>23</u>	<u>41</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted because of funding options provided to political subdivisions by the Virginia General Assembly. The County and School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.49% and 1.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$4,680 and \$4,314 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the School Board to the HIC Plan were \$9,243 for the year ended June 30, 2021.

Net HIC OPEB Liability

The County and School Boards's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate (Discount Rate)

contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 31,150	\$ 3,295	\$ 27,855
Changes for the year:			
Service cost	\$ 869	\$ -	\$ 869
Interest	2,014	-	2,014
Difference between expected and actual experience	(3,611)	-	(3,611)
Contributions - employer	-	4,314	(4,314)
Net investment income	-	80	(80)
Benefit payments	(2,620)	(2,620)	-
Administrative expenses	-	(10)	10
Net changes	\$ (3,348)	\$ 1,764	\$ (5,112)
Balances at June 30, 2020	\$ 27,802	\$ 5,059	\$ 22,743

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Changes in Net HIC OPEB Liability (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Changes in benefit terms	\$ 100,396	\$ -	\$ 100,396
Net changes	\$ 100,396	\$ -	\$ 100,396
Balances at June 30, 2020	\$ 100,396	\$ -	\$ 100,396

Sensitivity of the County and School Board's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County and School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County and School Board's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government:			
Net HIC OPEB Liability	\$ 25,571	\$ 22,743	\$ 20,299
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	\$ 110,317	\$ 100,396	\$ 91,777

The remainder of the page left blank intentionally.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

For the year ended June 30, 2021, the County and School Board recognized HIC Plan OPEB expense of \$2,665 and \$100,396. On June 30, 2021, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board's HIC Plan 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	\$ 1,986	\$ 3,548	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	139	-	-	-
Changes of assumptions	436	232	-	-
Employer contributions subsequent to the measurement date	4,680	-	9,243	-
Total	<u>\$ 7,241</u>	<u>\$ 3,780</u>	<u>\$ 9,243</u>	<u>\$ -</u>

\$4,680 and \$9,243 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and School Board's contributions after the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 51	\$ -
2023	79	-
2024	(538)	-
2025	(665)	-
2026	(146)	-
Thereafter	-	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$91,255 and \$91,712 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$1,137,277 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.08720% as compared to 0.07850% on June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$99,746. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 15,187
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	5,040	-
Change in assumptions	22,482	6,214
Change in proportionate share	97,515	43,329
Employer contributions subsequent to the measurement date	91,255	-
Total	<u>\$ 216,292</u>	<u>\$ 64,730</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

\$91,255 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 6,610
2023	7,110
2024	6,942
2025	8,058
2026	11,771
Thereafter	19,816

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the year FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,273,064	\$ 1,137,277	\$ 1,021,869

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (Continued)

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

County and School Board

Plan Description

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

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

Benefits Provided

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

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

Plan Membership

On June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	65	190
Total active employees without coverage	-	-
Total retirees with coverage	3	2
Total retirees without coverage	-	-
Total	68	192

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

County and School Board: (Continued)

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$24,526 and \$23,365, respectively.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability for the County and School Board actuarial valued on January 1, 2021 and January 1, 2020, respectively, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	School Board: Declining from 5.95% with 1 year of service to 3.50% with 20 or more years of service; County: Declining from 5.35% with 1 year of service to 3.50% with 20 or more years of service
Discount Rate	2.16% as of June 30, 2021; 2.21% as of June 30, 2020; 3.50% as of June 30, 2019; 3.87% as of June 30, 2018
Investment Rate of Return	N/A

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

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

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

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

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2020 valuation of the Virginia Retirement System.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

County and School Board: (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2020 valuation of the Virginia Retirement System.

Discount Rate

The discount rate was based on the Bond Buyer 20-Year Bond GO index as of June 30, 2021.

Changes in Total OPEB Liability

	Primary Government	Component Unit School Board
	<u>Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balances at June 30, 2020	\$ 464,822	\$ 305,066
Changes for the year:		
Service cost	14,139	27,453
Interest	10,315	7,182
Changes in assumptions	2,326	84,612
Effect of economic/demographic gains or losses	-	(42,527)
Benefit payments	(24,526)	(15,199)
Net changes	\$ 2,254	\$ 61,521
Balances at June 30, 2021	<u>\$ 467,076</u>	<u>\$ 366,587</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	Rate		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Primary Government:			
Total OPEB liability	\$ 517,683	\$ 467,076	\$ 423,779
Component Unit School Board:			
Total OPEB liability	\$ 397,468	\$ 366,587	\$ 336,880

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

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

	Rates		
	1% Decrease (4.60% decreasing to 3.00%)	Healthcare Cost Trend (5.60% decreasing to 4.00%)	1% Increase (6.60% decreasing to 5.00%)
Primary Government:			
Total OPEB liability	\$ 409,839	\$ 467,076	\$ 535,242
Component Unit School Board:			
Total OPEB liability	\$ 316,636	\$ 366,587	\$ 426,406

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

County and School Board: (Continued)

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$25,991 and \$37,335. On June 30, 2021, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,965	\$ -	\$ -	\$ 52,440
Changes of assumptions	7,191	25,544	82,455	-
Total	<u>\$ 30,156</u>	<u>\$ 25,544</u>	<u>82,455</u>	<u>\$ 52,440</u>

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

Year Ended June 30	Primary Government	Component Unit School Board
2021	\$ 1,537	\$ 3,871
2022	1,412	3,871
2023	1,109	5,316
2024	554	6,282
2025	-	6,282
Thereafter	-	4,393

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

Note 17-Line of Duty Act (LODA) (OPEB Benefits):

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 17-Line of Duty Act (LODA) (OPEB Benefits): (Continued)

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$53,514.

Note 18-Aggregate OPEB Information:

Aggregate OPEB information is presented below:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 76,617	\$ 10,954	\$ 256,167	\$ 13,315	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	19,578	2,258	75,598	3,746
School Board Professional	-	-	-	-	174,715	36,187	619,806	27,687
County Health Insurance Credit Program (Note 14):								
County	7,241	3,780	22,743	2,665	-	-	-	-
School Board Nonprofessional	-	-	-	-	9,243	-	100,396	100,396
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	216,292	64,730	1,137,277	93,847
County Stand-Alone Plan (Note 16)	30,156	25,544	467,076	25,991	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	82,455	52,440	366,587	37,335
Totals	\$ 114,014	\$ 40,278	\$ 745,986	\$ 41,971	\$ 502,283	\$ 155,615	\$ 2,299,664	\$ 263,011

Note 19-Surety Bonds:

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

Note 20-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the restatement of net position and fund balance, which is detailed in Note 23.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21-Upcoming Pronouncements:

Statement No. 87, *Leases*, requires 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21-Upcoming Pronouncements: (Continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Note 22-COVID-19 Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$1,541,464. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$168,158. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$28,606 are reported as unearned revenue as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 17, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$777,937 from the initial allocation are reported as unearned revenue as of June 30.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 22- COVID-19 Funding and Subsequent Events: (Continued)

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 23- Restatement

The following adjustments have been made to beginning net position and fund balance:

	Primary Government Custodial Funds			Component-Unit	Component-Unit Special Revenue Fund	Component-Unit Custodial Funds		
	Special Welfare	Tour de Chesapeake	Market Days	School Board	School Activity	Lewis Scholarship	Orell Scholarship	White-Hudgins Scholarship
Net position/Fund Balance, July 1, 2020, as previously reported	\$ -	\$ -	\$ -	\$ (2,753,534)	\$ -	\$ -	\$ -	\$ -
Restatement:								
Implementation of GASB 84	\$ 79,485	\$ 30,162	\$ 14,220	\$ 203,806	\$ 203,806	\$ 3,703	\$ 17,582	\$ 30,800
Net position/Fund Balance, July 1, 2020, as restated	\$ 79,485	\$ 30,162	\$ 14,220	\$ (2,549,728)	\$ 203,806	\$ 3,703	\$ 17,582	\$ 30,800

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 12,950,000	\$ 12,950,000	\$ 13,376,538	\$ 426,538
Other local taxes	1,291,000	1,291,000	1,756,247	465,247
Permits, privilege fees, and regulatory licenses	81,825	81,825	76,096	(5,729)
Fines and forfeitures	50,500	50,500	45,618	(4,882)
Revenue from the use of money and property	86,320	86,320	50,209	(36,111)
Charges for services	45,300	47,211	39,244	(7,967)
Miscellaneous	73,342	79,539	22,707	(56,832)
Recovered costs	15,000	15,000	124,391	109,391
Intergovernmental:				
Commonwealth	3,584,403	3,853,192	3,676,140	(177,052)
Federal	834,106	3,007,799	2,357,899	(649,900)
Total revenues	\$ 19,011,796	\$ 21,462,386	\$ 21,525,089	\$ 62,703
EXPENDITURES				
Current:				
General government administration	\$ 1,900,051	\$ 1,947,998	\$ 2,122,327	\$ (174,329)
Judicial administration	600,446	600,446	585,474	14,972
Public safety	3,030,229	3,051,699	3,337,241	(285,542)
Public works	1,370,408	1,370,408	1,493,607	(123,199)
Health and welfare	2,607,772	2,452,675	2,213,478	239,197
Education	8,746,130	8,746,130	8,754,458	(8,328)
Parks, recreation, and cultural	525,824	528,582	523,066	5,516
Community development	439,883	739,320	716,016	23,304
Capital projects	380,000	1,213,051	973,544	239,507
Debt service:				
Principal retirement	535,000	535,000	535,000	-
Interest and other fiscal charges	85,916	85,916	64,274	21,642
Total expenditures	\$ 20,221,659	\$ 21,271,225	\$ 21,318,485	\$ (47,260)
Excess (deficiency) of revenues over (under) expenditures	\$ (1,209,863)	\$ 191,161	\$ 206,604	\$ 15,443
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 146,091	\$ 146,091
Transfers out	(272,013)	(272,013)	-	272,013
Total other financing sources (uses)	\$ (272,013)	\$ (272,013)	\$ 146,091	\$ 418,104
Net change in fund balances	\$ (1,481,876)	\$ (80,852)	\$ 352,695	\$ 433,547
Fund balances - beginning	1,481,876	80,852	7,922,644	7,841,792
Fund balances - ending	\$ -	\$ -	\$ 8,275,339	\$ 8,275,339

