

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2015**

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

O. J. Cole, Jr., Chairperson
Janine Burns, Vice-Chairperson

Charles E. Ingram

Jack White

Edwina J. Casey

School Board

John T. Persinger, Chairperson
Virginia J. Richards, Vice-Chairperson

Lanell W. Jarvis

Jennifer M. Little

Linda G. Hodges

Department of Social Services Board

Margaret Hudgins, Chairperson
Jeannie Elliott, Vice-Chairperson

Paula Cottee
Helen Casey

Eunice Garrett

Other Officials

County AdministratorMelinda Conner
Clerk of the Circuit Court Angela Ingram
County Attorney Andrew McRoberts
Commissioner of the Revenue Leslie Hall
Treasurer Wendy Stewart
Sheriff L. Mark Barrick
Superintendent of Schools Dr. David J. Holleran
Director of Social Services Jo Ann Wilson-Harfst
Judge of the Circuit CourtJeffrey W. Shaw
Commonwealth's AttorneyThompson C. Bowen, III
Judge of the General District CourtStephanie E. Merritt
Judge of the Juvenile and Domestic Relations Court..... Cressondra B. Conyers

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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 Revenues, Expenses and Changes in Net Position –Proprietary Funds	17
Exhibit 8 Statement of Cash Flows–Proprietary Funds	18
Exhibit 9 Statement of Fiduciary Net Position –Fiduciary Funds	19
Notes to Financial Statements	20-77

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 10 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	73
Exhibit 11 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual - Special Revenue Fund	74
Exhibit 12 Schedule of OPEB Funding Progress–Retiree Healthcare Plan	75
Exhibit 13 Schedule of Components of and Changes in Net Pension Liability and Related Ratios-Primary Government	76
Exhibit 14 Schedule of Components of and Changes in Net Pension Liability and Related Ratios-Component Unit School Board (nonprofessional)	77
Exhibit 15 Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan	78
Exhibit 16 Schedule of Employer Contributions	79
Exhibit 17 Notes to Required Supplementary Information	80
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 18 Statement of Changes in Assets and Liabilities - Agency Funds	81
Discretely Presented Component Unit - School Board:	
Exhibit 19 Combining Balance Sheet - Governmental Funds	82
Exhibit 20 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	83
Exhibit 21 Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Operating Fund	84
Exhibit 22 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Special Revenue Funds	85
Exhibit 23 Statement of Fiduciary Net Position - Fiduciary Fund	86
Exhibit 24 Statement of Changes in Fiduciary Net Position - Fiduciary Fund	87
Discretely Presented Component Unit - Industrial Development Authority:	
Exhibit 25 Statement of Net Position	88

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

<u>Other Supplementary Information: (Continued)</u>	<u>Page</u>
Discretely Presented Component Unit - Industrial Development Authority: (Continued)	
Exhibit 26 Statement of Revenues, Expenses, and Changes in Net Position	89
Exhibit 27 Statement of Cash Flows	90
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	91-97
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	98-102
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function	103
Table 2 Government-Wide Revenues	104
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	105
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	106
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	107
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	108
Table 7 Property Tax Rates–Last Ten Fiscal Years	109
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	110
<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>	111-112
Independent Auditors’ Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	113-114
Schedule of Expenditures of Federal Awards	115-116
Notes to Schedule of Expenditures of Federal Awards	117
Schedule of Findings and Questioned Costs	118
Summary Schedule of Prior Year Findings	119

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 72* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Mathews, Virginia's basic financial statements. The 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (Continued)

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

The 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 December 4, 2015, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
December 4, 2015

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, 2015.

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 \$11,134,368 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$191,973 (Exhibit 5) after making contributions totaling \$6,529,121 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$5,589,458, an increase of \$191,973 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,664,221, or 22% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$1,983,742 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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 \$11,134,368 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		Business-type		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 11,837,348	\$ 11,482,771	\$ -	\$ 75,228	\$ 11,837,348	\$ 11,557,999
Capital assets	<u>13,798,215</u>	<u>14,589,927</u>	<u>-</u>	<u>-</u>	<u>13,798,215</u>	<u>14,589,927</u>
Total assets	<u>\$ 25,635,563</u>	<u>\$ 26,072,698</u>	<u>\$ -</u>	<u>\$ 75,228</u>	<u>\$ 25,635,563</u>	<u>\$ 26,147,926</u>
Deferred outflow of resources:						
Pension contributions subsequent to measurement date	\$ 325,614	\$ -	\$ -	\$ -	\$ 325,614	\$ -
Total deferred outflows of resources	<u>\$ 325,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,614</u>	<u>\$ -</u>
Current liabilities	\$ 1,143,937	\$ 1,042,131	\$ -	\$ -	\$ 1,143,937	\$ 1,042,131
Long-term liabilities outstanding	<u>8,541,368</u>	<u>8,337,592</u>	<u>-</u>	<u>-</u>	<u>8,541,368</u>	<u>8,337,592</u>
Total liabilities	<u>\$ 9,685,305</u>	<u>\$ 9,379,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,685,305</u>	<u>\$ 9,379,723</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	\$ 4,528,498	\$ 4,493,919	\$ -	\$ -	\$ 4,528,498	\$ 4,493,919
Items related to measurement of net pension liability	<u>613,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,006</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 5,141,504</u>	<u>\$ 4,493,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,141,504</u>	<u>\$ 4,493,919</u>
Net position:						
Net investment in capital assets	\$ 6,973,979	\$ 6,496,040	\$ -	\$ -	\$ 6,973,979	\$ 6,496,040
Restricted	78,981	73,321	-	-	78,981	73,321
Unrestricted	<u>4,081,408</u>	<u>5,629,695</u>	<u>-</u>	<u>75,228</u>	<u>4,081,408</u>	<u>5,704,923</u>
Total net position	<u><u>\$ 11,134,368</u></u>	<u><u>\$ 12,199,056</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 75,228</u></u>	<u><u>\$ 11,134,368</u></u>	<u><u>\$ 12,274,284</u></u>

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations.

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1,174,557 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Mathews, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 143,326	\$ 139,527	\$ -	\$ -	\$ 143,326	\$ 139,527
Operating grants and contributions	3,044,668	2,747,853	-	-	3,044,668	2,747,853
Capital grants and contributions	32,973	465,119	-	-	32,973	465,119
General revenues:						
General property taxes	11,351,848	10,711,645	-	-	11,351,848	10,711,645
Other local taxes	1,234,607	1,248,603	-	-	1,234,607	1,248,603
Grants and other contributions not restricted	1,494,299	1,523,833	-	-	1,494,299	1,523,833
Other general revenues	183,645	187,766	185	445	183,830	188,211
Transfers	75,413	-	(75,413)	-	-	-
Total revenues	\$ 17,560,779	\$ 17,024,346	\$ (75,228)	\$ 445	\$ 17,485,551	\$ 17,024,791
Expenses:						
General government administration	\$ 1,228,237	\$ 1,239,683	\$ -	\$ -	\$ 1,228,237	\$ 1,239,683
Judicial administration	653,308	662,127	-	-	653,308	662,127
Public safety	2,621,490	2,506,931	-	-	2,621,490	2,506,931
Public works	1,064,290	1,036,856	-	-	1,064,290	1,036,856
Health and welfare	1,965,530	1,795,146	-	-	1,965,530	1,795,146
Education	7,550,860	6,737,939	-	-	7,550,860	6,737,939
Parks, recreation, and cultural	618,910	540,323	-	-	618,910	540,323
Community development	782,253	973,727	-	-	782,253	973,727
Interest and other fiscal charges	245,912	357,502	-	-	245,912	357,502
Total expenses	\$ 16,730,790	\$ 15,850,234	\$ -	\$ -	\$ 16,730,790	\$ 15,850,234
Change in net position	\$ 829,989	\$ 1,174,112	\$ (75,228)	\$ 445	\$ 754,761	\$ 1,174,557
Beginning of year	10,304,379	11,024,944	75,228	74,783	10,379,607	11,099,727
End of year	\$ 11,134,368	\$ 12,199,056	\$ -	\$ 75,228	\$ 11,134,368	\$ 12,274,284

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations. Therefore, beginning net position for 2015 as displayed above does not agree to ending net position for 2014.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$5,589,458, an increase of \$191,973 in comparison with the prior year. Approximately 67% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original and final budgeted expenditures amount to \$424,741 and can be briefly summarized as follows:

- < \$ 33,957 decrease in general government administration expenditures
- < \$ 8,686 increase in judicial administration expenditures
- < \$ 81,357 increase in public safety expenditures
- < \$ 28,462 increase in public works expenditures
- < \$ 25,000 increase in health and welfare expenditures
- < \$ 294,327 increase in capital projects expenditures
- < \$ 20,866 increase in various other expenditures

During the year, budgetary estimates exceeded revenues and other financing sources by \$529,523 and expenditures and other financing uses were less than budgetary estimates by \$1,703,594, resulting in an overall positive variance of \$1,174,071.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2015 amounts to \$13,798,215 (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 \$6,530,852. Of this amount, \$2,505,852 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 \$1,232,978 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.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2015 fiscal year.

The fiscal year 2016 budget remained approximately the same as the prior year.

Real estate and personal property tax rates remained the same for FY16.