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Other local taxes	\$ 278,000	\$ 180,000	\$ 293,652	\$ 113,652
Fines and forfeitures	-	-	546	546
Revenue from the use of money and property	-	-	75	75
Miscellaneous	-	-	219	219
Intergovernmental:				
Commonwealth	-	-	2,439	2,439
Federal	1,123,362	1,336,203	770,008	(566,195)
Total revenues	<u>\$ 1,401,362</u>	<u>\$ 1,516,203</u>	<u>\$ 1,066,939</u>	<u>\$ (449,264)</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 5,221	\$ (5,221)
Education	168,000	70,000	-	70,000
Capital projects	1,470,065	1,682,906	975,766	707,140
Total expenditures	<u>\$ 1,638,065</u>	<u>\$ 1,752,906</u>	<u>\$ 980,987</u>	<u>\$ 771,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (236,703)</u>	<u>\$ (236,703)</u>	<u>\$ 85,952</u>	<u>\$ 322,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 236,703	\$ 236,703	\$ -	\$ (236,703)
Transfers out	-	-	(146,091)	(146,091)
Total other financing sources (uses)	<u>\$ 236,703</u>	<u>\$ 236,703</u>	<u>\$ (146,091)</u>	<u>\$ (382,794)</u>
Net change in fund balances	\$ -	\$ -	\$ (60,139)	\$ (60,139)
Fund balances - beginning	-	-	938,352	938,352
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,213</u>	<u>\$ 878,213</u>

County of Mathews, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 379,187	\$ 332,918
Interest	866,692	877,257
Differences between expected and actual experience	(201,042)	(621,810)
Changes of assumptions	-	352,267
Benefit payments	(688,770)	(577,214)
Net change in total pension liability	\$ 356,067	\$ 363,418
Total pension liability - beginning	13,184,265	12,820,847
Total pension liability - ending (a)	\$ 13,540,332	\$ 13,184,265
Plan fiduciary net position		
Contributions - employer	\$ 463,143	\$ 312,617
Contributions - employee	151,298	136,946
Net investment income	244,481	799,919
Benefit payments	(688,770)	(577,214)
Administrator charges	(8,168)	(7,848)
Other	(288)	(504)
Net change in plan fiduciary net position	\$ 161,696	\$ 663,916
Plan fiduciary net position - beginning	12,632,934	11,969,018
Plan fiduciary net position - ending (b)	\$ 12,794,630	\$ 12,632,934
County's net pension liability - ending (a) - (b)	\$ 745,702	\$ 551,331
Plan fiduciary net position as a percentage of the total pension liability	94.49%	95.82%
Covered payroll	\$ 3,158,445	\$ 2,843,189
County's net pension liability as a percentage of covered payroll	23.61%	19.39%

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.

Exhibit 11

2018		2017		2016		2015		2014	
\$	335,841	\$	341,149	\$	341,912	\$	325,686	\$	314,784
	846,691		820,550		814,884		776,569		746,615
	(156,562)		(221,497)		(477,032)		55,210		-
	-		28,789		-		-		-
	(601,411)		(589,703)		(607,919)		(612,313)		(654,652)
\$	424,559	\$	379,288	\$	71,845	\$	545,152	\$	406,747
	12,396,288		12,017,000		11,945,155		11,400,003		10,993,256
\$	<u>12,820,847</u>	\$	<u>12,396,288</u>	\$	<u>12,017,000</u>	\$	<u>11,945,155</u>	\$	<u>11,400,003</u>
\$	300,305	\$	291,224	\$	336,672	\$	324,933	\$	292,841
	127,864		142,834		122,964		120,639		121,410
	835,422		1,245,206		176,143		453,401		1,373,984
	(601,411)		(589,703)		(607,919)		(612,313)		(654,652)
	(7,225)		(7,210)		(6,381)		(6,272)		(7,532)
	(743)		(1,106)		(75)		(92)		72
\$	654,212	\$	1,081,245	\$	21,404	\$	280,296	\$	1,126,123
	11,314,806		10,233,561		10,212,157		9,931,861		8,805,738
\$	<u>11,969,018</u>	\$	<u>11,314,806</u>	\$	<u>10,233,561</u>	\$	<u>10,212,157</u>	\$	<u>9,931,861</u>
\$	851,829	\$	1,081,482	\$	1,783,439	\$	1,732,998	\$	1,468,142
	93.36%		91.28%		85.16%		85.49%		87.12%
\$	2,561,268	\$	2,473,088	\$	2,488,196	\$	2,390,708	\$	2,428,191
	33.26%		43.73%		71.68%		72.49%		60.46%

County of Mathews, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Component Unit School Board (Nonprofessional)

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 70,199	\$ 71,191
Interest	280,978	272,250
Differences between expected and actual experience	(48,018)	68,635
Changes of assumptions	-	98,438
Benefit payments	(241,221)	(233,097)
Net change in total pension liability	\$ 61,938	\$ 277,417
Total pension liability - beginning	4,283,253	4,005,836
Total pension liability - ending (a)	\$ 4,345,191	\$ 4,283,253
Plan fiduciary net position		
Contributions - employer	\$ 92,649	\$ 84,461
Contributions - employee	43,159	39,237
Net investment income	66,621	222,618
Benefit payments	(241,221)	(233,097)
Administrator charges	(2,289)	(2,250)
Other	(356)	(139)
Net change in plan fiduciary net position	\$ (41,437)	\$ 110,830
Plan fiduciary net position - beginning	3,492,278	3,381,448
Plan fiduciary net position - ending (b)	\$ 3,450,841	\$ 3,492,278
School Division's net pension liability - ending (a) - (b)	\$ 894,350	\$ 790,975
Plan fiduciary net position as a percentage of the total pension liability	79.42%	81.53%
Covered payroll	\$ 931,723	\$ 837,028
School Division's net pension liability as a percentage of covered payroll	95.99%	94.50%

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.

Exhibit 12

2018	2017	2016	2015	2014
\$ 69,992	\$ 73,000	\$ 79,674	\$ 72,755	\$ 71,109
263,746	257,328	248,469	236,376	227,108
8,670	(15,559)	(33,775)	31,237	-
-	(28,897)	-	-	-
(208,740)	(179,650)	(155,958)	(179,276)	(152,332)
\$ 133,668	\$ 106,222	\$ 138,410	\$ 161,092	\$ 145,885
3,872,168	3,765,946	3,627,536	3,466,444	3,320,559
<u>\$ 4,005,836</u>	<u>\$ 3,872,168</u>	<u>\$ 3,765,946</u>	<u>\$ 3,627,536</u>	<u>\$ 3,466,444</u>
\$ 86,813	\$ 86,945	\$ 92,400	\$ 91,599	\$ 91,604
37,850	38,209	37,029	36,827	35,038
236,587	354,888	50,708	127,992	387,986
(208,740)	(179,650)	(155,958)	(179,276)	(152,332)
(2,072)	(2,060)	(1,797)	(1,781)	(2,096)
(210)	(316)	(22)	(26)	20
\$ 150,228	\$ 298,016	\$ 22,360	\$ 75,335	\$ 360,220
3,231,220	2,933,204	2,910,844	2,835,509	2,475,289
<u>\$ 3,381,448</u>	<u>\$ 3,231,220</u>	<u>\$ 2,933,204</u>	<u>\$ 2,910,844</u>	<u>\$ 2,835,509</u>
\$ 624,388	\$ 640,948	\$ 832,742	\$ 716,692	\$ 630,935
84.41%	83.45%	77.89%	80.24%	81.80%
\$ 799,884	\$ 789,923	\$ 747,964	\$ 738,188	\$ 696,679
78.06%	81.14%	111.33%	97.09%	90.56%

County of Mathews, Virginia

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.0887%	0.07939%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,902,359	\$ 10,448,175
Employer's Covered Payroll	\$ 7,642,707	\$ 6,672,478
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	168.82%	156.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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.

Exhibit 13

County of Mathews, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2012 through June 30, 2021

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					
2021	\$ 271,371	\$ 271,371	\$ -	\$ 3,292,682	8.24%
2020	343,794	343,794	-	3,158,445	10.88%
2019	312,722	312,722	-	2,843,189	11.00%
2018	300,373	300,373	-	2,561,268	11.73%
2017	295,039	295,039	-	2,473,088	11.93%
2016	336,672	336,672	-	2,488,196	13.53%
2015	324,933	324,933	-	2,390,708	13.59%
2014	292,840	292,840	-	2,428,191	12.06%
2013	290,470	290,470	-	2,408,541	12.06%
2012	228,680	228,680	-	2,362,395	9.68%
Component Unit School Board (nonprofessional)					
2021	\$ 89,756	\$ 89,756	\$ -	\$ 871,982	10.29%
2020	93,149	93,149	-	931,723	10.00%
2019	84,712	84,712	-	837,028	10.12%
2018	86,813	86,813	-	799,884	10.85%
2017	88,392	88,392	-	789,923	11.19%
2016	92,400	92,400	-	747,964	12.35%
2015	91,599	91,599	-	738,188	12.41%
2014	91,265	91,265	-	696,679	13.10%
2013	89,935	89,935	-	686,525	13.10%
2012	48,436	48,436	-	688,996	7.03%
Component Unit School Board (professional)					
2021	\$ 1,224,543	\$ 1,224,543	\$ -	\$ 7,605,554	16.10%
2020	1,178,080	1,178,080	-	7,642,707	15.41%
2019	1,018,412	1,018,412	-	6,672,478	15.26%
2018	1,039,399	1,039,399	-	6,453,601	16.11%
2017	961,748	961,748	-	6,560,355	14.66%
2016	898,671	898,671	-	6,391,686	14.06%
2015	921,634	921,634	-	6,356,097	11.66%
2014	737,347	737,347	-	6,323,731	11.66%
2013	711,170	711,170	-	11,234,913	6.33%
2012	423,256	423,256	-	10,769,873	3.93%

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
Pension Plans
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Mathews, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2020	0.01540% \$	256,167 \$	3,158,445	8.11%	52.64%
2019	0.01450%	235,954	2,843,189	8.30%	52.00%
2018	0.01348%	205,000	2,562,615	8.00%	51.22%
2017	0.01341%	202,000	2,473,088	8.17%	48.86%
Component Unit School Board (Nonprofessional):					
2020	0.00450% \$	75,598 \$	931,923	8.11%	52.64%
2019	0.00427%	69,484	837,028	8.30%	52.00%
2018	0.00421%	64,000	799,884	8.00%	51.22%
2017	0.00428%	64,000	789,923	8.10%	48.86%
Component Unit School Board (Professional):					
2020	0.03710% \$	619,806 \$	7,642,707	8.11%	52.64%
2019	0.03367%	547,900	6,601,091	8.30%	52.00%
2018	0.03391%	515,000	6,447,209	7.99%	51.22%
2017	0.03564%	537,000	6,572,851	8.17%	48.86%

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

County of Mathews, Virginia
Schedule of Employer Contributions
Group Life Insurance Program (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

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					
2021	\$ 17,780	\$ 17,780	\$ -	\$ 3,292,682	0.54%
2020	16,424	16,424	-	3,158,445	0.52%
2019	14,785	14,785	-	2,843,189	0.52%
2018	13,326	13,326	-	2,562,615	0.52%
2017	12,860	12,860	-	2,473,088	0.52%
2016	11,943	11,943	-	2,488,196	0.48%
2015	11,502	11,502	-	2,396,305	0.48%
2014	11,655	11,655	-	2,428,191	0.48%
2013	11,561	11,561	-	2,408,541	0.48%
2012	6,615	6,615	-	2,362,395	0.28%
Component Unit School Board (Nonprofessional)					
2021	\$ 4,709	\$ 4,709	\$ -	\$ 871,982	0.54%
2020	4,846	4,846	-	931,923	0.52%
2019	4,353	4,353	-	837,028	0.52%
2018	4,159	4,159	-	799,884	0.52%
2017	4,108	4,108	-	789,923	0.52%
2016	3,590	3,590	-	747,964	0.48%
2015	3,543	3,543	-	738,188	0.48%
2014	3,364	3,364	-	700,739	0.48%
2013	3,295	3,295	-	686,525	0.48%
2012	1,929	1,929	-	688,996	0.28%
Component Unit School Board (Professional)					
2021	\$ 41,070	\$ 41,070	\$ -	\$ 7,605,554	0.54%
2020	39,742	39,742	-	7,642,707	0.52%
2019	34,326	34,326	-	6,601,091	0.52%
2018	33,525	33,525	-	6,447,209	0.52%
2017	34,179	34,179	-	6,572,851	0.52%
2016	30,698	30,698	-	6,395,480	0.48%
2015	30,509	30,509	-	6,356,095	0.48%
2014	30,354	30,354	-	6,323,729	0.48%
2013	29,276	29,276	-	6,099,228	0.48%
2012	16,675	16,675	-	5,955,490	0.28%

County of Mathews, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Mathews, Virginia
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Primary Government
For the Measurement Dates of June 30, 2017 through 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 869	\$ 766	\$ 1,075	\$ 878
Interest	2,014	2,064	1,655	1,641
Differences between expected and actual experience	(3,611)	(1,026)	4,695	-
Changes of assumptions	-	710	-	(744)
Benefit payments	(2,620)	(1,687)	(1,497)	(1,629)
Net change in total HIC OPEB liability	\$ (3,348)	\$ 827	\$ 5,928	\$ 146
Total HIC OPEB Liability - beginning	31,150	30,323	24,395	24,249
Total HIC OPEB Liability - ending (a)	<u>\$ 27,802</u>	<u>\$ 31,150</u>	<u>\$ 30,323</u>	<u>\$ 24,395</u>
Plan fiduciary net position				
Contributions - employer	\$ 4,314	\$ 3,730	\$ 2,281	\$ 2,142
Net investment income	80	175	41	24
Benefit payments	(2,620)	(1,687)	(1,497)	(1,629)
Administrator charges	(10)	(5)	(2)	(1)
Net change in plan fiduciary net position	\$ 1,764	\$ 2,213	\$ 823	\$ 536
Plan fiduciary net position - beginning	3,295	1,082	259	(277)
Plan fiduciary net position - ending (b)	<u>\$ 5,059</u>	<u>\$ 3,295</u>	<u>\$ 1,082</u>	<u>\$ 259</u>
County's net HIC OPEB liability - ending (a) - (b)	\$ 22,743	\$ 27,855	\$ 29,241	\$ 24,136
Plan fiduciary net position as a percentage of the total HIC OPEB liability	18.20%	10.58%	3.57%	1.06%
Covered payroll	\$ 880,372	\$ 761,198	\$ 600,277	\$ 563,617
County's net HIC OPEB liability as a percentage of covered payroll	2.58%	3.66%	4.87%	4.28%

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

County of Mathews, Virginia
 Schedule of Changes in the County's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 School Board Component Unit (nonprofessional)
 For the Measurement Dates of June 30, 2020

	<u>2020</u>
Total HIC OPEB Liability	
Changes in benefit terms	\$ 100,396
Net change in total HIC OPEB liability	\$ 100,396
Total HIC OPEB Liability - beginning	<u>-</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 100,396</u></u>
Plan fiduciary net position	
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
County's net HIC OPEB liability - ending (a) - (b)	\$ 100,396
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ -
County's net HIC OPEB liability as a percentage of covered payroll	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Mathews, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2015 through June 30, 2021

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					
2021	\$ 4,680	\$ 4,680	\$ -	\$ 955,104	0.49%
2020	4,314	4,314	-	880,372	0.49%
2019	3,730	3,730	-	761,198	0.49%
2018	2,281	2,281	-	600,277	0.38%
2017	2,142	2,142	-	563,617	0.38%
2016	927	927	-	617,765	0.15%
2015	580	580	-	386,705	0.15%
Component Unit School Board (nonprofessional):					
2021	\$ 9,243	\$ 9,243	\$ -	\$ 871,982	1.06%

Schedule is intended to show information for 10 years. The County enrolled in the Health Insurance Credit Program in 2015 and the School Board (nonprofessional) enrolled in 2021. However, additional years will be included as they become available.

County of Mathews, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Mathews, Virginia
Schedule of County School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Component Unit School Board (Professional)					
2020	0.08720%	\$ 1,137,277	\$ 7,642,707	14.88%	9.95%
2019	0.07847%	1,027,249	6,581,476	15.61%	8.97%
2018	0.07972%	1,012,000	6,447,209	15.70%	8.08%
2017	0.08304%	1,053,000	6,553,639	16.07%	7.04%

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

County of Mathews, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

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)
Component Unit School Board (Professional)					
2021	\$ 91,255	\$ 91,255	\$ -	\$ 7,541,742	1.21%
2020	91,712	91,712	-	7,642,707	1.20%
2019	78,978	78,978	-	6,581,476	1.20%
2018	79,301	79,301	-	6,447,209	1.23%
2017	72,745	72,745	-	6,553,639	1.11%
2016	67,792	67,792	-	6,395,480	1.06%
2015	67,375	67,375	-	6,356,095	1.06%
2014	70,193	70,193	-	6,323,729	1.11%
2013	67,701	67,701	-	6,099,228	1.11%
2012	40,119	40,119	-	6,686,516	0.60%

County of Mathews, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Mathews, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 14,139	\$ 8,786	\$ 5,829	\$ 5,997
Interest	10,315	16,008	17,365	16,945
Changes of assumptions	2,326	(32,831)	14,877	(15,599)
Differences between expected and actual experience	-	36,087	-	-
Benefit payments	(24,526)	(23,365)	(41,335)	(43,844)
Net change in total OPEB liability	\$ 2,254	\$ 4,685	\$ (3,264)	\$ (36,501)
Total OPEB liability - beginning	464,822	460,137	463,401	499,902
Total OPEB liability - ending	\$ 467,076	\$ 464,822	\$ 460,137	\$ 463,401
 Covered-employee payroll	 \$ 3,360,921	 \$ 3,092,760	 \$ 2,557,695	 \$ 2,557,695
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 13.90%	 15.03%	 17.99%	 18.12%

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

County of Mathews, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Compenent Unit School Board
For the Year Ended June 30, 2020

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 27,453	\$ 22,396	\$ 16,751	\$ 18,496
Interest	7,182	10,069	10,664	11,661
Changes of assumptions	8,461	16,800	2,946	(8,194)
Differences between expected and actual experience	-42,527	-	(36,585)	-
Benefit payments	(15,199)	(18,841)	(28,757)	(53,556)
Net change in total OPEB liability	\$ 61,521	\$ 30,424	\$ (34,981)	\$ (31,593)
Total OPEB liability - beginning	305,066	274,642	309,623	341,216
Total OPEB liability - ending	\$ 366,587	\$ 305,066	\$ 274,642	\$ 309,623
 Covered-employee payroll	 \$ 8,253,885	 \$ 8,668,823	 \$ 7,469,666	 \$ 7,381,700
 School's total OPEB liability (asset) as a percentage of covered-employee payroll	 4.44%	 3.52%	 3.68%	 4.19%

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

County of Mathews, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2021

Valuation Date: 1/1/2020
Measurement Date: 6/30/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	2.16% as of June 30, 2021
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.60% in 2021, then gradually declines to 4.00% over 52 years
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Mathews, Virginia
Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2021

Valuation Date: 1/1/2021

Measurement Date: 6/30/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	2.16% as of June 30, 2021
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.60% in 2021, then gradually declines to 4.00% over 52 years
Salary Increase Rates	Declining from 5.95% with 1 year of service to 3.50% with 20 or more years of service
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; 5% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90.