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, 2015

	Primary Governmental Activities	Component Units School Board	IDA
ASSETS			
Cash and cash equivalents	\$ 6,127,080	\$ 87,266	\$ 235,479
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,125,603	-	-
Accounts receivable	62,357	3	-
Notes receivable	20,000	-	-
Due from other governmental units	502,308	1,060,286	-
Inventories	-	5,376	-
Capital assets (net of accumulated depreciation):			
Land and improvements	2,244,846	46,172	-
Buildings and improvements	10,821,521	8,201,404	-
Equipment	678,926	587,311	-
Construction in progress	52,922	-	-
Total assets	<u>\$ 25,635,563</u>	<u>\$ 9,987,818</u>	<u>\$ 235,479</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 325,614	\$ 1,011,642	\$ -
Items related to measurement of net pension liability	-	170,000	-
Total deferred outflows of resources	<u>\$ 325,614</u>	<u>\$ 1,181,642</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 291,811	\$ 29,995	\$ -
Accrued liabilities	-	1,081,229	-
Accrued interest payable	79,727	-	-
Due to other governmental units	772,399	-	-
Long-term liabilities:			
Due within one year	943,794	16,418	-
Due in more than one year	7,597,574	11,240,333	-
Total liabilities	<u>\$ 9,685,305</u>	<u>\$ 12,367,975</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,528,498	\$ -	\$ -
Items related to measurement of net pension liability	613,006	1,723,550	-
Total deferred inflows of resources	<u>\$ 5,141,504</u>	<u>\$ 1,723,550</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 6,973,979	\$ 8,834,887	\$ -
Restricted	78,981	-	-
Unrestricted (deficit)	4,081,408	(11,756,952)	235,479
Total net position	<u>\$ 11,134,368</u>	<u>\$ (2,922,065)</u>	<u>\$ 235,479</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, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Total	School Board IDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,228,237	\$ -	\$ 179,993	\$ -	\$ (1,048,244)	\$ -	\$ (1,048,244)	\$ -
Judicial administration	653,308	12,984	334,610	-	(305,714)	-	(305,714)	-
Public safety	2,621,490	123,764	841,227	-	(1,656,499)	-	(1,656,499)	-
Public works	1,064,290	-	-	-	(1,064,290)	-	(1,064,290)	-
Health and welfare	1,965,530	-	1,104,659	-	(860,871)	-	(860,871)	-
Education	7,550,860	-	-	-	(7,550,860)	-	(7,550,860)	-
Parks, recreation, and cultural	618,910	4,614	225,423	32,973	(355,900)	-	(355,900)	-
Community development	782,253	1,964	358,756	-	(421,533)	-	(421,533)	-
Interest on long-term debt	245,912	-	-	-	(245,912)	-	(245,912)	-
Total governmental activities	\$ 16,730,790	\$ 143,326	\$ 3,044,668	\$ 32,973	\$ (13,509,823)	\$ -	\$ (13,509,823)	\$ -
Business-type activities:								
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 16,730,790	\$ 143,326	\$ 3,044,668	\$ 32,973	\$ (13,509,823)	\$ -	\$ (13,509,823)	\$ -
COMPONENT UNITS:								
School Board	\$ 13,190,844	\$ 429,056	\$ 5,950,034	\$ -	\$ -	\$ -	\$ -	\$ -
Industrial Development Authority	8,100	34,128	-	-	-	-	-	26,028
Total component units	\$ 13,198,944	\$ 463,184	\$ 5,950,034	\$ -	\$ -	\$ -	\$ (6,811,754)	\$ 26,028
General revenues:								
General property taxes	\$ 11,351,848	\$ -	\$ -	\$ -	\$ 11,351,848	\$ -	\$ -	\$ -
Local sales and use taxes	459,405	-	-	-	459,405	-	-	-
Consumer's utility tax	150,229	-	-	-	150,229	-	-	-
Motor vehicle licenses	289,905	-	-	-	289,905	-	-	-
Business license taxes	139,613	-	-	-	139,613	-	-	-
Other local taxes	195,455	-	-	-	195,455	-	-	-
Unrestricted revenues from use of money and property	63,673	-	-	-	63,673	185	63,858	4,740
Miscellaneous	119,972	-	-	-	119,972	-	119,972	27,678
Grants and contributions not restricted to specific programs	1,494,299	-	-	-	1,494,299	-	1,494,299	-
Payment from Mathews County	-	-	-	-	-	-	-	7,342,100
Transfers	75,413	-	-	-	75,413	(75,413)	-	-
Total general revenues and transfers	\$ 14,339,812	\$ (75,228)	\$ -	\$ -	\$ 14,264,584	\$ -	\$ 14,264,584	\$ 1,270
Change in net position	829,989	-	-	-	829,989	(75,228)	754,761	562,764
Net position - beginning, as restated	10,304,379	-	-	-	10,304,379	75,228	10,379,607	208,181
Net position - ending	\$ 11,134,368	\$ -	\$ -	\$ -	\$ 11,134,368	\$ -	\$ (2,922,065)	\$ 235,479

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, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,942,056	\$ 185,024	\$ 6,127,080
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,125,603	-	5,125,603
Accounts receivable	62,337	20	62,357
Notes receivable	-	20,000	20,000
Due from other governmental units	417,664	84,644	502,308
Total assets	<u>\$ 11,547,660</u>	<u>\$ 289,688</u>	<u>\$ 11,837,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 92,701	\$ 199,110	\$ 291,811
Due to other governmental units	772,399	-	772,399
Total liabilities	<u>\$ 865,100</u>	<u>\$ 199,110</u>	<u>\$ 1,064,210</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	\$ 5,183,680	\$ -	\$ 5,183,680
Total deferred inflows of resources	<u>\$ 5,183,680</u>	<u>\$ -</u>	<u>\$ 5,183,680</u>
Fund balances:			
Restricted	\$ -	\$ 78,981	\$ 78,981
Committed	1,834,659	31,606	1,866,265
Unassigned	3,664,221	(20,009)	3,644,212
Total fund balances	<u>\$ 5,498,880</u>	<u>\$ 90,578</u>	<u>\$ 5,589,458</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,547,660</u>	<u>\$ 289,688</u>	<u>\$ 11,837,348</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, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,589,458
--	----	-----------

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

Capital assets, cost	\$ 20,286,939		
Accumulated depreciation	<u>(6,488,724)</u>		13,798,215

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

Unavailable revenue - property taxes	\$ 655,182		
Items related to measurement of net pension liability	<u>(613,006)</u>		42,176

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		325,614
--	--	---------

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	\$ (4,025,000)		
Issuance premium on refunded bonds	(293,384)		
General obligation bonds	(2,505,852)		
Compensated absences	(223,290)		
Net pension liability	(1,468,142)		
Net OPEB obligation	(25,700)		
Accrued interest payable	<u>(79,727)</u>		(8,621,095)

Net position of governmental activities	\$	<u><u>11,134,368</u></u>
---	----	--------------------------

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

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total
REVENUES			
General property taxes	\$ 11,328,543	\$ -	\$ 11,328,543
Other local taxes	1,234,607	-	1,234,607
Permits, privilege fees, and regulatory licenses	75,064	-	75,064
Fines and forfeitures	38,121	1,964	40,085
Revenue from the use of money and property	63,476	197	63,673
Charges for services	28,177	-	28,177
Miscellaneous	113,772	6,200	119,972
Recovered costs	13,167	-	13,167
Intergovernmental:			
Commonwealth	3,172,000	58,270	3,230,270
Federal	903,929	437,741	1,341,670
Total revenues	<u>\$ 16,970,856</u>	<u>\$ 504,372</u>	<u>\$ 17,475,228</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,231,426	\$ -	\$ 1,231,426
Judicial administration	516,125	-	516,125
Public safety	2,476,105	168,477	2,644,582
Public works	1,058,084	-	1,058,084
Health and welfare	1,922,852	-	1,922,852
Education	6,535,602	-	6,535,602
Parks, recreation, and cultural	392,460	855	393,315
Community development	391,332	356,530	747,862
Nondepartmental	84,120	-	84,120
Capital projects	706,223	-	706,223
Debt service:			
Principal retirement	1,232,978	-	1,232,978
Interest and other fiscal charges	285,499	-	285,499
Total expenditures	<u>\$ 16,832,806</u>	<u>\$ 525,862</u>	<u>\$ 17,358,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 138,050</u>	<u>\$ (21,490)</u>	<u>\$ 116,560</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 75,413	\$ -	\$ 75,413
Total other financing sources (uses)	<u>\$ 75,413</u>	<u>\$ -</u>	<u>\$ 75,413</u>
Net change in fund balances	\$ 213,463	\$ (21,490)	\$ 191,973
Fund balances - beginning	5,285,417	112,068	5,397,485
Fund balances - ending	<u>\$ 5,498,880</u>	<u>\$ 90,578</u>	<u>\$ 5,589,458</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, 2015

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

Net change in fund balances - total governmental funds \$ 191,973

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

Capital asset additions	\$ 457,175	
Allocation of School Board assets	(708,497)	
Depreciation expense	(540,390)	(791,712)

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

Property taxes	\$ 23,305	
Decrease (increase) in items related to measurement of net pension liability	(613,006)	(589,701)

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	\$ 420,000	
Principal retirement on general obligation bonds	812,978	1,232,978

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	\$ (5,685)	
(Increase) Decrease in Net OPEB obligation	400	
(Increase) Decrease in net pension liability	719,376	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	32,773	
(Increase) Decrease in accrued interest	2,914	
Amortization of issuance premium	36,673	\$ 786,451

Change in net position of governmental activities		\$ 829,989
---	--	------------

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

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Fund Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 185
Total nonoperating revenues (expenses)	\$ 185
Income before contributions and transfers	\$ 185
Transfers out	\$ (75,413)
Change in net position	\$ (75,228)
Total net position - beginning	\$ 75,228
Total net position - ending	\$ -

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

County of Mathews, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(75,413)
Net cash provided by (used for) noncapital financing activities	<u>(75,413)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	<u>\$ 185</u>
Net cash provided by (used for) by investing activities	<u>\$ 185</u>
Net increase (decrease) in cash and cash equivalents	\$ (75,228)
Cash and cash equivalents - beginning	<u>\$ 75,228</u>
Cash and cash equivalents - ending	<u><u>\$ -</u></u>

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

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 98,056
Total assets	<u>\$ 98,056</u>
LIABILITIES	
Amounts held for social services clients	\$ 37,025
Amounts held for others	61,031
Total liabilities	<u>\$ 98,056</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2015

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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

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

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

A. Financial Reporting Entity

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

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2015.

Discretely Presented Component Units. The School Board members are elected by the citizens of Mathews County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

The Mathews County Industrial Development Authority (IDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all of the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. Financial statements for the Mathews County Industrial Development Authority can be obtained from the County Administrator's office of Mathews County. The financial statements of the Mathews County Industrial Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Sanitary District Fund. The Sanitary District Fund is a non-operating entity of the County. The operations have been turned over to a regional entity as of June 30, 2015.

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

E. Cash and Cash Equivalents

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

F. Investments

Investments are reported at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

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, 2015.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$97,180 at June 30, 2015 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

H. Inventories and prepaid items

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

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

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

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

K. Use of Estimates

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

L. Net Position

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

M. Net Position Flow Assumption

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

N. Pensions

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

O. Long-term Obligations

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

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

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

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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

Q. Fund Equity

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

Q. Fund Equity (Continued)

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

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

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

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

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

Q. Fund Equity (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balances:			
Restricted:			
C/V grants	\$ -	\$ 36,128	\$ 36,128
Wetlands violations	-	7,988	7,988
Wetlands compensation	-	13,274	13,274
Forfeited assets	-	21,591	21,591
Total Restricted Fund Balance	\$ -	\$ 78,981	\$ 78,981
Committed:			
B&G equipment replacement	\$ 33,000	\$ -	\$ 33,000
Green renovations	575,867	-	575,867
Main street improvements	250,000	-	250,000
Public access to waterways	260,000	-	260,000
Drainage improvements	75,000	-	75,000
NPC light preservation	238,000	-	238,000
Reassessment	120,000	-	120,000
Employee accumulated leave	15,000	-	15,000
Vehicle replacement	35,000	-	35,000
School bus replacement	100,000	-	100,000
E911 office machinery	55,000	-	55,000
Information technology equipment	42,792	-	42,792
Communications equipment	5,000	-	5,000
Mathews Family YMCA	30,000	-	30,000
New Point nature preserve	-	9,792	9,792
New Point comfort lighthouse	-	21,769	21,769
Mathews County Sesquicentennial	-	45	45
Total Committed Fund Balance	\$ 1,834,659	\$ 31,606	\$ 1,866,265
Unassigned Fund Balance	\$ 3,664,221	\$ (20,009)	\$ 3,644,212
Total Fund Balances	\$ 5,498,880	\$ 90,578	\$ 5,589,458

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

R. Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a restatement of net position, reference Note 16.