THIS PAGE LEFT BLANK INTENTIONALLY

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
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds				
	Special Welfare Fund	Tour de Chesapeake Fund	Market Days Fund		Total
ASSETS					
Cash and cash equivalents	88,941	37,530	13,706	\$	140,177
Total assets	\$ 88,941	\$ 37,530	\$ 13,706	\$	140,177
NET POSITION					
Restricted for:					
Individuals	\$ 88,941	\$ -	\$ -	\$	88,941
Organizations	-	37,530	13,706		51,236
Total net position	\$ 88,941	\$ 37,530	\$ 13,706	\$	140,177

County of Mathews, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds			<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Tour de Chesapeake Fund</u>	<u>Market Days Fund</u>	
ADDITIONS				
Contributions:				
Donations	\$ 66,442	\$ 30,248	\$ 1,887	\$ 98,577
Investment earnings:				
Interest and dividends	2	36	12	50
Total additions	<u>\$ 66,444</u>	<u>\$ 30,284</u>	<u>\$ 1,899</u>	<u>\$ 98,627</u>
DEDUCTIONS				
Recipient payments	56,988	\$ -	\$ -	\$ 56,988
Purchases for supplies	-	22,916	2,413	25,329
Scholarships	-	-	-	-
Total deductions	<u>\$ 56,988</u>	<u>\$ 22,916</u>	<u>\$ 2,413</u>	<u>\$ 82,317</u>
Net increase (decrease) in fiduciary net position	<u>\$ 9,456</u>	<u>\$ 7,368</u>	<u>\$ (514)</u>	<u>\$ 16,310</u>
Net position, beginning - as restated	79,485	30,162	14,220	\$ 123,867
Net position, ending	<u>\$ 88,941</u>	<u>\$ 37,530</u>	<u>\$ 13,706</u>	<u>\$ 140,177</u>

*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, 2021

	School Operating Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Thrifty Spot Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 135,904	\$ 120,589	\$ 238,415	\$ 13,389	\$ 508,297
Accounts receivable	20,300	-	-	-	-	20,300
Due from other governmental units	1,313,683	50,720	-	-	-	1,364,403
Inventories	-	3,249	-	-	-	3,249
Total assets	<u>\$ 1,333,983</u>	<u>\$ 189,873</u>	<u>\$ 120,589</u>	<u>\$ 238,415</u>	<u>\$ 13,389</u>	<u>\$ 1,896,249</u>
LIABILITIES						
Accounts payable	\$ 46,058	\$ 5,591	\$ -	\$ -	\$ 718	\$ 52,367
Accrued liabilities	1,285,251	31,124	-	-	4,181	1,320,556
Unearned revenue	2,674	-	-	-	-	2,674
Total liabilities	<u>\$ 1,333,983</u>	<u>\$ 36,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,899</u>	<u>\$ 1,375,597</u>
FUND BALANCES						
Nonspendable:						
Inventories	\$ -	\$ 3,249	\$ -		\$ -	\$ 3,249
Committed	-	149,909	120,589	238,415	8,490	517,403
Total fund balances	<u>\$ -</u>	<u>\$ 153,158</u>	<u>\$ 120,589</u>	<u>\$ 238,415</u>	<u>\$ 8,490</u>	<u>\$ 520,652</u>
Total liabilities and fund balances	<u>\$ 1,333,983</u>	<u>\$ 189,873</u>	<u>\$ 120,589</u>	<u>\$ 238,415</u>	<u>\$ 13,389</u>	<u>\$ 1,896,249</u>

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

Total fund balances per above \$ 520,652

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

Capital assets, cost	\$ 21,782,361	
Less: accumulated depreciation	<u>(12,611,393)</u>	9,170,968

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

Pension related items	\$ 4,260,579	
OPEB related items	<u>502,283</u>	4,762,862

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	\$ (286,266)	
Net pension liability	(13,796,709)	
Net OPEB liability	<u>(2,299,664)</u>	(16,382,639)

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

Pension related items	\$ (1,089,635)	
OPEB related items	<u>(155,615)</u>	(1,245,250)

Net position of governmental activities		<u><u>\$ (3,173,407)</u></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, 2021

	School Operating Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Thrifty Spot Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ 3,447	\$ -	\$ 109	\$ -	\$ 139	\$ 3,695
Charges for services	12,678	174,888	-	-	57,498	245,064
Miscellaneous	54,255	-	-	270,841	-	325,096
Recovered costs	135,869	-	-	-	-	135,869
Intergovernmental:						
Local government	8,747,188	-	-	-	-	8,747,188
Commonwealth	5,758,961	5,470	-	-	-	5,764,431
Federal	750,571	572,304	-	-	-	1,322,875
Total revenues	<u>\$ 15,462,969</u>	<u>\$ 752,662</u>	<u>\$ 109</u>	<u>\$ 270,841</u>	<u>\$ 57,637</u>	<u>\$ 16,544,218</u>
EXPENDITURES						
Current:						
Education	\$ 15,295,944	\$ 725,118	\$ 41,968	\$ 236,232	\$ 43,358	\$ 16,342,620
Total expenditures	<u>\$ 15,295,944</u>	<u>\$ 725,118</u>	<u>\$ 41,968</u>	<u>\$ 236,232</u>	<u>\$ 43,358</u>	<u>\$ 16,342,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 167,025</u>	<u>\$ 27,544</u>	<u>\$ (41,859)</u>	<u>\$ 34,609</u>	<u>\$ 14,279</u>	<u>\$ 201,598</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 167,025	\$ -	\$ -	\$ -	\$ 167,025
Transfers out	(167,025)	-	-	-	-	(167,025)
Total other financing sources (uses)	<u>\$ (167,025)</u>	<u>\$ 167,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 194,569	\$ (41,859)	\$ 34,609	\$ 14,279	\$ 201,598
Fund balances - beginning - as restated	-	(41,411)	162,448	203,806	(5,789)	319,054
Fund balances - ending	<u>\$ -</u>	<u>\$ 153,158</u>	<u>\$ 120,589</u>	<u>\$ 238,415</u>	<u>\$ 8,490</u>	<u>\$ 520,652</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 \$ 201,598

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	\$ 290,205	
Depreciation expense	<u>(636,634)</u>	(346,429)

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	\$ 11,386	
Pension expense	(382,914)	
OPEB expense	<u>(107,320)</u>	(478,848)

Change in net position of governmental activities \$ (623,679)

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Operating Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,447	\$ 3,447
Charges for services	-	-	12,678	12,678
Miscellaneous	111,900	111,900	54,255	(57,645)
Recovered costs	-	-	135,869	135,869
Intergovernmental:				
Local government	8,906,860	8,808,860	8,747,188	(61,672)
Commonwealth	5,837,117	5,837,117	5,758,961	(78,156)
Federal	737,851	1,208,914	750,571	(458,343)
Total revenues	\$ 15,593,728	\$ 15,966,791	\$ 15,462,969	\$ (503,822)
EXPENDITURES				
Current:				
Education	\$ 15,401,253	\$ 15,529,316	\$ 15,295,944	\$ 233,372
Total expenditures	\$ 15,401,253	\$ 15,529,316	\$ 15,295,944	\$ 233,372
Excess (deficiency) of revenues over (under) expenditures	\$ 192,475	\$ 437,475	\$ 167,025	\$ (270,450)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (192,475)	\$ (437,475)	\$ (167,025)	\$ 270,450
Total other financing sources (uses)	\$ (192,475)	\$ (437,475)	\$ (167,025)	\$ 270,450
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts			Variance with Final Budget	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)
REVENUES								
Revenue from the use of money and property	\$ 42,000	\$ 42,000	\$ -	\$ (42,000)	\$ -	\$ -	\$ 109	\$ 109
Charges for services	484,928	484,928	174,888	(310,040)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Local government	-	-	-	-	-	-	-	-
Commonwealth	11,518	11,518	5,470	(6,048)	-	-	-	-
Federal	400,000	600,000	572,304	(27,696)	-	-	-	-
Total revenues	\$ 938,446	\$ 1,138,446	\$ 752,662	\$ (385,784)	\$ -	\$ -	\$ 109	\$ 109
EXPENDITURES								
Current:								
Education	\$ 938,446	\$ 1,383,446	\$ 725,118	\$ 658,328	\$ 105,725	\$ 105,725	\$ 41,968	\$ 63,757
Total expenditures	\$ 938,446	\$ 1,383,446	\$ 725,118	\$ 658,328	\$ 105,725	\$ 105,725	\$ 41,968	\$ 63,757
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (245,000)	\$ 27,544	\$ 272,544	\$ (105,725)	\$ (105,725)	\$ (41,859)	\$ 63,866
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ 245,000	\$ 167,025	\$ (77,975)	\$ 105,725	\$ 105,725	\$ -	\$ (105,725)
Total other financing sources (uses)	\$ -	\$ 245,000	\$ 167,025	\$ (77,975)	\$ 105,725	\$ 105,725	\$ -	\$ (105,725)
Net change in fund balances	\$ -	\$ -	\$ 194,569	\$ 194,569	\$ -	\$ -	\$ (41,859)	\$ (41,859)
Fund balances - beginning - as restated	-	-	(41,411)	(41,411)	-	-	162,448	162,448
Fund balances - ending	\$ -	\$ -	\$ 153,158	\$ 153,158	\$ -	\$ -	\$ 120,589	\$ 120,589

School Activity Fund					Thrifty Spot Fund										
Budgeted Amounts			Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget							
Original	Final	Positive (Negative)		Original	Final	Positive (Negative)									
\$	-	\$	-	\$	-	\$	-	\$	139	\$	-				
	-		-		-	63,557	63,557	57,498			(6,059)				
	-		-	270,841	270,841	-	-	-			-				
	-		-	-	-	-	-	-			-				
	-		-	-	-	-	-	-			-				
	-		-	-	-	-	-	-			-				
\$	-	\$	-	\$	270,841	\$	270,841	\$	63,557	\$	63,557	\$	57,637	\$	(6,059)
\$	-	\$	-	\$	236,232	\$	(236,232)	\$	63,557	\$	63,557	\$	43,358	\$	20,199
\$	-	\$	-	\$	236,232	\$	(236,232)	\$	63,557	\$	63,557	\$	43,358	\$	20,199
\$	-	\$	-	\$	34,609	\$	34,609	\$	-	\$	-	\$	14,279	\$	14,140
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	-	\$	-	\$	34,609	\$	34,609	\$	-	\$	-	\$	14,279	\$	14,140
	-		-	203,806	203,806	-	-	(5,789)							
\$	-	\$	-	\$	238,415	\$	238,415	\$	-	\$	-	\$	8,490	\$	8,351