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, 2015.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 3—Deposits:**Deposits**

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

Note 4—Due from/Due To Other Governments:

At June 30, 2015, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Mathews	\$ -	\$ 772,399
Commonwealth of Virginia:		
Local sales tax	89,828	-
Welfare	26,347	-
Wireless service board funds	6,896	-
State Sales Tax	-	208,823
Constitutional officer reimbursements	87,434	-
Recordation tax	7,986	-
Comprehensive services act	31,169	-
Hazard mitigation grant	7,885	-
Victim witness	7,441	-
Communications tax	73,415	-
DMV	1,334	-
Federal Government:		
School fund grants	-	79,064
VDOT enhancement	33,112	-
Community development block grant	47,190	-
Welfare	50,909	-
Hazard mitigation grant	29,569	-
Local law enforcement block grant	1,793	-
Total due from other governments	\$ <u>502,308</u>	\$ <u>1,060,286</u>

At June 30, 2015, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>772,399</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2015 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,244,846	\$ -	\$ -	\$ 2,244,846
Construction in progress	<u>23,317</u>	<u>29,605</u>	<u>-</u>	<u>52,922</u>
Total capital assets not subject to depreciation	\$ <u>2,268,163</u>	\$ <u>29,605</u>	\$ <u>-</u>	\$ <u>2,297,768</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,656,354	\$ 106,604	\$ -	\$ 11,762,958
Equipment	1,725,979	320,966	-	2,046,945
Jointly owned assets	<u>5,313,602</u>	<u>-</u>	<u>1,134,334</u>	<u>4,179,268</u>
Total capital assets being depreciated	\$ <u>18,695,935</u>	\$ <u>427,570</u>	\$ <u>1,134,334</u>	\$ <u>17,989,171</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,152,556	\$ 294,733	\$ -	\$ 3,447,289
Equipment	1,226,844	141,175	-	1,368,019
Jointly owned assets	<u>1,994,771</u>	<u>104,482</u>	<u>425,837</u>	<u>1,673,416</u>
Total accumulated depreciation	\$ <u>6,374,171</u>	\$ <u>540,390</u>	\$ <u>425,837</u>	\$ <u>6,488,724</u>
Total capital assets subject to depreciation, net	\$ <u>12,321,764</u>	\$ <u>(112,820)</u>	\$ <u>708,497</u>	\$ <u>11,500,447</u>
Governmental activities capital activities, net	\$ <u>14,589,927</u>	\$ <u>(83,215)</u>	\$ <u>708,497</u>	\$ <u>13,798,215</u>
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ <u>46,172</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>46,172</u>
Capital assets subject to depreciation:				
Equipment	\$ 2,267,878	\$ 215,033	\$ 16,228	\$ 2,466,683
Jointly owned assets	<u>12,543,991</u>	<u>-</u>	<u>(1,134,334)</u>	<u>13,678,325</u>
Total capital assets being depreciated	\$ <u>14,811,869</u>	\$ <u>215,033</u>	\$ <u>(1,118,106)</u>	\$ <u>16,145,008</u>
Accumulated depreciation:				
Equipment	\$ 1,763,319	\$ 132,281	\$ 16,228	\$ 1,879,372
Jointly owned assets	<u>4,709,125</u>	<u>341,959</u>	<u>(425,837)</u>	<u>5,476,921</u>
Total accumulated depreciation	\$ <u>6,472,444</u>	\$ <u>474,240</u>	\$ <u>(409,609)</u>	\$ <u>7,356,293</u>
Total capital assets subject to depreciation, net	\$ <u>8,339,425</u>	\$ <u>(259,207)</u>	\$ <u>(708,497)</u>	\$ <u>8,788,715</u>
Net capital assets Component Unit-School Board	\$ <u>8,385,597</u>	\$ <u>(259,207)</u>	\$ <u>(708,497)</u>	\$ <u>8,834,887</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

General government administration	\$	12,547
Judicial administration		154,819
Public safety		124,702
Public works		30,944
Health and welfare		29,198
Education		106,434
Parks, recreation and cultural		<u>81,746</u>
Total Governmental activities	\$	<u>540,390</u>
Component Unit School Board	\$	<u>474,240</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 75,413	\$ -
Sanitary District	-	75,413
Total	<u>\$ 75,413</u>	<u>\$ 75,413</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 164,685
Textbook	103,112	-
School Cafeteria	61,573	-
Total	<u>\$ 164,685</u>	<u>\$ 164,685</u>

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (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, 2015:

	<u>Restated Balance at July 1, 2014</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 217,605	\$ 27,446	\$ 21,761	\$ 223,290	\$ 22,329
Lease revenue bonds payable	4,445,000	-	420,000	4,025,000	425,000
Add: issuance premium	330,057	-	36,673	293,384	-
Net pension liability	2,187,518	1,068,931	1,788,307	1,468,142	-
Net OPEB obligation	<u>26,100</u>	<u>27,200</u>	<u>27,600</u>	<u>25,700</u>	<u>-</u>
Total incurred by County	\$ <u>7,206,280</u>	\$ <u>1,123,577</u>	\$ <u>2,294,341</u>	\$ <u>6,035,516</u>	\$ <u>447,329</u>
Incurred by School Board:					
General Obligation Bonds	\$ <u>3,318,830</u>	\$ <u>-</u>	\$ <u>812,978</u>	\$ <u>2,505,852</u>	\$ <u>496,465</u>
Total incurred by School Board	\$ <u>3,318,830</u>	\$ <u>-</u>	\$ <u>812,978</u>	\$ <u>2,505,852</u>	\$ <u>496,465</u>
Total Governmental Obligations	\$ <u><u>10,525,110</u></u>	\$ <u><u>1,123,577</u></u>	\$ <u><u>3,107,319</u></u>	\$ <u><u>8,541,368</u></u>	\$ <u><u>943,794</u></u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2016	\$ 425,000	\$ 174,688
2017	445,000	157,155
2018	465,000	137,009
2019	490,000	113,601
2020	510,000	89,624
2021	535,000	64,274
2022	570,000	39,469
2023	585,000	13,727
Total	\$ <u>4,025,000</u>	\$ <u>789,547</u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2016	\$ 496,465	\$ 75,762
2017	511,275	59,441
2018	526,212	42,566
2019	480,300	24,690
2020	491,600	10,512
Total	\$ <u>2,505,852</u>	\$ <u>212,971</u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%.	\$ 3,490,000
\$720,000 lease revenue refunding bond issued on July 12, 2012 due in annual installments through April 2023, interest payable semi-annually at varying rates between 2.279% and 5.125%.	<u>535,000</u>
Total Lease Revenue Bonds	\$ <u>4,025,000</u>
Bond Premium	\$ <u>293,384</u>
Compensated absences (payable from General Fund)	\$ <u>223,290</u>
Net Pension Liability	\$ <u>1,468,142</u>
Net OPEB obligation (payable from General Fund)	\$ <u>25,700</u>
Total Incurred by County	\$ <u><u>6,035,516</u></u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.	\$	175,952
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.		685,000
\$1,961,300 School Bonds dated March 28, 2015, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 1.93%.		<u>1,644,900</u>
Total General Obligations Bonds	\$	<u>2,505,852</u>
Total incurred by School Board	\$	<u>2,505,852</u>
Total General obligations, primary government	\$	<u>8,541,368</u>

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 7—Long-Term Obligations: (Continued)

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2015:

	<u>Restated Balance at July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2015</u>	<u>Amounts Due Within One Year</u>
<u>Component Unit-School Board:</u>					
Compensated absences	\$ 166,019	\$ 14,758	\$ 16,602	\$ 164,175	\$ 16,418
Net pension liability	12,549,270	1,165,313	2,634,648	11,079,935	-
Net OPEB obligation	<u>12,850</u>	<u>64,091</u>	<u>64,300</u>	<u>12,641</u>	<u>-</u>
Total Component Unit-School Board	<u>\$ 12,728,139</u>	<u>\$ 1,244,162</u>	<u>\$ 2,715,550</u>	<u>\$ 11,256,751</u>	<u>\$ 16,418</u>

Note 8—Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The County had unavailable revenue at June 30, 2015 totaling \$5,183,680 and deferred revenue totaling \$4,528,498 comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$5,011,225 (including 2nd half tax billings of \$4,356,043 not due until December 5) at June 30, 2015.

Prepaid Property Tax - Property taxes due subsequent to June 30, 2015 but paid in advance by the tax payers totaled \$172,455 at June 30, 2015.

Deferred Revenue - Deferred Revenue representing prepaid taxes due subsequent to June 30, 2015 totaling \$172,455 and \$4,356,043 of 2nd half 2015 tax billing levied in current year but due in FY 2016 totaled \$4,528,498.

Note 9—Commitments / Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 10—Litigation:

At June 30, 2015, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

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

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

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

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

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	56	36
Inactive members:		
Vested inactive members	9	2
Non-vested inactive members	13	15
Inactive members active elsewhere in VRS	33	13
Total inactive members	55	30
Active members	55	42
Total covered employees	166	108

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 13.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$325,614 and \$292,841 for the years ended June 30, 2015 and June 30, 2014, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Contributions (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 12.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$91,683 and \$91,604 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions - General Employees

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

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 10,993,256	\$ 8,805,738	\$ 2,187,518
Changes for the year:			
Service cost	\$ 314,784	\$ -	\$ 314,784
Interest	746,615	-	746,615
Contributions - employer	-	292,841	(292,841)
Contributions - employee	-	121,410	(121,410)
Net investment income	-	1,373,984	(1,373,984)
Benefit payments, including refunds of employee contributions	(654,652)	(654,652)	-
Administrative expenses	-	(7,532)	7,532
Other changes	-	72	(72)
Net changes	\$ 406,747	\$ 1,126,123	\$ (719,376)
Balances at June 30, 2014	\$ 11,400,003	\$ 9,931,861	\$ 1,468,142

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 3,320,559	\$ 2,475,289	\$ 845,270
Changes for the year:			
Service cost	\$ 71,109	\$ -	\$ 71,109
Interest	227,108	-	227,108
Contributions - employer	-	91,604	(91,604)
Contributions - employee	-	35,038	(35,038)
Net investment income	-	387,986	(387,986)
Benefit payments, including refunds of employee contributions	(152,332)	(152,332)	-
Administrative expenses	-	(2,096)	2,096
Other changes	-	20	(20)
Net changes	\$ 145,885	\$ 360,220	\$ (214,335)
Balances at June 30, 2014	\$ 3,466,444	\$ 2,835,509	\$ 630,935

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 2,845,971	\$ 1,468,142	\$ 316,663
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 999,480	\$ 630,935	\$ 316,776

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$186,471 and \$49,819 respectively. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 613,006	\$ -	\$ 172,550
Employer contributions subsequent to the measurement date	325,614	-	91,683	-
Total	<u>\$ 325,614</u>	<u>\$ 613,006</u>	<u>\$ 91,683</u>	<u>\$ 172,550</u>

\$325,614 and \$91,683 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (153,251)	\$ (43,138)
2017	(153,251)	(43,138)
2018	(153,251)	(43,138)
2019	(153,253)	(43,136)
Thereafter	-	-

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$919,959 and \$739,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$10,449,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.08647% as compared to 0.08496% at June 30, 2013.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$865,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,551,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	170,000	-
Employer contributions subsequent to the measurement date	<u>919,959</u>	<u>-</u>
Total	<u>\$ 1,089,959</u>	<u>\$ 1,551,000</u>

\$919,959 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (350,000)
2017	(350,000)
2018	(350,000)
2019	(350,000)
Thereafter	19,000

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	15,344,000 \$	10,449,000 \$	6,420,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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, 2015 (Continued)

Note 13–Surety Bonds:

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

Note 14–Other Postemployment Benefits - Health Insurance:

A. Plan Description

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

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

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

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

Advantage 65 and Dental/Vision (Medicare)

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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

There is no life insurance benefit for retirees.