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2021

	Custodial Funds			
	Lewis Scholarship Fund	Orell Scholarship Fund	White-Hudgins Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,703	\$ 17,582	\$ 30,800	\$ 52,085
Total assets	<u>3,703</u>	<u>17,582</u>	<u>30,800</u>	<u>52,085</u>
NET POSITION				
Restricted:				
Held in trust for scholarships	\$ 3,703	\$ 17,582	\$ 30,800	\$ 52,085
Total Net Position	<u>\$ 3,703</u>	<u>\$ 17,582</u>	<u>\$ 30,800</u>	<u>\$ 52,085</u>

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, 2021

	Custodial Funds			<u>Total</u>
	<u>Lewis Scholarship Fund</u>	<u>Orell Scholarship Fund</u>	<u>White-Hudgins Scholarship Fund</u>	
ADDITIONS				
Contributions:				
Interest earned	\$ -	\$ 7	\$ 7	\$ 14
Donations	-	1,000	-	1,000
Total additions	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 7</u>	<u>\$ 1,014</u>
DEDUCTIONS				
Benefits				
Refunds of contributions				
Administrative expenses	\$ 89	\$ -	\$ -	\$ 89
Scholarships	-	-	31,146	31,146
Total deductions	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ 31,146</u>	<u>\$ 31,235</u>
Change in net position	(89)	1,007	(31,139)	\$ (30,221)
Net position - beginning, as restated	3,792	16,575	61,939	82,306
Net position - ending	<u>\$ 3,703</u>	<u>\$ 17,582</u>	<u>\$ 30,800</u>	<u>\$ 52,085</u>

THIS PAGE LEFT BLANK INTENTIONALLY

*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, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 440,771
Total current assets	<u>\$ 440,771</u>
Total assets	<u>\$ 440,771</u>

NET POSITION

Unrestricted	\$ 440,771
Total net position	<u><u>\$ 440,771</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, 2021

OPERATING REVENUES

Miscellaneous	\$ 53,239
Total operating revenues	<u>\$ 53,239</u>

OPERATING EXPENSES

Other supplies and expenses	\$ 6,290
Total operating expenses	<u>\$ 6,290</u>

Operating income (loss)	<u>\$ 46,949</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 739
Total nonoperating revenues (expenses)	<u>\$ 739</u>

Change in net position	\$ 47,688
------------------------	-----------

Total net position - beginning	393,083
Total net position - ending	<u><u>\$ 440,771</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 53,239
Payments for operating activities	(6,290)
Net cash provided by (used for) operating activities	<u>\$ 46,949</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 739</u>
Net cash provided by (used for) investing activities	<u>\$ 739</u>

Net increase (decrease) in cash and cash equivalents	\$ 47,688
--	-----------

Cash and cash equivalents - beginning	393,083
Cash and cash equivalents - ending	<u><u>\$ 440,771</u></u>

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

Operating income (loss)	\$ 46,949
Net cash provided by (used for) operating activities	<u><u>\$ 46,949</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, 2021

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	\$ 10,355,000	\$ 10,355,000	\$ 10,426,366	\$ 71,366
Real and personal public service corporation taxes	70,000	70,000	153,772	83,772
Personal property taxes	1,995,000	1,995,000	2,167,183	172,183
Mobile home taxes	30,000	30,000	35,658	5,658
Boat taxes	255,000	255,000	276,031	21,031
Machinery and tools taxes	105,000	105,000	157,406	52,406
Penalties	75,000	75,000	93,756	18,756
Interest	65,000	65,000	66,366	1,366
Total general property taxes	\$ 12,950,000	\$ 12,950,000	\$ 13,376,538	\$ 426,538
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 778,207	\$ 278,207
Consumers' utility taxes	150,000	150,000	153,824	3,824
Consumption tax	36,000	36,000	37,399	1,399
Business license taxes	145,000	145,000	170,279	25,279
Motor vehicle licenses	280,000	280,000	298,725	18,725
Bank stock taxes	85,000	85,000	107,444	22,444
Taxes on recordation and wills	95,000	95,000	210,369	115,369
Total other local taxes	\$ 1,291,000	\$ 1,291,000	\$ 1,756,247	\$ 465,247
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,701	\$ (299)
Transfer fees	500	500	627	127
Permits and other licenses	79,325	79,325	73,768	(5,557)
Total permits, privilege fees, and regulatory licenses	\$ 81,825	\$ 81,825	\$ 76,096	\$ (5,729)
Fines and forfeitures:				
Court fines and forfeitures	\$ 50,500	\$ 50,500	\$ 45,618	\$ (4,882)
Total fines and forfeitures	\$ 50,500	\$ 50,500	\$ 45,618	\$ (4,882)
Revenue from use of money and property:				
Revenue from use of money	\$ 35,000	\$ 35,000	\$ 7,055	\$ (27,945)
Revenue from use of property	51,320	51,320	43,154	(8,166)
Total revenue from use of money and property	\$ 86,320	\$ 86,320	\$ 50,209	\$ (36,111)
Charges for services:				
Charges for law enforcement and traffic control	\$ 13,800	\$ 15,711	\$ 1,953	\$ (13,758)
Charges for courthouse maintenance	2,000	2,000	2,179	179
Charges for court costs	100	100	-	(100)
Courthouse security fees	11,500	11,500	13,278	1,778
Circuit court- document reproduction	4,000	4,000	4,672	672
Charges for Commonwealth's Attorney	600	600	472	(128)
Charges for other protection	8,300	8,300	14,281	5,981
Charges for library	5,000	5,000	2,409	(2,591)
Total charges for services	\$ 45,300	\$ 47,211	\$ 39,244	\$ (7,967)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 73,342	\$ 79,539	\$ 22,707	\$ (56,832)
Total miscellaneous	\$ 73,342	\$ 79,539	\$ 22,707	\$ (56,832)
Recovered costs:				
DMV License agent	\$ 15,000	\$ 15,000	\$ 124,391	\$ 109,391
Total recovered costs	\$ 15,000	\$ 15,000	\$ 124,391	\$ 109,391
Total revenue from local sources	\$ 14,593,287	\$ 14,601,395	\$ 15,491,050	\$ 889,655
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Mobile home titling tax	5,000	5,000	6,878	1,878
State recordation tax	67,000	67,000	61,481	(5,519)
Game of skill tax	-	-	3,888	3,888
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	410,000	410,000	330,225	(79,775)
Total noncategorical aid	\$ 1,483,083	\$ 1,483,083	\$ 1,402,555	\$ (80,528)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 165,000	\$ 165,000	\$ 173,262	\$ 8,262
Sheriff	595,000	595,000	619,836	24,836
Commissioner of revenue	78,000	78,000	82,746	4,746
Treasurer	84,000	84,000	88,484	4,484
Registrar/electoral board	35,000	35,000	37,974	2,974
Clerk of the Circuit Court	152,000	152,000	157,810	5,810
Total shared expenses	\$ 1,109,000	\$ 1,109,000	\$ 1,160,112	\$ 51,112
Other categorical aid:				
Public assistance and welfare administration	\$ 446,727	\$ 416,079	\$ 359,269	\$ (56,810)
Emergency medical services - two for life	7,000	7,000	-	(7,000)
Children's Services Act	300,787	300,787	173,448	(127,339)
Litter control	5,000	5,000	5,608	608
Library grant	81,000	81,000	74,970	(6,030)
Wireless board funds	35,000	35,000	44,463	9,463
Commission for the arts grant	4,500	4,500	4,500	-
Victim-witness grant	57,256	57,256	14,975	(42,281)
Library of Virginia grant	-	-	11,214	11,214
Fire programs fund	25,000	25,000	34,215	9,215