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

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

The remainder of this page left blank intentionally

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

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

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

	<u>County</u>	<u>Schools</u>
Annual required contribution	\$ 27,600	\$ 64,300
Interest on net OPEB obligation	900	450
Adjustment to annual required contribution	(1,300)	(659)
Annual OPEB cost (expense)	\$ 27,200	\$ 64,091
Estimated Contributions made	(27,600)	(64,300)
Increase (decrease) in net OPEB obligation	(400)	(209)
Net OPEB obligation-beginning of year	26,100	12,850
Net OPEB obligation-end of year	\$ 25,700	\$ 12,641

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2013	\$ 39,900	99.75%	\$ 26,900
6/30/2014	38,000	102.11%	26,100
6/30/2015	27,200	101.47%	25,700
Schools:			
6/30/2013	\$ 40,113	130.88%	\$ 31,613
6/30/2014	40,437	146.40%	12,850
6/30/2015	64,091	100.33%	12,641

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

D. Funded Status and Funding Progress

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

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

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

E. Actuarial Cost Method

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

F. Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

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

F. Actuarial Methods and Assumptions (Continued)

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

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

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.50% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was thirty years for the schools and 21.4 years for the County.

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

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$67,423, \$71,144, and \$67,701, respectively and equaled the required contributions for each year.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 16-Restatement of Beginning Net Position

The following adjustments were made to beginning net position:

	Governmental Activities	Component-Unit School Board
Net position as previously reported	\$ 12,199,056	\$ 8,233,837
Implementation of GASB 68:		
Deferred outflows of resources	292,841	830,604
Net pension liability	(2,187,518)	(12,549,270)
Net position as restated	\$ 10,304,379	\$ (3,484,829)

Note 17-Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

Note 17-Upcoming Pronouncements: (Continued)

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

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

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

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 11,246,000	\$ 11,246,000	\$ 11,328,543	\$ 82,543
Other local taxes	1,254,000	1,254,000	1,234,607	(19,393)
Permits, privilege fees, and regulatory licenses	91,950	91,950	75,064	(16,886)
Fines and forfeitures	37,250	37,250	38,121	871
Revenue from the use of money and property	65,327	65,327	63,476	(1,851)
Charges for services	28,865	28,865	28,177	(688)
Miscellaneous	75,799	117,320	113,772	(3,548)
Recovered costs	11,000	11,000	13,167	2,167
Intergovernmental:				
Commonwealth	3,388,386	3,396,476	3,172,000	(224,476)
Federal	1,252,191	1,252,191	903,929	(348,262)
Total revenues	\$ 17,450,768	\$ 17,500,379	\$ 16,970,856	\$ (529,523)
EXPENDITURES				
Current:				
General government administration	\$ 1,366,685	\$ 1,332,728	\$ 1,231,426	\$ 101,302
Judicial administration	532,538	541,224	516,125	25,099
Public safety	2,534,326	2,615,683	2,476,105	139,578
Public works	1,155,490	1,183,952	1,058,084	125,868
Health and welfare	1,952,735	1,977,735	1,922,852	54,883
Education	7,539,947	6,630,960	6,535,602	95,358
Parks, recreation, and cultural	430,788	435,436	392,460	42,976
Community development	446,246	453,344	391,332	62,012
Nondepartmental	75,000	84,120	84,120	-
Capital projects	1,388,000	1,682,327	706,223	976,104
Debt service:				
Principal retirement	420,000	1,232,890	1,232,978	(88)
Interest and other fiscal charges	194,491	290,588	285,499	5,089
Total expenditures	\$ 18,036,246	\$ 18,460,987	\$ 16,832,806	\$ 1,628,181
Excess (deficiency) of revenues over (under) expenditures	\$ (585,478)	\$ (960,608)	\$ 138,050	\$ 1,098,658
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 75,413	\$ 75,413
Total other financing sources (uses)	\$ -	\$ -	\$ 75,413	\$ 75,413
Net change in fund balances	\$ (585,478)	\$ (960,608)	\$ 213,463	\$ 1,174,071
Fund balances - beginning	585,478	960,608	5,285,417	4,324,809
Fund balances - ending	\$ -	\$ -	\$ 5,498,880	\$ 5,498,880

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, 2015

	<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				
Fines and forfeitures	\$ -	\$ -	\$ 1,964	\$ 1,964
Revenue from the use of money and property	-	-	197	197
Miscellaneous	-	148,611	6,200	(142,411)
Intergovernmental:				
Commonwealth	186,432	780,877	58,270	(722,607)
Federal	-	2,229,169	437,741	(1,791,428)
Total revenues	<u>\$ 186,432</u>	<u>\$ 3,158,657</u>	<u>\$ 504,372</u>	<u>\$ (2,654,285)</u>
EXPENDITURES				
Current:				
Public safety	\$ 186,432	\$ 186,432	\$ 168,477	\$ 17,955
Parks, recreation, and cultural	-	-	855	(855)
Community development	-	2,972,225	356,530	2,615,695
Total expenditures	<u>\$ 186,432</u>	<u>\$ 3,158,657</u>	<u>\$ 525,862</u>	<u>\$ 2,632,795</u>
Net change in fund balances	\$ -	\$ -	\$ (21,490)	\$ (21,490)
Fund balances - beginning	-	-	112,068	112,068
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,578</u>	<u>\$ 90,578</u>

County of Mathews, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2015

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

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

	<u>2014</u>
Total pension liability	
Service cost	\$ 314,784
Interest	746,615
Benefit payments, including refunds of employee contributions	(654,652)
Net change in total pension liability	\$ 406,747
Total pension liability - beginning	10,993,256
Total pension liability - ending (a)	<u>\$ 11,400,003</u>
 Plan fiduciary net position	
Contributions - employer	\$ 292,841
Contributions - employee	121,410
Net investment income	1,373,984
Benefit payments, including refunds of employee contributions	(654,652)
Administrative expense	(7,532)
Other	72
Net change in plan fiduciary net position	\$ 1,126,123
Plan fiduciary net position - beginning	8,805,738
Plan fiduciary net position - ending (b)	<u>\$ 9,931,861</u>
 County's net pension liability - ending (a) - (b)	 \$ 1,468,142
 Plan fiduciary net position as a percentage of the total pension liability	 87.12%
 Covered-employee payroll	 \$ 2,372,419
 County's net pension liability as a percentage of covered-employee payroll	 61.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Mathews, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 71,109
Interest	227,108
Benefit payments, including refunds of employee contributions	(152,332)
Net change in total pension liability	\$ 145,885
Total pension liability - beginning	3,320,559
Total pension liability - ending (a)	<u>\$ 3,466,444</u>
 Plan fiduciary net position	
Contributions - employer	\$ 91,604
Contributions - employee	35,038
Net investment income	387,986
Benefit payments, including refunds of employee contributions	(152,332)
Administrative expense	(2,096)
Other	20
Net change in plan fiduciary net position	\$ 360,220
Plan fiduciary net position - beginning	2,475,289
Plan fiduciary net position - ending (b)	<u>\$ 2,835,509</u>
 School Division's net pension liability - ending (a) - (b)	 \$ 630,935
 Plan fiduciary net position as a percentage of the total pension liability	 81.80%
 Covered-employee payroll	 \$ 685,799
 School Division's net pension liability as a percentage of covered-employee payroll	 92.00%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Mathews, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.08647%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,449,000
Employer's Covered-Employee Payroll	\$ 6,374,608
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	163.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 For the Year Ended June 30, 2015

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
Primary Government					
2015	\$ 325,614	\$ 325,614	\$ -	\$ 2,390,708	13.62%
Component Unit School Board (nonprofessional)					
2015	\$ 91,683	\$ 91,683	\$ -	\$ 738,188	12.42%
Component Unit School Board (professional)					
2015	\$ 919,959	\$ 919,959	\$ -	\$ 6,344,545	14.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Mathews, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia

Fiduciary Funds

Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 47,112	\$ 26,433	\$ 36,520	\$ 37,025
Liabilities:				
Amounts held for social services clients	\$ 47,112	\$ 26,433	\$ 36,520	\$ 37,025
Tour de Chesapeake Fund:				
Assets:				
Cash and cash equivalents	\$ 9,969	\$ 26,965	\$ 21,562	\$ 15,372
Liabilities:				
Amounts held for others	\$ 9,969	\$ 26,965	\$ 21,562	\$ 15,372
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 31,625	\$ 9,825	\$ 23,585	\$ 17,865
Liabilities:				
Amounts held for others	\$ 31,625	\$ 9,825	\$ 23,585	\$ 17,865
Courthouse Square Basket Fund:				
Assets:				
Cash and cash equivalents	\$ 29,816	\$ 63	\$ 6,488	\$ 23,391
Liabilities:				
Amounts held for others	\$ 29,816	\$ 63	\$ 6,488	\$ 23,391
Escrow Deposits Fund:				
Assets:				
Cash and cash equivalents	\$ 2,400	\$ 2,003	\$ -	\$ 4,403
Liabilities:				
Amounts held for others	\$ 2,400	\$ 2,003	\$ -	\$ 4,403
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 120,922	\$ 65,289	\$ 88,155	\$ 98,056
Total assets	\$ 120,922	\$ 65,289	\$ 88,155	\$ 98,056
Liabilities:				
Amounts held for others	\$ 73,810	\$ 38,856	\$ 45,147	\$ 61,031
Amounts held for social services clients	47,112	26,433	43,008	37,025
Total liabilities	\$ 120,922	\$ 65,289	\$ 88,155	\$ 98,056