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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)				
Other categorical aid: (Continued)				
Port authority grant	\$ -	\$ -	\$ 369,030	\$ 369,030
Other state aid	30,050	329,487	21,781	(307,706)
Total other categorical aid	<u>\$ 992,320</u>	<u>\$ 1,261,109</u>	<u>\$ 1,113,473</u>	<u>\$ (147,636)</u>
Total categorical aid	<u>\$ 2,101,320</u>	<u>\$ 2,370,109</u>	<u>\$ 2,273,585</u>	<u>\$ (96,524)</u>
Total revenue from the Commonwealth	<u>\$ 3,584,403</u>	<u>\$ 3,853,192</u>	<u>\$ 3,676,140</u>	<u>\$ (177,052)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 834,106	\$ 748,351	\$ 819,875	\$ 71,524
Victim-witness grant	-	-	44,926	44,926
Emergency management	-	-	12,512	12,512
American Rescue Plan Act	-	857,951	80,013	(777,938)
COVID-19 CARES Act	-	1,387,509	1,385,492	(2,017)
Ground transport safety	-	13,988	15,081	1,093
Total categorical aid	<u>\$ 834,106</u>	<u>\$ 3,007,799</u>	<u>\$ 2,357,899</u>	<u>\$ (649,900)</u>
Total revenue from the federal government	<u>\$ 834,106</u>	<u>\$ 3,007,799</u>	<u>\$ 2,357,899</u>	<u>\$ (649,900)</u>
Total General Fund	<u>\$ 19,011,796</u>	<u>\$ 21,462,386</u>	<u>\$ 21,525,089</u>	<u>\$ 62,703</u>
Special Revenue Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 278,000	\$ 180,000	\$ 293,652	\$ 113,652
Total other local taxes	<u>\$ 278,000</u>	<u>\$ 180,000</u>	<u>\$ 293,652</u>	<u>\$ 113,652</u>
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 546	\$ 546
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 546</u>	<u>\$ 546</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 75	\$ 75
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75</u>
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 219	\$ 219
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 219</u>
Total revenue from local sources	<u>\$ 278,000</u>	<u>\$ 180,000</u>	<u>\$ 294,492</u>	<u>\$ 114,492</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 2,439	\$ 2,439
Total categorical aid	\$ -	\$ -	\$ 2,439	\$ 2,439
Total revenue from the Commonwealth	\$ -	\$ -	\$ 2,439	\$ 2,439
Revenue from the federal government:				
Categorical aid:				
VDOT enhancement grant	\$ 1,123,362	\$ 1,123,362	\$ 572,183	\$ (551,179)
COVID-19 CARES Act	-	212,841	197,825	(15,016)
Total categorical aid	\$ 1,123,362	\$ 1,336,203	\$ 770,008	\$ (566,195)
Total revenue from the federal government	\$ 1,123,362	\$ 1,336,203	\$ 770,008	\$ (566,195)
Total Special Revenue Fund	\$ 1,401,362	\$ 1,516,203	\$ 1,066,939	\$ (449,264)
Total Primary Government	\$ 20,413,158	\$ 22,978,589	\$ 22,592,028	\$ (386,561)
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	\$ -	\$ -	\$ 3,447	\$ 3,447
Total revenue from use of money and property	\$ -	\$ -	\$ 3,447	\$ 3,447
Charges for services:				
Tuition and payments from other divisions	\$ -	\$ -	\$ 12,678	\$ 12,678
Total charges for services	\$ -	\$ -	\$ 12,678	\$ 12,678
Miscellaneous:				
Miscellaneous	\$ 111,900	\$ 111,900	\$ 54,255	\$ (57,645)
Total miscellaneous	\$ 111,900	\$ 111,900	\$ 54,255	\$ (57,645)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
E-rate	\$ -	\$ -	\$ 20,830	\$ 20,830
Medicaid reimbursements	-	-	115,039	115,039
Total recovered costs	\$ -	\$ -	\$ 135,869	\$ 135,869
 Total revenue from local sources	 \$ 111,900	 \$ 111,900	 \$ 206,249	 \$ 94,349
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 8,906,860	\$ 8,808,860	\$ 8,747,188	\$ (61,672)
Total revenues from local governments	\$ 8,906,860	\$ 8,808,860	\$ 8,747,188	\$ (61,672)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	\$ -	\$ 1,322,440	\$ 1,322,440
Basic school aid	-	-	2,383,370	2,383,370
Remedial summer education	-	-	3,428	3,428
Regular foster care	-	-	844	844
Gifted and talented	-	-	22,716	22,716
Lottery proceeds	-	-	205,429	205,429
Enrollment loss supplement	-	-	285,020	285,020
SNAP state security	-	-	36,365	36,365
Special education	-	-	355,406	355,406
Textbook payment	-	-	46,062	46,062
Project graduation	-	-	3,575	3,575
Vocational education	-	-	135,439	135,439
School fringes	-	-	502,751	502,751
ISAEF	-	-	8,387	8,387
Early reading intervention	-	-	15,479	15,479
Homebound	-	-	1,064	1,064
At risk payments	-	-	98,720	98,720
Remediation assistance - SOL	-	-	69,005	69,005
Technology	-	-	128,000	128,000
Standards of Learning algebra readiness	-	-	10,424	10,424
Class size reduction	-	-	80,245	80,245
Mentor teacher program	-	-	900	900
English as a second language	-	-	3,124	3,124
Industry certification costs	-	-	1,342	1,342
Learning loss PPA	-	-	24,992	24,992
Miscellaneous	5,837,117	5,837,117	14,434	(5,822,683)
Total categorical aid	\$ 5,837,117	\$ 5,837,117	\$ 5,758,961	\$ (78,156)
 Total revenue from the Commonwealth	 \$ 5,837,117	 \$ 5,837,117	 \$ 5,758,961	 \$ (78,156)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ -	\$ -	\$ 192,015	\$ 192,015
Title VI-B, special education flow-through	-	-	215,562	215,562
Carl Perkins	-	-	18,311	18,311
Title VI-B, special education pre-school	-	-	7,459	7,459
CARES grant	-	471,063	103,463	(367,600)
Title II - Part A	-	-	48,277	48,277
CARES CRF funding	-	-	165,484	165,484
Other federal funds	737,851	737,851	-	(737,851)
Total categorical aid	\$ 737,851	\$ 1,208,914	\$ 750,571	\$ (458,343)
 Total revenue from the federal government	 \$ 737,851	 \$ 1,208,914	 \$ 750,571	 \$ (458,343)
 Total School Operating Fund	 \$ 15,593,728	 \$ 15,966,791	 \$ 15,462,969	 \$ (503,822)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 484,928	\$ 484,928	\$ 174,888	\$ (310,040)
Total charges for services	\$ 484,928	\$ 484,928	\$ 174,888	\$ (310,040)
 Total revenue from local sources	 \$ 526,928	 \$ 526,928	 \$ 174,888	 \$ (352,040)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 11,518	\$ 11,518	\$ 5,470	\$ (6,048)
Total categorical aid	\$ 11,518	\$ 11,518	\$ 5,470	\$ (6,048)
 Total revenue from the Commonwealth	 \$ 11,518	 \$ 11,518	 \$ 5,470	 \$ (6,048)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 367,494	\$ 567,494	\$ 539,798	\$ (27,696)
Commodities	32,506	32,506	32,506	-
Total categorical aid	\$ 400,000	\$ 600,000	\$ 572,304	\$ (27,696)
 Total revenue from the federal government	 \$ 400,000	 \$ 600,000	 \$ 572,304	 \$ (27,696)
 Total School Cafeteria Fund	 \$ 938,446	 \$ 1,138,446	 \$ 752,662	 \$ (385,784)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 109	\$ 109
Total revenue from use of money and property	\$ -	\$ -	\$ 109	\$ 109
Total revenue from local sources	\$ -	\$ -	\$ 109	\$ 109
Total Textbook Fund	\$ -	\$ -	\$ 109	\$ 109
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 270,841	\$ 270,841
Total miscellaneous	\$ -	\$ -	\$ 270,841	\$ 270,841
Total School Activity Fund	\$ -	\$ -	\$ 270,841	\$ 270,841
Thrifty Spot Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 139	\$ 139
Total revenue from use of money and property	\$ -	\$ -	\$ 139	\$ 139
Charges for services:				
Other charges for services	\$ 63,557	\$ 63,557	\$ 57,498	\$ (6,059)
Total charges for services	\$ 63,557	\$ 63,557	\$ 57,498	\$ (6,059)
Total Thrifty Spot Fund	\$ 63,557	\$ 63,557	\$ 57,637	\$ (5,920)
Total Discretely Presented Component Unit - School Board	\$ 16,595,731	\$ 17,168,794	\$ 16,544,218	\$ (624,576)

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 261,014	\$ 261,014	\$ 182,688	\$ 78,326
General and financial administration:				
County administrator	\$ 556,902	\$ 556,902	\$ 772,886	\$ (215,984)
Legal services	60,000	60,000	62,766	(2,766)
Commissioner of revenue	249,186	249,186	279,487	(30,301)
Independent Auditor	50,000	50,000	54,313	(4,313)
Treasurer	294,797	294,797	338,610	(43,813)
Information Technology	272,107	272,107	241,429	30,678
Total general and financial administration	\$ 1,482,992	\$ 1,482,992	\$ 1,749,491	\$ (266,499)
Board of elections:				
Electoral board and officials	\$ 65,532	\$ 65,532	\$ 42,835	\$ 22,697
Registrar	90,513	138,460	147,313	(8,853)
Total board of elections	\$ 156,045	\$ 203,992	\$ 190,148	\$ 13,844
Total general government administration	\$ 1,900,051	\$ 1,947,998	\$ 2,122,327	\$ (174,329)
Judicial administration:				
Courts:				
Circuit court	\$ 24,345	\$ 24,345	\$ 25,485	\$ (1,140)
General district court	8,400	8,400	6,363	2,037
Juvenile and domestic relations court	3,100	3,100	1,876	1,224
Victim witness	56,232	56,232	47,588	8,644
Clerk of the circuit court	233,649	233,649	232,675	974
Total courts	\$ 325,726	\$ 325,726	\$ 313,987	\$ 11,739
Commonwealth's attorney:				
Commonwealth's attorney	\$ 274,720	\$ 274,720	\$ 271,487	\$ 3,233
Total commonwealth's attorney	\$ 274,720	\$ 274,720	\$ 271,487	\$ 3,233
Total judicial administration	\$ 600,446	\$ 600,446	\$ 585,474	\$ 14,972
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,558,239	\$ 1,579,709	\$ 1,776,553	\$ (196,844)
E-911	134,142	134,142	195,336	(61,194)
Total law enforcement and traffic control	\$ 1,692,381	\$ 1,713,851	\$ 1,971,889	\$ (258,038)
Fire and rescue services:				
Fire department	\$ 202,300	\$ 202,300	\$ 211,498	\$ (9,198)
Ambulance and rescue services	298,249	298,249	295,254	2,995
Total fire and rescue services	\$ 500,549	\$ 500,549	\$ 506,752	\$ (6,203)