THIS PAGE LEFT BLANK INTENTIONALLY

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 107,817	\$ -	\$ 107,817
Accounts receivable	-	3	-	3
Due from other governmental units	1,060,286	-	-	1,060,286
Inventories	-	-	5,376	5,376
Total assets	<u>\$ 1,060,286</u>	<u>\$ 107,820</u>	<u>\$ 5,376</u>	<u>\$ 1,173,482</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 29,995	\$ -	\$ -	\$ 29,995
Reconciled overdraft	-	-	20,551	20,551
Accrued liabilities	1,030,291	-	50,938	1,081,229
Total liabilities	<u>\$ 1,060,286</u>	<u>\$ -</u>	<u>\$ 71,489</u>	<u>\$ 1,131,775</u>
Fund balances:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 5,376	\$ 5,376
Committed	-	107,820	-	107,820
Unassigned	-	-	(71,489)	(71,489)
Total fund balances	<u>\$ -</u>	<u>\$ 107,820</u>	<u>\$ (66,113)</u>	<u>\$ 41,707</u>
Total liabilities and fund balances	<u>\$ 1,060,286</u>	<u>\$ 107,820</u>	<u>\$ 5,376</u>	<u>\$ 1,173,482</u>

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

Total fund balances per above \$ 41,707

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

Capital assets, cost	\$ 16,191,180	
Less: accumulated depreciation	<u>(7,356,293)</u>	8,834,887

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

Items related to measurement of net pension liability (1,553,550)

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. 1,011,642

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	\$ (164,175)	
Net pension liability	(11,079,935)	
Net OPEB obligation	<u>(12,641)</u>	(11,256,751)

Net position of governmental activities \$ (2,922,065)

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, 2015

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 4,558	\$ 138	\$ 44	\$ 4,740
Charges for services	43,214	-	385,842	429,056
Miscellaneous	27,678	-	-	27,678
Recovered costs	88,149	-	-	88,149
Intergovernmental:				
Local government	6,529,121	-	-	6,529,121
Commonwealth	5,100,329	-	7,986	5,108,315
Federal	511,993	-	329,726	841,719
Total revenues	<u>\$ 12,305,042</u>	<u>\$ 138</u>	<u>\$ 723,598</u>	<u>\$ 13,028,778</u>
EXPENDITURES				
Current:				
Education	\$ 12,140,357	\$ 63,957	\$ 809,866	\$ 13,014,180
Total expenditures	<u>\$ 12,140,357</u>	<u>\$ 63,957</u>	<u>\$ 809,866</u>	<u>\$ 13,014,180</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 164,685	\$ (63,819)	\$ (86,268)	\$ 14,598
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 103,112	\$ 61,573	\$ 164,685
Transfers out	(164,685)	-	-	(164,685)
Total other financing sources (uses)	<u>\$ (164,685)</u>	<u>\$ 103,112</u>	<u>\$ 61,573</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 39,293	\$ (24,695)	\$ 14,598
Fund balances - beginning	-	68,527	(41,418)	27,109
Fund balances - ending	<u>\$ -</u>	<u>\$ 107,820</u>	<u>\$ (66,113)</u>	<u>\$ 41,707</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 \$ 14,598

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	\$ 215,033	
Allocation of School Board assets	708,497	
Depreciation expense	<u>(474,240)</u>	449,290

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

(Increase) decrease in items related to measurement of net pension liability (1,553,550)

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	\$ 1,844	
Increase (decrease) in deferred outflows related to pension payments subsequent date	181,038	
(Increase) decrease in net pension liability	1,469,335	
(Increase) Decrease in net OPEB obligation	<u>209</u>	1,652,426

Change in net position of governmental activities \$ 562,764

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Operating Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 4,558	\$ (2,442)
Charges for services	25,000	38,983	43,214	4,231
Miscellaneous	25,900	30,328	27,678	(2,650)
Recovered costs	81,000	88,141	88,149	8
Intergovernmental:				
Local government	7,533,466	6,624,479	6,529,121	(95,358)
Commonwealth	5,087,789	5,097,792	5,100,329	2,537
Federal	489,104	505,032	511,993	6,961
Total revenues	<u>\$ 13,249,259</u>	<u>\$ 12,391,755</u>	<u>\$ 12,305,042</u>	<u>\$ (86,713)</u>
EXPENDITURES				
Current:				
Education	\$ 12,218,344	\$ 12,215,828	\$ 12,140,357	\$ 75,471
Total expenditures	<u>\$ 12,218,344</u>	<u>\$ 12,215,828</u>	<u>\$ 12,140,357</u>	<u>\$ 75,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,030,915</u>	<u>\$ 175,927</u>	<u>\$ 164,685</u>	<u>\$ (11,242)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,030,915)	\$ (175,927)	\$ (164,685)	\$ 11,242
Total other financing sources (uses)	<u>\$ (1,030,915)</u>	<u>\$ (175,927)</u>	<u>\$ (164,685)</u>	<u>\$ 11,242</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

County of Mathews, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2015

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final			Original	Final		
				Variance with Final Budget Positive (Negative)				Variance with Final Budget Positive (Negative)
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 44	\$ 44	\$ -	\$ -	\$ 138	\$ 138
Charges for services	423,177	423,177	385,842	(37,335)	-	-	-	-
Intergovernmental:								
Commonwealth	9,136	9,136	7,986	(1,150)	-	-	-	-
Federal	287,000	325,843	329,726	3,883	-	-	-	-
Total revenues	\$ 719,313	\$ 758,156	\$ 723,598	\$ (34,558)	\$ -	\$ -	\$ 138	\$ 138
EXPENDITURES								
Current:								
Education	\$ 792,128	\$ 830,971	\$ 809,866	\$ 21,105	\$ 51,612	\$ 63,957	\$ 63,957	\$ -
Total expenditures	\$ 792,128	\$ 830,971	\$ 809,866	\$ 21,105	\$ 51,612	\$ 63,957	\$ 63,957	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (72,815)	\$ (72,815)	\$ (86,268)	\$ (13,453)	\$ (51,612)	\$ (63,957)	\$ (63,819)	\$ 138
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 72,815	\$ 72,815	\$ 61,573	\$ (11,242)	\$ 49,112	\$ 103,112	\$ 103,112	\$ -
Total other financing sources (uses)	\$ 72,815	\$ 72,815	\$ 61,573	\$ (11,242)	\$ 49,112	\$ 103,112	\$ 103,112	\$ -
Net change in fund balances	\$ -	\$ -	\$ (24,695)	\$ (24,695)	\$ (2,500)	\$ 39,155	\$ 39,293	\$ 138
Fund balances - beginning	-	-	(41,418)	(41,418)	2,500	(39,155)	68,527	107,682
Fund balances - ending	\$ -	\$ -	\$ (66,113)	\$ (66,113)	\$ -	\$ -	\$ 107,820	\$ 107,820

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2015

	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 69,014
NET POSITION	
Held in trust for scholarships	\$ 69,014

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, 2015

	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 63,879
Total contributions	<u>\$ 63,879</u>
Investment earnings:	
Interest	\$ 38
Total investment earnings	<u>\$ 38</u>
Total additions	<u>\$ 63,917</u>
DEDUCTIONS	
Scholarships	\$ 62,680
Total deductions	<u>\$ 62,680</u>
Change in net position	\$ 1,237
Net position - beginning	67,777
Net position - ending	<u><u>\$ 69,014</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Statement of Net Position
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 235,479
Total current assets	<u>\$ 235,479</u>
Total assets	<u>\$ 235,479</u>

NET POSITION

Unrestricted	\$ 235,479
Total net position	<u><u>\$ 235,479</u></u>

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2015

OPERATING REVENUES

Miscellaneous	\$ 34,128
Total operating revenues	<u>\$ 34,128</u>

OPERATING EXPENSES

Other supplies and expenses	\$ 8,100
Total operating expenses	<u>\$ 8,100</u>

Operating income (loss)	<u>\$ 26,028</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$ 1,270
Total nonoperating revenues (expenses)	<u>\$ 1,270</u>

Change in net position	\$ 27,298
------------------------	-----------

Total net position - beginning	208,181
Total net position - ending	<u><u>\$ 235,479</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 34,128
Payments for operating activities	(8,100)
Net cash provided by (used for) operating activities	<u>\$ 26,028</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 1,270</u>
Net cash provided by (used for) investing activities	<u>\$ 1,270</u>

Net increase (decrease) in cash and cash equivalents	\$ 27,298
--	-----------

Cash and cash equivalents - beginning	208,181
Cash and cash equivalents - ending	<u><u>\$ 235,479</u></u>

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

Operating income (loss)	\$ 26,028
Net cash provided for (used by) operating activities	<u><u>\$ 26,028</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, 2015

Schedule 1
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,026,000	\$ 9,026,000	\$ 8,993,177	\$ (32,823)
Real and personal public service corporation taxes	100,000	100,000	127,549	27,549
Personal property taxes	1,655,000	1,655,000	1,768,323	113,323
Mobile home taxes	30,000	30,000	37,728	7,728
Boat taxes	300,000	300,000	265,896	(34,104)
Penalties	85,000	85,000	83,071	(1,929)
Interest	50,000	50,000	52,799	2,799
Total general property taxes	\$ 11,246,000	\$ 11,246,000	\$ 11,328,543	\$ 82,543
Other local taxes:				
Local sales and use taxes	\$ 416,000	\$ 416,000	\$ 459,405	\$ 43,405
Consumers' utility taxes	148,000	148,000	150,229	2,229
Consumption tax	33,000	33,000	37,825	4,825
Business license taxes	165,000	165,000	139,613	(25,387)
Motor vehicle licenses	295,000	295,000	289,905	(5,095)
Bank stock taxes	102,000	102,000	60,875	(41,125)
Taxes on recordation and wills	95,000	95,000	96,755	1,755
Total other local taxes	\$ 1,254,000	\$ 1,254,000	\$ 1,234,607	\$ (19,393)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 3,670	\$ (1,330)
Transfer fees	500	500	473	(27)
Permits and other licenses	86,450	86,450	70,921	(15,529)
Total permits, privilege fees, and regulatory licenses	\$ 91,950	\$ 91,950	\$ 75,064	\$ (16,886)
Fines and forfeitures:				
Court fines and forfeitures	\$ 37,250	\$ 37,250	\$ 38,121	\$ 871
Total fines and forfeitures	\$ 37,250	\$ 37,250	\$ 38,121	\$ 871
Revenue from use of money and property:				
Revenue from use of money	\$ 15,000	\$ 15,000	\$ 12,572	\$ (2,428)
Revenue from use of property	50,327	50,327	50,904	577
Total revenue from use of money and property	\$ 65,327	\$ 65,327	\$ 63,476	\$ (1,851)
Charges for services:				
Charges for law enforcement and traffic control	\$ 365	\$ 365	\$ 814	\$ 449
Charges for courthouse maintenance	2,000	2,000	2,082	82
Charges for court costs	3,400	3,400	7,618	4,218
Courthouse security fees	7,500	7,500	9,765	2,265
Circuit court- document reproduction	3,500	3,500	2,746	(754)
Charges for Commonwealth's Attorney	600	600	538	(62)
Charges for other protection	1,500	1,500	-	(1,500)
Charges for library	10,000	10,000	4,614	(5,386)
Total charges for services	\$ 28,865	\$ 28,865	\$ 28,177	\$ (688)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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 revenue:				
Miscellaneous	\$ 75,799	\$ 117,320	\$ 113,772	\$ (3,548)
Total miscellaneous revenue	\$ 75,799	\$ 117,320	\$ 113,772	\$ (3,548)
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 13,167	\$ 2,167
Total recovered costs	\$ 11,000	\$ 11,000	\$ 13,167	\$ 2,167
Total revenue from local sources	\$ 12,810,191	\$ 12,851,712	\$ 12,894,927	\$ 43,215
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ -	\$ (775)
Mobile home titling tax	5,000	5,000	3,501	(1,499)
Motor vehicle rental tax	250	250	81	(169)
State recordation tax	63,000	63,000	64,281	1,281
State technology trust fund	13,000	13,000	-	(13,000)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	460,000	460,000	447,246	(12,754)
Reduction in state aid to local governments	-	-	(20,893)	(20,893)
Total noncategorical aid	\$ 1,542,108	\$ 1,542,108	\$ 1,494,299	\$ (47,809)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 147,893	\$ 147,893	\$ 161,906	\$ 14,013
Sheriff	518,905	518,905	573,693	54,788
Commissioner of revenue	76,843	76,843	74,764	(2,079)
Treasurer	78,281	78,281	75,196	(3,085)
Medical examiner	150	150	-	(150)
Registrar/electoral board	36,000	36,000	29,911	(6,089)
Clerk of the Circuit Court	128,826	128,826	146,457	17,631
Total shared expenses	\$ 986,898	\$ 986,898	\$ 1,061,927	\$ 75,029
Other categorical aid:				
Public assistance and welfare administration	\$ 306,361	\$ 306,361	\$ 306,247	\$ (114)
Emergency medical services - two for life	7,000	9,358	9,358	-
Comprehensive services act	297,250	297,250	131,328	(165,922)
Litter control	5,000	6,357	6,357	-
Library grant	72,000	72,000	61,482	(10,518)
Wireless board funds	35,000	35,000	41,190	6,190
Commission for the arts grant	5,000	5,000	5,000	-
Victim-witness grant	25,699	26,471	26,247	(224)
Fire programs fund	25,000	28,530	28,443	(87)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other state aid	\$ 81,070	\$ 81,143	\$ 122	\$ (81,021)
Total other categorical aid	\$ 859,380	\$ 867,470	\$ 615,774	\$ (251,696)
Total categorical aid	\$ 1,846,278	\$ 1,854,368	\$ 1,677,701	\$ (176,667)
Total revenue from the Commonwealth	\$ 3,388,386	\$ 3,396,476	\$ 3,172,000	\$ (224,476)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 494,191	\$ 494,191	\$ 653,919	\$ 159,728
Comprehensive services act	-	-	13,165	13,165
VDOT enhancement grant	200,000	200,000	32,973	(167,027)
Recovery implementation	160,000	160,000	158,941	(1,059)
Community development block grant	250,000	250,000	28,870	(221,130)
Transportation safety	60,000	60,000	16,061	(43,939)
Other federal grants	88,000	88,000	-	(88,000)
Total categorical aid	\$ 1,252,191	\$ 1,252,191	\$ 903,929	\$ (348,262)
Total revenue from the federal government	\$ 1,252,191	\$ 1,252,191	\$ 903,929	\$ (348,262)
Total General Fund	\$ 17,450,768	\$ 17,500,379	\$ 16,970,856	\$ (529,523)
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 1,964	\$ 1,964
Total fines and forfeitures	\$ -	\$ -	\$ 1,964	\$ 1,964
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 197	\$ 197
Total revenue from use of money and property	\$ -	\$ -	\$ 197	\$ 197
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 148,611	\$ 6,200	\$ (142,411)
Total miscellaneous revenue	\$ -	\$ 148,611	\$ 6,200	\$ (142,411)
Total revenue from local sources	\$ -	\$ 148,611	\$ 8,361	\$ (140,250)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 1
Page 4 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ 186,432	\$ 186,432	\$ 3,645	\$ (182,787)
Hazard mitigation grant	-	594,445	54,625	(539,820)
Total categorical aid	<u>\$ 186,432</u>	<u>\$ 780,877</u>	<u>\$ 58,270</u>	<u>\$ (722,607)</u>
Total revenue from the Commonwealth	<u>\$ 186,432</u>	<u>\$ 780,877</u>	<u>\$ 58,270</u>	<u>\$ (722,607)</u>
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ -	\$ 64,061	\$ 64,061
Forfeited assets	-	-	168,837	168,837
Hazard mitigation grant	-	2,229,169	204,843	(2,024,326)
Total categorical aid	<u>\$ -</u>	<u>\$ 2,229,169</u>	<u>\$ 437,741</u>	<u>\$ (1,791,428)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 2,229,169</u>	<u>\$ 437,741</u>	<u>\$ (1,791,428)</u>
Total County Special Revenue Fund	<u>\$ 186,432</u>	<u>\$ 3,158,657</u>	<u>\$ 504,372</u>	<u>\$ (2,654,285)</u>
Total Primary Government	<u>\$ 17,637,200</u>	<u>\$ 20,659,036</u>	<u>\$ 17,475,228</u>	<u>\$ (3,183,808)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 7,000	\$ 7,000	\$ 4,558	\$ (2,442)
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 4,558</u>	<u>\$ (2,442)</u>
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 38,983	\$ 43,214	\$ 4,231
Total charges for services	<u>\$ 25,000</u>	<u>\$ 38,983</u>	<u>\$ 43,214</u>	<u>\$ 4,231</u>
Miscellaneous revenue:				
Miscellaneous	\$ 25,900	\$ 30,328	\$ 27,678	\$ (2,650)
Total miscellaneous revenue	<u>\$ 25,900</u>	<u>\$ 30,328</u>	<u>\$ 27,678</u>	<u>\$ (2,650)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 36,000	\$ 43,141	\$ 43,379	\$ 238
Medicaid reimbursements	45,000	45,000	44,770	(230)
Total recovered costs	<u>\$ 81,000</u>	<u>\$ 88,141</u>	<u>\$ 88,149</u>	<u>\$ 8</u>
 Total revenue from local sources	 \$ 138,900	 \$ 164,452	 \$ 163,599	 \$ (853)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 7,533,466	\$ 6,624,479	\$ 6,529,121	\$ (95,358)
Total revenues from local governments	<u>\$ 7,533,466</u>	<u>\$ 6,624,479</u>	<u>\$ 6,529,121</u>	<u>\$ (95,358)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,173,968	\$ 1,183,971	\$ 1,184,107	\$ 136
Basic school aid	2,529,622	2,529,622	2,537,222	7,600
Remedial summer education	79,156	79,156	60,828	(18,328)
Regular foster care	4,458	4,458	15,857	11,399
Gifted and talented	23,989	23,989	24,083	94
Special education	334,320	334,320	335,626	1,306
Textbook payment	49,112	49,112	49,304	192
Vocational education	90,853	90,853	91,208	355
School fringes	469,580	469,580	468,340	(1,240)
ISAP	9,977	9,977	7,859	(2,118)
Early reading intervention	10,132	10,132	8,681	(1,451)
Primary class size	47,834	47,834	48,333	499
Homebound	2,054	2,054	1,823	(231)
At risk payments	53,512	53,512	53,767	255
Career and technical education	3,688	3,688	3,778	90
Remediation assistance - SOL	65,333	65,333	65,588	255
Technology	128,000	128,000	128,000	-
Standards of Learning algebra readiness	8,903	8,903	8,899	(4)
Workplace readiness	-	-	1,660	1,660
English as a second language	2,562	2,562	2,842	280
Other state funds	736	736	2,524	1,788
Total categorical aid	<u>\$ 5,087,789</u>	<u>\$ 5,097,792</u>	<u>\$ 5,100,329</u>	<u>\$ 2,537</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 165,114	\$ 165,114	\$ 168,836	\$ 3,722
Title VI-B, special education flow-through	252,967	268,895	270,035	1,140
Carl Perkins	15,000	15,000	16,746	1,746
Title VI-B, special education pre-school	9,593	9,593	8,656	(937)
AP grants	-	-	74	74
Title II - A	46,430	46,430	47,646	1,216
Total categorical aid	\$ 489,104	\$ 505,032	\$ 511,993	\$ 6,961
Total School Operating Fund	\$ 13,249,259	\$ 12,391,755	\$ 12,305,042	\$ (86,713)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 44	\$ 44
Total revenue from use of money and property	\$ -	\$ -	\$ 44	\$ 44
Charges for services:				
Cafeteria sales	\$ 423,177	\$ 423,177	\$ 385,842	\$ (37,335)
Total charges for services	\$ 423,177	\$ 423,177	\$ 385,842	\$ (37,335)
Total revenue from local sources	\$ 423,177	\$ 423,177	\$ 385,886	\$ (37,291)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,136	\$ 9,136	\$ 7,986	\$ (1,150)
Total categorical aid	\$ 9,136	\$ 9,136	\$ 7,986	\$ (1,150)
Total revenue from the Commonwealth	\$ 9,136	\$ 9,136	\$ 7,986	\$ (1,150)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 287,000	\$ 287,000	\$ 290,883	\$ 3,883
Commodities	-	38,843	38,843	-
Total categorical aid	\$ 287,000	\$ 325,843	\$ 329,726	\$ 3,883
Total revenue from the federal government	\$ 287,000	\$ 325,843	\$ 329,726	\$ 3,883
Total School Cafeteria Fund	\$ 719,313	\$ 758,156	\$ 723,598	\$ (34,558)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ -	\$ -	\$ 138	\$ 138
Total revenue from use of money and property	\$ -	\$ -	\$ 138	\$ 138
Total revenue from local sources	\$ -	\$ -	\$ 138	\$ 138
Total Textbook Fund	\$ -	\$ -	\$ 138	\$ 138
Total Discretely Presented Component Unit - School Board	\$ 13,968,572	\$ 13,149,911	\$ 13,028,778	\$ (121,133)