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 453,364	\$ 453,364	\$ 512,103	\$ (58,739)
Juvenile probation and detention	110,221	110,221	90,431	19,790
Total correction and detention	<u>\$ 563,585</u>	<u>\$ 563,585</u>	<u>\$ 602,534</u>	<u>\$ (38,949)</u>
Inspections:				
Building	\$ 169,903	\$ 169,903	\$ 155,682	\$ 14,221
Total inspections	<u>\$ 169,903</u>	<u>\$ 169,903</u>	<u>\$ 155,682</u>	<u>\$ 14,221</u>
Other protection:				
Animal control	\$ 103,711	\$ 103,711	\$ 100,184	\$ 3,527
Medical examiner	100	100	200	(100)
Total other protection	<u>\$ 103,811</u>	<u>\$ 103,811</u>	<u>\$ 100,384</u>	<u>\$ 3,427</u>
Total public safety	<u>\$ 3,030,229</u>	<u>\$ 3,051,699</u>	<u>\$ 3,337,241</u>	<u>\$ (285,542)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,000	\$ 18,000	\$ 16,292	\$ 1,708
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 16,292</u>	<u>\$ 1,708</u>
Sanitation and waste removal:				
Refuse disposal	\$ 713,195	\$ 713,195	\$ 713,196	\$ (1)
Total sanitation and waste removal	<u>\$ 713,195</u>	<u>\$ 713,195</u>	<u>\$ 713,196</u>	<u>\$ (1)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 639,213	\$ 639,213	\$ 764,119	\$ (124,906)
Total maintenance of general buildings and grounds	<u>\$ 639,213</u>	<u>\$ 639,213</u>	<u>\$ 764,119</u>	<u>\$ (124,906)</u>
Total public works	<u>\$ 1,370,408</u>	<u>\$ 1,370,408</u>	<u>\$ 1,493,607</u>	<u>\$ (123,199)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 138,858	\$ 138,858	\$ 138,858	\$ -
Total health	<u>\$ 138,858</u>	<u>\$ 138,858</u>	<u>\$ 138,858</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Community services board and Puller Center	38,130	38,130	38,130	-
Total mental health and mental retardation	<u>\$ 46,130</u>	<u>\$ 46,130</u>	<u>\$ 46,130</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 1,822,992	\$ 1,667,895	\$ 1,549,162	\$ 118,733
Area agency on aging	58,023	58,023	17,623	40,400
Children's Services Act	541,769	541,769	314,868	226,901
Tax relief for the elderly	-	-	146,837	(146,837)
Total welfare	\$ 2,422,784	\$ 2,267,687	\$ 2,028,490	\$ 239,197
Total health and welfare	\$ 2,607,772	\$ 2,452,675	\$ 2,213,478	\$ 239,197
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 7,270	\$ 7,270	\$ 7,270	\$ -
Contribution to County School Board	8,738,860	8,738,860	8,747,188	(8,328)
Total education	\$ 8,746,130	\$ 8,746,130	\$ 8,754,458	\$ (8,328)
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 104,000	\$ 104,000	\$ 104,000	\$ -
Total parks and recreation	\$ 104,000	\$ 104,000	\$ 104,000	\$ -
Library:				
Contribution to county library	\$ 421,824	\$ 424,582	\$ 419,066	\$ 5,516
Total library	\$ 421,824	\$ 424,582	\$ 419,066	\$ 5,516
Total parks, recreation, and cultural	\$ 525,824	\$ 528,582	\$ 523,066	\$ 5,516
Community development:				
Planning and community development:				
Planning and zoning	\$ 321,365	\$ 620,802	\$ 605,847	\$ 14,955
Planning and zoning boards	5,306	5,306	2,672	2,634
Middle Peninsula planning district commission	22,757	22,757	22,757	-
Wetlands board	1,815	1,815	915	900
Economic development	41,000	41,000	41,000	-
Total planning and community development	\$ 392,243	\$ 691,680	\$ 673,191	\$ 18,489
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	4,883	4,883	5,608	(725)
Total environmental management	\$ 10,883	\$ 10,883	\$ 11,608	\$ (725)
Cooperative extension program:				
Extension office	\$ 36,757	\$ 36,757	\$ 31,217	\$ 5,540
Total cooperative extension program	\$ 36,757	\$ 36,757	\$ 31,217	\$ 5,540
Total community development	\$ 439,883	\$ 739,320	\$ 716,016	\$ 23,304

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Stormwater drainage improvements	\$ -	\$ 50,000	\$ 13,873	\$ 36,127
CARES Act capital projects	-	-	728,279	(728,279)
Broadband project - ARPA	-	857,951	80,013	
Infrastructure maintenance	50,000	-	-	-
Technology purchases	250,000	250,000	139,306	110,694
Other capital projects	80,000	55,100	12,073	43,027
Total capital projects	<u>\$ 380,000</u>	<u>\$ 1,213,051</u>	<u>\$ 973,544</u>	<u>\$ (538,431)</u>
Debt service:				
Principal retirement	\$ 535,000	\$ 535,000	\$ 535,000	\$ -
Interest and other fiscal charges	85,916	85,916	64,274	21,642
Total debt service	<u>\$ 620,916</u>	<u>\$ 620,916</u>	<u>\$ 599,274</u>	<u>\$ 21,642</u>
Total General Fund	<u>\$ 20,221,659</u>	<u>\$ 21,271,225</u>	<u>\$ 21,318,485</u>	<u>\$ (825,198)</u>
Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ -	\$ -	\$ 5,221	\$ (5,221)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,221</u>	<u>\$ (5,221)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,221</u>	<u>\$ (5,221)</u>
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 168,000	\$ 70,000	\$ -	\$ 70,000
Total other instructional costs:	<u>\$ 168,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>
Total Education	<u>\$ 168,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>
Main street improvements	\$ 1,360,065	\$ 1,360,065	\$ 727,941	\$ 632,124
Bohannon fire station	50,000	50,000	50,000	-
Broadband	-	212,841	197,825	15,016
Vehicle purchase	60,000	60,000	-	60,000
Total capital projects	<u>\$ 1,470,065</u>	<u>\$ 1,682,906</u>	<u>\$ 975,766</u>	<u>\$ 707,140</u>
Total Special Revenue Fund	<u>\$ 1,638,065</u>	<u>\$ 1,752,906</u>	<u>\$ 980,987</u>	<u>\$ 771,919</u>
Total Primary Government	<u>\$ 21,859,724</u>	<u>\$ 23,024,131</u>	<u>\$ 22,299,472</u>	<u>\$ (53,279)</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 1,051,123	\$ 1,051,123	\$ 1,020,940	\$ 30,183
Instruction costs	11,652,891	11,557,104	11,643,265	(86,161)
Pupil transportation	1,137,765	1,137,765	1,064,158	73,607
Operation and maintenance of school plant	1,559,474	1,783,324	1,567,581	215,743
Total education	<u>\$ 15,401,253</u>	<u>\$ 15,529,316</u>	<u>\$ 15,295,944</u>	<u>\$ 233,372</u>
Total School Operating Fund	<u>\$ 15,401,253</u>	<u>\$ 15,529,316</u>	<u>\$ 15,295,944</u>	<u>\$ 233,372</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 905,940	\$ 1,350,940	\$ 692,612	\$ 658,328
Commodities	32,506	32,506	32,506	-
Total school food services	<u>\$ 938,446</u>	<u>\$ 1,383,446</u>	<u>\$ 725,118</u>	<u>\$ 658,328</u>
Total School Cafeteria Fund	<u>\$ 938,446</u>	<u>\$ 1,383,446</u>	<u>\$ 725,118</u>	<u>\$ 658,328</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 105,725	\$ 105,725	\$ 41,968	\$ 63,757
Total education	<u>\$ 105,725</u>	<u>\$ 105,725</u>	<u>\$ 41,968</u>	<u>\$ 63,757</u>
Total Textbook Fund	<u>\$ 105,725</u>	<u>\$ 105,725</u>	<u>\$ 41,968</u>	<u>\$ 63,757</u>
School Activity Fund:				
Education:				
School activity funds	\$ -	\$ -	\$ 236,232	\$ (236,232)
Total Education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,232</u>	<u>\$ (236,232)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,232</u>	<u>\$ (236,232)</u>
Thrifty Spot Fund:				
Education:				
Administration	\$ 63,557	\$ 63,557	\$ 43,358	\$ 20,199
Total Administration	<u>\$ 63,557</u>	<u>\$ 63,557</u>	<u>\$ 43,358</u>	<u>\$ 20,199</u>
Total Thrifty Spot Fund	<u>\$ 63,557</u>	<u>\$ 63,557</u>	<u>\$ 43,358</u>	<u>\$ 20,199</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 16,508,981</u>	<u>\$ 17,082,044</u>	<u>\$ 16,342,620</u>	<u>\$ 739,424</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			Parks, Recreation, and Cultural				Interest		
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Community Development	on Long- Term Debt	Total	
2011-12	\$ 1,299,464	\$ 637,734	\$ 2,357,034	\$ 1,352,826	\$ 1,691,248	\$ 6,535,760	\$ 500,977	\$ 1,027,809	\$ 421,516	\$ 15,824,368
2012-13	1,183,758	656,328	2,297,325	1,105,587	1,740,409	6,764,109	613,639	614,138	390,314	15,365,607
2013-14	1,239,683	662,127	2,506,931	1,036,856	1,795,146	6,737,939	540,323	973,727	357,502	15,850,234
2014-15	1,228,237	653,308	2,621,490	1,064,290	1,965,530	7,550,860	618,910	782,253	245,912	16,730,790
2015-16	1,385,622	690,064	2,697,008	1,164,093	1,975,002	7,300,079	646,223	2,046,275	201,364	18,105,730
2016-17	1,440,801	693,402	2,582,338	1,191,113	1,794,958	7,097,225	203,087	3,006,530	190,491	18,199,945
2017-18	1,421,505	632,505	2,858,519	1,387,017	1,935,505	7,648,766	510,214	3,071,375	128,430	19,593,836
2018-19	1,153,859	716,749	3,023,971	1,463,335	2,272,755	7,887,125	653,065	895,448	92,460	18,158,767
2019-20	1,819,047	720,527	2,885,141	1,317,894	2,398,408	9,119,754	543,009	533,182	50,842	19,387,804
2020-21	1,993,310	714,757	4,145,769	1,419,514	2,127,174	8,754,458	611,567	934,167	21,206	20,721,922