THIS PAGE LEFT BLANK INTENTIONALLY

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 68,001	\$ 74,977	\$ 73,806	\$ 1,171
General and financial administration:				
County administrator	\$ 370,778	\$ 370,687	\$ 354,332	\$ 16,355
Legal services	55,000	55,000	30,211	24,789
Commissioner of revenue	229,326	229,261	217,869	11,392
Independent Auditor	44,000	44,000	42,401	1,599
Treasurer	261,823	261,749	250,959	10,790
Information Technology	257,265	216,562	199,999	16,563
Total general and financial administration	\$ 1,218,192	\$ 1,177,259	\$ 1,095,771	\$ 81,488
Board of elections:				
Electoral board and officials	\$ 24,778	\$ 24,778	\$ 11,243	\$ 13,535
Registrar	55,714	55,714	50,606	5,108
Total board of elections	\$ 80,492	\$ 80,492	\$ 61,849	\$ 18,643
Total general government administration	\$ 1,366,685	\$ 1,332,728	\$ 1,231,426	\$ 101,302
Judicial administration:				
Courts:				
Circuit court	\$ 24,300	\$ 27,478	\$ 26,889	\$ 589
General district court	7,625	7,625	7,160	465
Special magistrates	800	800	550	250
Juvenile and domestic relations court	6,849	6,849	2,469	4,380
J&DR court services unit	16,080	16,080	9,369	6,711
Victim witness	25,698	26,470	26,247	223
Clerk of the circuit court	216,893	216,826	204,345	12,481
Total courts	\$ 298,245	\$ 302,128	\$ 277,029	\$ 25,099
Commonwealth's attorney:				
Commonwealth's attorney	\$ 234,293	\$ 239,096	\$ 239,096	\$ -
Total commonwealth's attorney	\$ 234,293	\$ 239,096	\$ 239,096	\$ -
Total judicial administration	\$ 532,538	\$ 541,224	\$ 516,125	\$ 25,099
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,411,945	\$ 1,414,376	\$ 1,280,703	\$ 133,673
E-911	119,953	119,937	118,809	1,128
Total law enforcement and traffic control	\$ 1,531,898	\$ 1,534,313	\$ 1,399,512	\$ 134,801
Fire and rescue services:				
Fire department	\$ 187,300	\$ 165,830	\$ 165,800	\$ 30
Ambulance and rescue services	127,750	157,631	156,518	1,113
Total fire and rescue services	\$ 315,050	\$ 323,461	\$ 322,318	\$ 1,143

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 406,929	\$ 458,293	\$ 458,293	\$ -
Juvenile probation and detention	75,876	84,926	81,352	3,574
Total correction and detention	<u>\$ 482,805</u>	<u>\$ 543,219</u>	<u>\$ 539,645</u>	<u>\$ 3,574</u>
Inspections:				
Building	\$ 135,204	\$ 143,066	\$ 143,066	\$ -
Total inspections	<u>\$ 135,204</u>	<u>\$ 143,066</u>	<u>\$ 143,066</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 69,269	\$ 71,524	\$ 71,524	\$ -
Medical examiner	100	100	40	60
Total other protection	<u>\$ 69,369</u>	<u>\$ 71,624</u>	<u>\$ 71,564</u>	<u>\$ 60</u>
Total public safety	<u>\$ 2,534,326</u>	<u>\$ 2,615,683</u>	<u>\$ 2,476,105</u>	<u>\$ 139,578</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 500	\$ 500	\$ -	\$ 500
Streetlights	11,000	17,507	16,162	1,345
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 11,500</u>	<u>\$ 18,007</u>	<u>\$ 16,162</u>	<u>\$ 1,845</u>
Sanitation and waste removal:				
Refuse disposal	\$ 596,134	\$ 596,134	\$ 582,023	\$ 14,111
Total sanitation and waste removal	<u>\$ 596,134</u>	<u>\$ 596,134</u>	<u>\$ 582,023</u>	<u>\$ 14,111</u>
Maintenance of general buildings and grounds:				
General properties	\$ 547,856	\$ 569,811	\$ 459,899	\$ 109,912
Total maintenance of general buildings and grounds	<u>\$ 547,856</u>	<u>\$ 569,811</u>	<u>\$ 459,899</u>	<u>\$ 109,912</u>
Total public works	<u>\$ 1,155,490</u>	<u>\$ 1,183,952</u>	<u>\$ 1,058,084</u>	<u>\$ 125,868</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 122,247	\$ 122,247	\$ 122,247	\$ -
Total health	<u>\$ 122,247</u>	<u>\$ 122,247</u>	<u>\$ 122,247</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	35,874	35,874	35,874	-
Total mental health and mental retardation	<u>\$ 56,374</u>	<u>\$ 56,374</u>	<u>\$ 56,374</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,207,290	\$ 1,232,290	\$ 1,278,273	\$ (45,983)
Area agency on aging	54,324	54,324	54,324	-
Comprehensive services act	512,500	512,500	303,000	209,500
Tax relief for the elderly	-	-	108,634	(108,634)
Total welfare	\$ 1,774,114	\$ 1,799,114	\$ 1,744,231	\$ 54,883
Total health and welfare	\$ 1,952,735	\$ 1,977,735	\$ 1,922,852	\$ 54,883
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,481	\$ 6,481	\$ 6,481	\$ -
Contribution to County School Board	7,533,466	6,624,479	6,529,121	95,358
Total education	\$ 7,539,947	\$ 6,630,960	\$ 6,535,602	\$ 95,358
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 77,182	\$ 77,182	\$ 77,182	\$ -
Total parks and recreation	\$ 77,182	\$ 77,182	\$ 77,182	\$ -
Library:				
Contribution to county library	\$ 353,606	\$ 358,254	\$ 315,278	\$ 42,976
Total library	\$ 353,606	\$ 358,254	\$ 315,278	\$ 42,976
Total parks, recreation, and cultural	\$ 430,788	\$ 435,436	\$ 392,460	\$ 42,976
Community development:				
Planning and community development:				
Planning and zoning	\$ 330,218	\$ 335,959	\$ 292,646	\$ 43,313
Planning and zoning boards	8,106	8,106	2,072	6,034
Middle Peninsula planning district commission	16,300	16,300	16,300	-
Wetlands board	3,438	3,438	1,615	1,823
Economic development	39,000	39,000	38,967	33
Total planning and community development	\$ 397,062	\$ 402,803	\$ 351,600	\$ 51,203
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	6,357	6,357	-
Total environmental management	\$ 11,000	\$ 12,357	\$ 12,357	\$ -
Cooperative extension program:				
Extension office	\$ 38,184	\$ 38,184	\$ 27,375	\$ 10,809
Total cooperative extension program	\$ 38,184	\$ 38,184	\$ 27,375	\$ 10,809
Total community development	\$ 446,246	\$ 453,344	\$ 391,332	\$ 62,012
Nondepartmental:				
Contingencies	\$ 75,000	\$ 84,120	\$ 84,120	\$ -
Total nondepartmental	\$ 75,000	\$ 84,120	\$ 84,120	\$ -

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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:				
Main street improvements	\$ 250,000	\$ 250,000	\$ 41,346	\$ 208,654
Chillers for school	176,000	200,327	200,327	-
U.S. fish and wildlife	160,000	160,000	158,941	1,059
Communications equipment	172,000	172,000	172,000	-
Other capital projects	630,000	900,000	133,609	766,391
Total capital projects	<u>\$ 1,388,000</u>	<u>\$ 1,682,327</u>	<u>\$ 706,223</u>	<u>\$ 976,104</u>
Debt service:				
Principal retirement	\$ 420,000	\$ 1,232,890	\$ 1,232,978	\$ (88)
Interest and other fiscal charges	194,491	290,588	285,499	5,089
Total debt service	<u>\$ 614,491</u>	<u>\$ 1,523,478</u>	<u>\$ 1,518,477</u>	<u>\$ 5,001</u>
Total General Fund	<u>\$ 18,036,246</u>	<u>\$ 18,460,987</u>	<u>\$ 16,832,806</u>	<u>\$ 1,628,181</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ 186,432	\$ 186,432	\$ 168,477	\$ 17,955
Total other protection	<u>\$ 186,432</u>	<u>\$ 186,432</u>	<u>\$ 168,477</u>	<u>\$ 17,955</u>
Total public safety	<u>\$ 186,432</u>	<u>\$ 186,432</u>	<u>\$ 168,477</u>	<u>\$ 17,955</u>
Parks, recreation and cultural:				
Cultural:				
Mathews County sesquicentennial	\$ -	\$ -	\$ 555	\$ (555)
Wetlands compensation fund	-	-	300	(300)
Total cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 855</u>	<u>\$ (855)</u>
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 855</u>	<u>\$ (855)</u>
Community Development:				
Planning and community development:				
Community development block grant	\$ -	\$ -	\$ 66,645	\$ (66,645)
Hazard mitigation grant program	-	2,972,225	289,885	2,682,340
Total planning and community development	<u>\$ -</u>	<u>\$ 2,972,225</u>	<u>\$ 356,530</u>	<u>\$ 2,615,695</u>
Total County Special Revenue Fund	<u>\$ 186,432</u>	<u>\$ 3,158,657</u>	<u>\$ 525,862</u>	<u>\$ 2,632,795</u>
Total Primary Government	<u>\$ 18,222,678</u>	<u>\$ 21,619,644</u>	<u>\$ 17,358,668</u>	<u>\$ 4,260,976</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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	\$ 895,700	\$ 895,700	\$ 929,272	\$ (33,572)
Instruction costs	9,095,581	9,093,065	9,023,353	69,712
Pupil transportation	949,011	949,011	944,700	4,311
Operation and maintenance of school plant	1,278,052	1,278,052	1,243,032	35,020
Total education	<u>\$ 12,218,344</u>	<u>\$ 12,215,828</u>	<u>\$ 12,140,357</u>	<u>\$ 75,471</u>
Total School Operating Fund	<u>\$ 12,218,344</u>	<u>\$ 12,215,828</u>	<u>\$ 12,140,357</u>	<u>\$ 75,471</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 792,128	\$ 792,128	\$ 771,023	\$ 21,105
Commodities	-	38,843	38,843	-
Total school food services	<u>\$ 792,128</u>	<u>\$ 830,971</u>	<u>\$ 809,866</u>	<u>\$ 21,105</u>
Total School Cafeteria Fund	<u>\$ 792,128</u>	<u>\$ 830,971</u>	<u>\$ 809,866</u>	<u>\$ 21,105</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 51,612	\$ 63,957	\$ 63,957	\$ -
Total education	<u>\$ 51,612</u>	<u>\$ 63,957</u>	<u>\$ 63,957</u>	<u>\$ -</u>
Total Textbook Fund	<u>\$ 51,612</u>	<u>\$ 63,957</u>	<u>\$ 63,957</u>	<u>\$ -</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 13,062,084</u>	<u>\$ 13,110,756</u>	<u>\$ 13,014,180</u>	<u>\$ 96,576</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 on Long-Term Debt												
	Fiscal Year	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Community Development	Total											
2005-06	\$	1,344,050	\$	627,926	\$	2,755,851	\$	1,015,465	\$	1,520,044	\$	5,606,976	\$	387,933	\$	456,921	\$	1,132,979	\$	14,848,145
2006-07		1,065,084		827,058		2,095,783		1,451,355		2,005,608		6,217,103		475,630		395,061		806,520		15,339,202
2007-08		1,231,935		1,026,178		2,143,896		1,408,691		1,458,890		6,817,663		427,514		641,590		733,013		15,889,370
2008-09		1,095,634		700,239		2,351,796		1,663,793		1,416,104		6,632,069		460,944		578,584		654,967		15,554,130
2009-10		1,303,675		685,093		2,440,580		1,330,254		1,768,312		6,434,299		475,858		638,063		1,029,985		16,106,119
2010-11		1,376,919		650,189		2,362,595		1,169,512		1,909,899		6,296,291		505,397		544,077		418,566		15,233,445
2011-12		1,299,464		637,734		2,357,034		1,352,826		1,691,248		6,535,760		500,977		1,027,809		421,516		15,824,368
2012-13		1,183,758		656,328		2,297,325		1,105,587		1,740,409		6,764,109		613,639		614,138		390,314		15,365,607
2013-14		1,239,683		662,127		2,506,931		1,036,856		1,795,146		6,737,939		540,323		973,727		357,502		15,850,234
2014-15		1,228,237		653,308		2,621,490		1,064,290		1,965,530		7,550,860		618,910		782,253		245,912		16,730,790