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	
2011-12	\$ 97,920	\$ 2,629,058	\$ 189,801	\$ 10,412,119	\$ 1,240,714	\$ 75,073	\$ 157,066	\$ 1,475,634	\$ 16,277,385	
2012-13	115,061	2,303,422	718,129	10,376,573	1,248,362	67,636	84,330	1,489,720	16,403,233	
2013-14	139,527	2,747,853	465,119	10,711,645	1,248,603	65,357	122,854	1,523,833	17,024,791	
2014-15	143,326	3,044,668	32,973	11,351,848	1,234,607	63,858	119,972	1,494,299	17,485,551	
2015-16	153,117	4,322,751	6,227	11,503,713	1,299,711	67,593	314,643	1,509,598	19,177,353	
2016-17	177,396	4,916,062	2,376	12,154,544	1,467,082	72,981	161,285	1,498,151	20,449,877	
2017-18	183,147	5,145,326	115,960	12,014,049	1,545,883	79,942	128,687	1,485,618	20,698,612	
2018-19	190,875	2,888,971	-	12,685,626	1,658,861	85,509	273,653	1,457,195	19,240,690	
2019-20	160,365	3,146,185	-	13,594,047	1,761,888	117,406	86,876	1,426,322	20,293,089	
2020-21	161,504	5,403,931	-	13,391,361	2,049,899	50,284	22,926	1,402,555	22,482,460	

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
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
2017-18	1,456,424	527,875	2,900,458	1,174,436	1,901,680	13,920,862	437,507	1,888,573	-	1,170,557	25,378,372
2018-19	1,537,905	587,202	2,925,352	1,303,415	2,234,166	14,698,375	564,295	414,392	-	1,108,590	25,373,692
2019-20	1,736,952	604,080	2,878,985	1,264,875	2,339,464	15,956,912	454,598	386,138	-	1,101,736	26,723,740
2020-21	2,122,327	585,474	3,342,462	1,493,607	2,213,478	16,349,890	523,066	716,016	-	599,274	27,945,594

(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, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2011-12	\$ 10,359,905	\$ 1,240,714	\$ 57,762	\$ 15,490	\$ 76,352	\$ 426,293	\$ 216,580	\$ 107,717	\$ 9,720,923	\$ 22,221,736
2012-13	10,304,680	1,248,362	56,410	30,604	71,421	429,422	115,517	99,394	10,175,515	22,531,325
2013-14	10,751,712	1,248,603	66,100	41,708	73,479	405,895	152,951	116,990	10,318,091	23,175,529
2014-15	11,328,543	1,234,607	75,064	40,085	68,413	457,233	147,650	101,316	10,521,974	23,974,885
2015-16	11,568,862	1,299,711	83,127	39,146	73,942	392,198	373,577	71,345	11,734,138	25,636,046
2016-17	12,081,391	1,467,082	94,182	46,665	79,887	446,838	209,560	159,272	12,722,160	27,307,037
2017-18	11,976,884	1,545,883	84,989	51,240	89,114	408,460	160,654	128,000	13,046,134	27,491,358
2018-19	12,687,041	1,658,861	87,209	58,263	98,639	446,255	328,941	127,821	11,132,896	26,625,926
2019-20	13,351,262	1,761,888	73,570	44,280	127,652	368,207	134,255	172,295	11,385,271	27,418,680
2020-21	13,376,538	2,049,899	76,096	46,164	53,979	284,308	348,022	260,260	13,893,792	30,389,058

(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	
2011-12	\$ 10,880,993	\$ 10,964,212	100.76%	\$ 247,741	\$ 11,211,953	103.04%	\$ 745,683	6.85%				
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%				
2013-14	12,224,814	11,475,794	93.87%	266,290	11,742,084	96.05%	633,988	5.19%				
2014-15	12,210,356	12,104,049	99.13%	215,566	12,319,615	100.89%	624,990	5.12%				
2015-16	12,367,129	12,159,910	98.32%	271,688	12,431,598	100.52%	652,513	5.28%				
2016-17	12,834,564	12,441,192	96.94%	476,210	12,917,402	100.65%	665,125	5.18%				
2017-18	12,946,067	12,534,225	96.82%	261,154	12,795,379	98.84%	925,783	7.15%				
2018-19	13,930,829	13,140,199	94.32%	370,923	13,511,122	96.99%	1,006,594	7.23%				
2019-20	14,693,508	13,968,096	95.06%	250,246	14,218,342	96.77%	1,123,139	7.64%				
2020-21	14,814,088	13,904,878	93.86%	311,621	14,216,499	95.97%	1,171,834	7.91%				

(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	
2010-11	\$ 1,641,431,416	\$ 100,040,632	\$ 16,977,516	\$ 14,710,448	\$ -	\$ 1,773,160,012
2011-12	\$ 1,640,724,165	\$ 100,150,365	\$ 15,810,352	\$ 19,419,122	\$ 26,572	\$ 1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402
2013-14	1,676,588,104	101,579,544	15,856,646	22,828,636	5,216	1,816,858,147
2014-15	1,679,904,453	100,052,698	17,021,474	23,494,058	18,398	1,820,491,080
2015-16	1,681,478,871	103,965,707	17,435,500	24,090,612	1,751	1,826,972,441
2016-17	1,684,324,064	110,215,374	18,267,027	24,090,612	1,751	1,836,898,828
2017-18	1,603,915,978	121,572,095	17,455,495	26,187,429	-	1,769,130,997
2018-19(3)	1,603,508,419	121,572,095	17,455,495	24,266,079	16,228	1,766,818,316
2019-20	1,621,564,084	136,344,003	-	24,571,965	15,871	1,782,495,923
2020-21	1,634,048,853	140,690,570	-	24,248,498	1,003	1,798,988,924

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

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2011-12	\$ 0.47	\$ 0.47	\$ 3.70	\$ 2.14
2012-13	0.47	0.47	3.65	2.14
2013-14	0.54	0.47	3.65	2.14
2014-15	0.54	0.54	3.70	2.14
2015-16	0.54	0.54	3.70	2.14
2016-17	0.575	0.575	3.70	2.14
2017-18	0.575	0.575	3.70	2.14
2018-19	0.645	0.580	3.70	2.14
2019-20	0.645	0.645	3.70	n/a
2020-21	0.645	0.645	3.70	n/a

(1) Per \$100 of assessed value.

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)			
2011-12	8,978	\$ 1,776,131	\$ 4,505,275	-	\$ -	\$ 4,505,275	0.25%	\$ 502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423
2013-14	8,978	1,816,858	3,318,830	-	-	3,318,830	0.18%	370
2014-15	8,978	1,820,491	2,505,852	-	-	2,505,852	0.14%	279
2015-16	8,978	1,826,972	2,009,277	-	-	2,009,277	0.11%	224
2016-17	8,978	1,836,899	1,498,002	-	-	1,498,002	0.08%	167
2017-18	8,978	1,769,131	971,900	-	-	971,900	0.05%	108
2018-19	8,704	1,766,818	491,600	-	-	491,600	0.03%	56
2019-20	8,704	1,782,496	-	-	-	-	0.00%	-
2020-21	8,704	1,798,989	-	-	-	-	0.00%	-

(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



**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, 2021, and the related notes to the financial statements, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated November 23, 2021.

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) as a basis for designing 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 financial statements. 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 horizontal line.

Richmond, Virginia
November 23, 2021

**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, 2021. 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, 2021.

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.



Richmond, Virginia
November 23, 2021

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121	\$ 14,335	\$ -
Temporary Assistance for Needy Families	93.558	0400120/0400121	84,127	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	204	-
Low-income Home Energy Assistance	93.568	0600420/0600421	14,147	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760121	17,329	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	38	-
Foster Care - Title IV-E	93.658	1100120/1100121	86,817	-
Adoption Assistance	93.659	1120120/1120121	131,104	-
Social Services Block Grant	93.667	1000120/1000121	87,479	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	1,042	-
Children's Health Insurance Program	93.767	0540120/0540121	1,859	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121	162,784	-
Total Department of Health and Human Services			\$ 601,265	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	775001-52740	\$ 12,512	\$ -
Total Department of Homeland Security			\$ 12,512	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	179001-45707	\$ 32,506	\$ -
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559		\$ 204,749	\$ -
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	10110-728021	135,049	-
Total Summer Food Service			\$ 339,798	\$ -
Total Child Nutrition Cluster			\$ 372,304	\$ -
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010119/0010120	218,611	-
Total Department of Agriculture			\$ 590,915	\$ -
Department of Justice:				
Pass Through Payments:				
Compensation Board:				
Crime Victim Assistance	16.575	3900100-10220	\$ 44,926	\$ -
Total Department of Justice			\$ 44,926	\$ -

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-50287	\$ 15,081	\$ -
Virginia Department of Transportation:				
Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	60302-0	572,183	-
Total Department of Transportation			\$ 587,264	\$ -
Department of Treasury:				
Direct Payments:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 80,013	\$ -
Pass Through Payments:				
Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	10110-728021	\$ 1,535,369	\$ 109,000
Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	10110-728021	\$ 165,484	\$ -
Total Department of Treasury			\$ 1,780,866	\$ 109,000
Election Assistance Commission:				
Pass Through Payments:				
Department of Elections:				
COVID-19 - HAVA Election Security Grants	90.404	not available	\$ 47,947	\$ -
Total Election Assistance Commission			\$ 47,947	\$ -
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	179001-42901-42999	\$ 192,015	\$ -
Special Education Grants to States (Special Education Cluster)	84.027	179001-43071-61234	\$ 215,562	\$ -
Special Education - Preschool Grants (Special Education Cluster)	84.173	179001-62521	7,459	-
Total Special Education Cluster			223,021	-
Career and Technical Education - Basic Grants to States	84.048	179001-61095	18,311	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	179001-61480	33,174	-
Student Support and Academic Enrichment Program	84.424	S424A180048	15,103	-
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	10110-728021	\$ 76,608	\$ -
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	not available	226,855	-
Total Education Stabilization Fund			\$ 303,463	\$ -
Total Department of Education			\$ 785,087	\$ -
Total Expenditures of Federal Awards			\$ 4,450,782	\$ 109,000

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, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,357,899
Special Revenue Fund	770,008
Total primary government	\$ <u>3,127,907</u>

Component Unit School Board:

School Operating Fund	\$ 750,571
School Cafeteria Fund	572,304
Total component unit school board	\$ <u>1,322,875</u>

Total federal expenditures per basic financial statements	\$ <u>4,450,782</u>
---	---------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>109,000</u></u>
---	--------------------------

Note 5 - De Minimis Cost Rate

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

Note 6 - 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, 2021

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)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund

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, 2021

There were no prior year findings.

THIS PAGE LEFT BLANK INTENTIONALLY