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2005-06	\$ 123,874	\$ 2,239,770	\$ -	\$ -	\$ 8,304,312	\$ 1,700,918	\$ 254,586	\$ 106,165	\$ 1,145,551	\$ 13,875,176
2006-07	117,129	2,507,538	-	-	9,287,564	1,698,362	273,250	751,058	1,112,848	15,747,749
2007-08	132,487	2,367,614	-	-	9,338,793	1,751,251	242,986	161,089	1,097,430	15,091,650
2008-09	116,638	2,219,755	98,793	-	9,686,696	1,677,012	123,641	192,558	1,011,095	15,126,188
2009-10	103,859	2,714,665	-	-	9,849,635	1,236,738	79,923	102,650	1,480,737	15,568,207
2010-11	101,032	2,639,485	70,517	-	10,483,159	1,257,210	61,410	204,748	1,486,153	16,303,714
2011-12	97,920	2,629,058	189,801	-	10,412,119	1,240,714	75,073	157,066	1,475,634	16,277,385
2012-13	115,061	2,303,422	718,129	-	10,376,573	1,248,362	67,636	84,330	1,489,720	16,403,233
2013-14	139,527	2,747,853	465,119	-	10,711,645	1,248,603	65,357	122,854	1,523,833	17,024,791
2014-15	143,326	3,044,668	32,973	-	11,351,848	1,234,607	63,858	119,972	1,494,299	17,485,551

Table 3

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

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural			Community Development	Non-departmental	Debt Service	Total
	\$	\$	\$				Education (2)						
2005-06	\$ 1,460,454	\$ 560,076	\$ 2,036,707	\$ 1,231,451	\$ 1,492,519	\$ 11,493,575	\$ 303,633	\$ 314,351	\$ -	\$ 2,169,120	\$ 21,061,886		
2006-07	1,035,785	589,759	2,065,871	1,327,638	1,969,465	12,074,141	390,588	373,790	-	2,247,874	22,074,911		
2007-08	1,188,725	600,779	2,125,713	1,388,897	1,444,261	12,840,186	343,956	534,686	-	2,058,428	22,525,631		
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	573,907	-	1,773,181	23,013,369		
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	-	1,902,243	22,935,152		
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367		
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	389,268	-	1,688,717	21,643,134		
2012-13	1,151,376	520,993	2,238,160	1,076,440	1,727,435	12,031,391	372,817	611,682	5,172	2,376,329	22,111,795		
2013-14	1,210,706	508,241	2,436,679	1,008,411	1,779,809	12,447,268	413,453	930,009	32,565	3,281,174	24,048,315		
2014-15	1,231,426	516,125	2,644,582	1,058,084	1,922,852	13,020,661	393,315	747,862	84,120	1,518,477	23,137,504		

(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
2005-06	\$ 8,383,990	\$ 1,700,918	\$ 91,206	\$ 14,890	\$ 205,296	\$ 419,930	\$ 115,620	\$ 46,266	\$ 9,806,201	\$ 20,784,317
2006-07	9,241,999	1,698,362	87,324	11,380	258,773	474,696	144,700	8,047	10,360,328	22,285,609
2007-08	9,334,647	1,751,251	85,662	18,319	226,046	512,593	208,600	22,879	10,339,446	22,499,443
2008-09	9,531,774	1,677,012	65,635	24,870	121,594	472,235	304,168	14,602	9,857,471	22,069,361
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	444,016	278,368	82,985	9,776,395	22,349,834
2011-12	10,359,905	1,240,714	57,762	15,490	76,352	426,293	216,580	107,717	9,720,923	22,221,736
2012-13	10,304,680	1,248,362	56,410	30,604	71,421	429,422	115,517	99,394	10,175,515	22,531,325
2013-14	10,751,712	1,248,603	66,100	41,708	73,479	405,895	152,951	116,990	10,318,091	23,175,529
2014-15	11,328,543	1,234,607	75,064	40,085	68,413	457,233	147,650	101,316	10,521,974	23,974,885

(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
2005-06	\$ 9,396,373	\$ 9,304,937	99.03%	\$ 14,616	\$ 9,319,553	99.18%	\$ 301,819	3.21%
2006-07	10,052,394	10,092,508	100.40%	42,588	10,135,096	100.82%	440,139	4.38%
2007-08	10,263,755	10,027,288	97.70%	187,104	10,214,392	99.52%	455,935	4.44%
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%
2013-14	12,224,814	11,475,794	93.87%	266,290	11,742,084	96.05%	633,988	5.19%
2014-15	12,210,356	12,104,049	99.13%	215,566	12,319,615	100.89%	624,990	5.12%

(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	
2005-06	\$ 1,240,094,987	\$ 94,296,230	\$ 11,732,849	\$ 23,520,759	- \$	\$ 1,369,644,825
2006-07	1,270,237,929	100,764,835	16,895,940	21,331,137	-	1,409,229,841
2007-08	1,289,544,418	99,648,503	16,635,103	15,264,589	-	1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402
2013-14	1,676,588,104	101,579,544	15,856,646	22,828,636	5,216	1,816,858,147
2014-15	1,679,904,453	100,052,698	17,021,474	23,494,058	18,398	1,820,491,080

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2005-06(2)	.53/ .51	\$ 0.51	\$ 3.60	\$ 2.14
2006-07	0.53	0.53	3.60	2.14
2007-08(3)	.56/ .53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(4)	.56/ .47	0.56	4.53	2.14
2011-12	0.47	0.47	3.70	2.14
2012-13	0.47	0.47	3.65	2.14
2013-14	0.54	0.47	3.65	2.14
2014-15	0.54	0.54	3.70	2.14

(1) Per \$100 of assessed value.

(2) First half 2006 and second half 2005, respectively

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2005-06	9,100	\$ 1,369,645	\$ 9,386,634	-	\$ -	\$ 9,386,634	0.69%	\$ 1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927
2007-08	9,100	1,421,093	7,482,051	-	-	7,482,051	0.53%	822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423
2013-14	8,978	1,816,858	3,318,830	-	-	3,318,830	0.18%	370
2014-15	8,978	1,820,491	2,505,852	-	-	2,505,852	0.14%	279

(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.

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews Virginia, as of and for the year ended June 30, 2015, 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 December 4, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Richmond, Virginia
December 4, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

**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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Richmond, Virginia
December 4, 2015

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950114/0950115	\$ 10,975
Temporary assistance for needy families	93.558	0400114/0400115	80,853
Refugee and entrant assistance - state administered programs	93.566	0500114/0500115	179
Low-income home energy assistance	93.568	0600414/0600415	9,602
Child care mandatory and matching funds of the child care and development fund	93.596	0760114/0760115	16,780
Stephanie Tubbs Jones Child welfare services program	93.645	0900114/090115	604
Foster care - Title IV-E	93.658	1100114/1100115	72,856
Adoption assistance	93.659	1120114/1120115	95,035
Social services block grant	93.667	1000114/1000115	103,926
Chafee foster care independence program	93.674	9150114/9150115	472
Children's health insurance program	93.767	0540114/0540115	3,986
Medical Assistance Program	93.778	1200114/1200115	142,865
Total Department of Health and Human Services			<u>\$ 538,133</u>
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard mitigation grant	97.039	77602-155/146	<u>\$ 204,843</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 38,843
Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	17901-45707	217,229
Sub-total CFDA 10.555			<u>\$ 256,072</u>
Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	17901-40591	73,654
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010114/0010115	128,951
Total Department of Agriculture			<u>\$ 458,677</u>

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety	20.600	60507-50287	\$ 16,061
Virginia Department of Transportation:			
Highway planning and construction (ISTEA)	20.205	60302-0	32,973
Total Department of Transportation			<u>\$ 49,034</u>
Department of Treasury:			
Direct Payments:			
Sheriff Asset Forfeiture funds	21.xxx	N/A	<u>\$ 168,837</u>
Department of Interior:			
Direct Payments:			
Fish and Wildlife Service:			
Endangered species conservation recovery implementation funds	15.657	N/A	<u>\$ 158,941</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grants/State's program and non-entitlement grants in Hawaii	14.228	53305-50791	<u>\$ 92,931</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I grants to local educational agencies	84.010	17901-42901-42999	\$ 168,836
Special education cluster:			
Special education grants to states	84.027	17901-43071-61234	270,035
Special education - preschool grants	84.173	17901-62521	8,656
Career and technical education - basic grants to states	84.048	17901-61095	16,746
Advanced Placement Program	84.330	17901-609570	74
Improving teacher quality state grants	84.367	17901-61480	47,646
Total Department of Education			<u>\$ 511,993</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,183,389</u></u>

See accompanying notes to schedule of expenditures of federal awards.

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of County of Mathews, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, 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	\$ 903,929
Special Revenue Fund	437,741
Total primary government	<u>\$ 1,341,670</u>

Component Unit Public Schools:

School Operating Fund	\$ 511,993
School Cafeteria Fund	329,726
Total component unit public schools	<u>\$ 841,719</u>

Total federal expenditures per basic financial statements

\$ 2,183,389

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 2,183,389

County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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 section 510(a) of
Circular A-133? yes ✓ no

Identification of major programs:

CFDA Number(s)

10.553/10.555

84.027/84.173

Name of Federal Program or Cluster

Child Nutrition Cluster

Special Education Cluster

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

\$300,000

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 Year Findings
For the Year Ended June 30, 2015

Prior Year Financial Statement Findings

There were no prior year findings and questioned costs.

THIS PAGE LEFT BLANK INTENTIONALLY